

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1145 - HB 881

February 25, 2013

SUMMARY OF BILL: Grants only licensed insurance producers the authority to: sell, solicit, or negotiate health insurance; make recommendations to purchasers, enrollees, or employers or prospective purchasers or enrollees concerning the substantive benefits, terms, or conditions of health plans; enroll an individual or employee in a qualified health plan offered through an exchange; or act as an intermediary between an employer and an insurer that offers a qualified health plan offered through an exchange. Requires the Commissioner of the Department of Commerce and Insurance (the Department) to adopt appropriate rules and establish training and certification for insurance navigators prior to a health insurance exchange becoming operational. Sets requirements for persons wanting to become insurance navigators. Authorizes the Commissioner to deny, suspend, or revoke the authority of a navigator upon good cause.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$84,000/FY13-14
\$138,000/FY14-15
\$78,000/FY15-16 and Every Two Years Thereafter
\$72,000/FY16-17 and Every Two Years Thereafter

Increase State Expenditures - \$64,800/FY14-15
\$61,600/FY15-16 and Subsequent Years

Other Fiscal Impact – The estimated impact, as shown above, assumes the U.S. Department of Health and Human Services (HHS) will finalize guidance on the roles of navigators by July 1, 2013. If HHS does not complete such guidance, it will inhibit the Department of Commerce and Insurance from promulgating rules and regulations necessary to effectuate certification and licensing of navigators.

Assumptions:

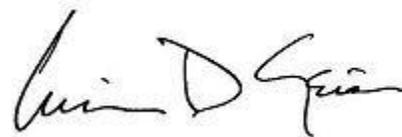
- The Department would be required to hold a hearing to establish rule-making. Any necessary rule-making can be handled within the existing resources of the Department.
- The Department would create a new licensing type for health insurance navigators.
- This license will be valid for a period of two years.

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- The Department will charge a \$60 certification/licensing fee and a \$60 renewal fee every two years.
- The Department estimates that there will be a total of 2,500 entities which will become certified/licensed as navigators. The Department estimates that these entities will become certified/licensed over a three-year period.
- By December 2013, approximately 1,200 entities will be licensed. This will result in an increase in state revenue of \$72,000 (1,200 x \$60) in FY13-14. These entities will renew their licenses by March 2015 resulting in an increase in state revenue of \$72,000 in FY14-15 and every two years thereafter.
- By June 2014, an additional 200 entities will become licensed, resulting in an increase in state revenue of \$12,000 (200 x \$60) in FY13-14. These entities will renew their licenses by March 2016 resulting in an increase in state revenue of \$12,000 in FY15-16 and every two years thereafter.
- By December 2014, approximately 1,100 additional entities will become licensed resulting in an increase in state revenue of \$66,000 (1,100 x \$60) in FY14-15. These entities will renew their licenses by March 2016 resulting in an increase in state revenue of \$66,000 in FY15-16 and every two years thereafter.
- The increase in state revenue in FY13-14 is estimated to be \$84,000 (\$72,000 + \$12,000).
- The increase in state revenue in FY14-15 is estimated to be \$138,000 (\$72,000 + \$66,000).
- The increase in state revenue in FY15-16 is estimated to be \$78,000 (\$12,000 + \$66,000). This amount will remain constant every two years thereafter.
- The increase in state revenue in FY16-17 is estimated to be \$72,000. This amount will remain constant every two years thereafter.
- According to the Department, it will require one new account tech position in FY14-15 to assist with the certification/licensure program.
- There will be a one-time increase in state expenditures, associated with this position, in the amount of \$3,200 (office landscaping: \$2,000 + computer/software/etc.: \$1,200).
- There will be a recurring increase in state expenditures, associated with this position, in the amount of \$61,648 (salary: \$31,600 + insurance: \$5,999 + benefits: \$4,749 + supplies: \$600 + network/phone: \$2,000 + lease: \$1,700 + administrative cost allocation: \$15,000).
- According to the Department, it cannot establish such certification and licensing until the U.S. Department of Health and Human Services (HHS) provides final guidance on the role and regulation of navigators. Depending on the final regulations established by the HHS, these estimates may change. The federally facilitated health insurance exchange is set to be operational by October 1, 2013. The HHS is planning to reevaluate essential health benefits determinations for calendar year 2016 based on the experience in 2014 and 2015. This reevaluation could have a significant impact on the exchange through which the navigators will assist consumers in accessing health insurance policies. The fiscal impact this could have on the certification/licensure program is unknown.

CERTIFICATION:

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

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" and last name "Geise" clearly distinguishable.

Lucian D. Geise, Executive Director

/jdb