

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 264 - SB 435

March 24, 2014

SUMMARY OF ORIGINAL BILL: Expands, from 30 to 35 days, the time period in which an appeal may be issued to an order of the Commissioner of Commerce and Insurance which relates to dental service plans.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (014900): Deletes all language after the enacting clause. Requires the following groups to provide coverage for all physician prescribed proton therapy services and associated diagnostic and treatment planning modalities required to properly and effectively deliver proton therapy, as an in-network service for the treatment of any Medicare-reimbursed indications and other physician prescribed indications including, but not limited to, breast cancer, brain tumors, pediatric cancer, prostate cancer, lung cancer, bladder cancer, cancer of the pancreas and other upper abdominal sites, spinal cord tumors, head and neck cancer, adrenal and pituitary tumors:

- Individual or group health insurance policies providing coverage on an expense-incurred basis;
- Every policy or contract issued by a hospital or medical services corporation;
- Every individual or group service contract issued by a health maintenance organization (HMO);
- Every self-insured group arrangement to the extent not preempted by federal law, which is delivered, issued for delivery, or renewed in this state on or after the date of enactment;
- Every existing health insurance policy, health plan, group arrangement or contract that does not specifically exclude coverage for proton therapy.

Rate reimbursements for such coverage must be a reasonable multiple of the current payment rate established for that indication by the Medicare Hospital Outpatient Prospective Payment System and be comparable to commercial reimbursement rates for proton therapy services at existing proton therapy centers.

Prohibits any future contractual action by the insurer, HMO or plan administrator from taking into consideration any prescribing physician's or the independent reviewing physician's participation in proton therapy.

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This mandated benefit is subject to annual deductible and co-insurance established for all other similar benefits such as radiation therapy within the policy or contract; provided, that the annual deductible and co-insurance for the benefits required by this section are no greater than the annual deductible and co-insurance established for all other similar benefits with that policy or contract of insurance.

Specifies that this mandate shall not apply to insurance coverage providing benefits for the following: hospital confinement indemnity; disability income; accident only; long term care; Medicare supplement; limited benefit health; specified disease indemnity; sickness or bodily injury or death by accident; other limited benefit policies; TennCare or any successor program; the state, local education and local government health coverage through the state group insurance program; and non-grandfathered health plans that are required to include include essential health benefits under the federal Patient Protection and Affordable Care Act (PPACA).

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures – Not Significant

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation will result in an increase in the cost of health insurance premiums for proton therapy benefits being provided by plans that do not currently offer these benefits at the proposed mandated levels. It is estimated that the increased costs will increase by \$48 annually.

Assumptions for the bill as amended:

- Plans administered by the Division of Benefits and Administration and TennCare will not be subject to this legislation.
- This will have no significant effect on the Department of Health or any health related board.
- According to the Department of Commerce and Insurance (DCI), the language directs that all PPACA-compliant plans are exempted from the provisions of this bill, including all qualified health plans; therefore, this will have no significant fiscal impact upon the state.
- Private sector health insurance premium impact: The provisions of the bill will result in an increase in covered individuals receiving benefits for proton therapy. Health insurance premiums will increase to cover the costs of the additional benefits. Based on information provided by DCI, the estimated cost to health insurance for proton therapy is approximately \$4 per month per enrollee or on average \$48 per year. It is assumed that premiums will increase by \$48 per enrollee.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

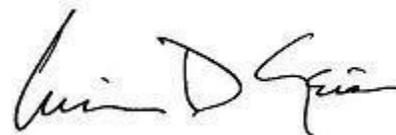
Other Fiscal Impact - Due to a number of unknown factors, the exact impact to private health insurers and healthcare providers is unknown; however, it is reasonably estimated that this mandate may increase the amount of claims paid out by insurers. Any increase in costs to insurers will result in an increase in premiums.

Assumptions for the bill as amended:

- Due to a number of unknown factors, the exact impact to private health insurers and healthcare providers cannot be reasonably determined.
- Any costs beyond December 31, 2015 cannot be determined because the federal government will reevaluate essential health benefits at that time.
- It is estimated that requiring proton therapy will, therefore, increase costs for many private health insurance providers.
- Insurance providers would increase premiums across the board to cover any additional costs incurred to provide proton therapy.
- This may result in expenditures for businesses which provide health insurance for its employees. Due to a number of unknown factors, this amount is unable to be determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/jdb