

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 284 – HB 440

April 6, 2015

**SUMMARY OF ORIGINAL BILL:** Specifies that the reimbursement process of health insurance entities to physicians for rendered services during the period while the physician's credentialing application is pending must be the same as the procedures for reimbursing physicians employed by federally qualified health centers pursuant to Tenn. Code Ann. § 56-7-1014.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (005715):** Deletes all language after the enacting clause. Requires a health insurance entity to provide a list of all information and supporting documentation required for a credentialing application of a new provider applicant to be considered complete to any medical group practice with which the entity has an existing group contract. Requires the health insurance entity or its designee to notify in writing a new provider applicant of the status of a credentialing application no later than five business days of the receipt of application. The notice shall indicate if the application is complete or incomplete and any information or documentation needed to complete the application. If the applicant provides the necessary information or documentation to complete the application, the health insurance entity is to provide written notice within five business days indicating the posture of the application.

Requires the health insurance entity to notify a new provider applicant of the results of the applicant's credentialing application within 90 calendar days after receipt of the completed application. Prohibits a new provider applicant from submitting any claims for covered services provided by the applicant for reimbursement while the credentialing application is pending. Once notification is received from the health insurance entity, the applicant shall submit all held claims and the health insurance entity shall pay reimbursement at the contracted in-network rate for any covered medical services provided by the new provider applicant during the time between receipt of a complete credentialing application and notification. Limits the health insurance entity's reimbursement obligation as applicable only to medical services provided in the name of the medical group practice by a new provider applicant that is billing for professional services under the existing group contract.

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A health insurance entity is not required to pay reimbursement at the contracted in-network rate for any covered medical services provided by the new provider applicant if the provider's credentialing application is not approved or the health insurance entity is otherwise not willing to contract with the new provider applicant. Requires a medical group practice to refund any reimbursement monies paid by the health insurance entity for services provided by a new provider applicant whose credentialing approval was obtained by fraud. Prohibits a medical group practice from collecting any amount refunded to a health insurance entity from a health insurance beneficiary.

The provisions of the bill as amended are effective January 1, 2016. The TennCare program, AccessTN program, CoverKids program, and the state employee, local education, and local government group insurance plans are exempted from the bill as amended.

### **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

#### **NOT SIGNIFICANT**

Assumptions for the bill as amended:

- The Department of Commerce and Insurance will enforce the provisions of the bill through any complaint submitted and subsequent investigation. The number of complaints resulting from the bill will not be substantial; therefore, the fiscal impact is not significant.
- The bill does not apply to any of the health plans sponsored in full or in part by the state; therefore, any impact to health insurance entities contracting with the state to provide benefits through state sponsored plans will not significantly affect state or federal expenditures.

### **IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

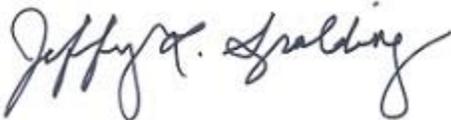
**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- The provisions of the bill as amended could impact the reimbursements received by physicians from health insurance entities. While the exact impact is unknown, any positive impact realized by physicians will result in the opposite impact by health insurance entities; therefore, the net fiscal impact to business in the state is estimated to be not significant.
- There could be some additional business expenditures incurred by insurance entities to administer the provisions established in the bill but any increase in workloads or procedures is estimated to be not significant and any increased expenditures will be passed onto customers; therefore, the net impact is estimated to be not significant.

**CERTIFICATION:**

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



Jeffrey L. Spalding, Executive Director

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