

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 692 - HB 1906**

March 2, 2009

**SUMMARY OF BILL:** Requires an entity that enters into direct contracts with providers for the delivery of health care services to register with the Department of Commerce and Insurance within 30 days of commencing business in the state or within 90 days of October 1, 2009 unless the entity is a health insurer. Prohibits a contracting entity from leasing, renting, or granting third party access to a provider contract or to a provider's contractual discounts except under certain circumstances. The contracting entity is required to provide a list of third parties when entering into a provider contract and maintaining a phone line or website listing all third parties. Third parties are required to disclose the source of the contractual discount on each remittance explanation. The bill does not apply to contracts providing services to TennCare, the State Health Plan, or CoverKids.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue - \$40,000**

**Increase State Expenditures - \$21,500/One-Time  
\$65,000/Recurring**

Assumptions:

- The Department of Commerce and Insurance will hire one position to administer the registration program which will increase recurring state expenditures by \$65,012, including salary (\$37,248), benefits (\$12,664), administrative support services (\$11,200), communications and networking (\$1,600), office lease (\$1,700) and supplies (\$600). There will be a one-time increase in expenditures of \$4,000 for office set-up and a computer.
- The Department estimates a one-time increase in expenditures of \$17,500 for the development and implementation of the registration system which includes the online application registration system (\$10,000) and the development of complaint forms and establishing a system to investigate complaints (\$7,500).

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- The Department estimates that 20 registrants will pay an annual registration fee of \$2,000 resulting in an increase in revenue of \$40,000 to offset part of the cost.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large initial "J" and "W".

James W. White, Executive Director

/kml