

SENATE BILL 1286

By Bunch

AN ACT to amend Tennessee Code Annotated, Title 56, Chapter 32 and Title 56, Chapter 7, relative to health insurance coverage.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 56, Chapter 7, Part 1, is amended by redesignating § 56-7-111 as § 56-7-113 and by redesignating § 56-7-112 as § 56-7-114.

SECTION 2. Tennessee Code Annotated, Title 56, Chapter 7, Part 1, is amended by adding a new, appropriately designated section thereto:

Section 56-7-111.

(a)

(1) Health insurance entities shall establish both internal and external grievance and appeals processes to permit review of coverage and payment determinations.

(2) Internal and external grievance and appeals processes shall be consistent with, but no more stringent or comprehensive than, the processes required of health insurance entities in providing coverage and payment determinations pursuant to the rules and regulations governing health insurance entity plan administration under the federal Employee Retirement Income Security Act (ERISA).

SECTION 3. Tennessee Code Annotated, Section 56-32-126, is amended by deleting subsection (a) in its entirety and by substituting instead the following:

(a) HMOs shall be subject to the same requirements regarding prompt payment of claims, and the additional liability for bad faith failure to pay claims promptly, as are applicable to insurance companies under § 56-7-109.

SECTION 4. Tennessee Code Annotated, Section 56-32-126(b), is amended by deleting subdivision (3) in its entirety and by substituting instead the following:

(b)

(3) Each HMO operating a TennCare line of business must establish both internal and external grievance and appeals processes to permit review of coverage and payment determinations and such processes shall be consistent with, but no more stringent or comprehensive than, the processes required of HMOs in providing coverage and payment determinations pursuant to the rules and regulations governing HMO plan administration under the federal Employee Retirement Income Security Act (ERISA) or the rules and regulations promulgated by the Centers for Medicaid and Medicare Services (CMS).

SECTION 5. This act shall take effect January 1, 2010, the public welfare requiring it.