TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

CORRECTED FISCAL NOTE

SB 726 - HB 859

February 26, 2013

SUMMARY OF BILL: Prohibits a health insurance entity from imposing any copayment or coinsurance amount on a covered person for services rendered during an office visit to a licensed chiropractic physician, licensed physical therapist, or licensed occupational therapist that is greater than the copayment or coinsurance amount for services rendered in an office visit by a licensed primary care physician. "Health insurance entity" is defined as an entity subject to the insurance laws of this state, or subject to the jurisdiction of the Commissioner of Commerce and Insurance, that contracts or offers to contract to provide health insurance coverage, including, but not limited to, an insurance company, a health maintenance organization and a nonprofit hospital and medical service corporation. "Coinsurance" is defined as a percentage of the contractual fee schedule applicable to a particular health care provider that a covered person must pay for covered services rendered by that provider under the terms of a particular health insurance policy or plan. "Copayment" is defined as the specified dollar amount that a covered person must pay for covered services during a visit to a health care provider under the terms of a particular health insurance policy or plan.

ESTIMATED FISCAL IMPACT:

On February 23, 2013, a fiscal note was issued estimating a fiscal impact as follows:

NOT SIGNIFICANT

Due to erroneous assumptions, this impact was in error. Based on additional information received from the Department of Finance and Administration, Benefits Administration, the estimated fiscal impact is:

(CORRECTED)
Increase in State Expenditures – Not Significant

Increase in Local Expenditures – Not Significant

Other Fiscal Impact – The bill could increase state and local expenditures relative to benefits for public employees and retired public employees beginning in FY15-16. A quantifiable fiscal impact of the bill on the plans administered by Benefits Administration cannot be determined due to multiple unknown factors that could affect the impact, including federal health care requirements and the plan options and rates available to Benefits Administration at the time the existing contracts expire.

Assumptions:

- According to the Bureau of TennCare, the Bureau does not currently charge differential copayments for services rendered by the providers enumerated in the bill.
- According to the Department of Commerce and Insurance, any increase in expenditures resulting from inquiries regarding this prohibition will be not significant and can be accommodated within the existing resources of the Department without an increased appropriation or reduced reversion.
- According to the Department of Finance and Administration, Benefits Division (Benefits Administration), current state and local benefit plans administered by Benefits Administration impose different copayment rates and coinsurance amounts for visits to primary care physicians and visits to chiropractors and physical and occupational therapists.
- The plans are funded primarily through premiums. Monthly funding of contract expenditures is obtained from each separate plan fund.
- According to Benefits Administration, the state and participating local governments contribute a percentage of premium cost as a benefit provided to public employees and retirees. Generally, the state contributes 80 percent to state employee plans, local governments contribute 7 percent to local government plans, and the state contributes 45 percent to local education plans for instructional employees and 30 percent to local education plans for support employees.
- The effective date of the bill states that the bill applies to contracts entered into on or after July 1, 2013.
- According to Benefits Administration, the current third party administrator contracts expire in December 2015. Any fiscal impact of the bill on the state employee, local education, or local government health plans will not occur until the last six months of FY15-16.
- A quantifiable fiscal impact of the bill on the plans administered by Benefits Administration cannot be determined due to multiple unknown factors that could affect the fiscal impact, including federal health care requirements and the plan options and rates available to Benefits Administration at the time the existing contracts expire.

CERTIFICATION:

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

Lucian D. Geise, Executive Director

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