

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2353 - SB 2640

March 4, 2018

SUMMARY OF BILL: Establishes the *Network Adequacy and Out-of-Network Balance Billing Transparency Act*. The purpose of this Act is to alleviate the effects of inadequate and narrow health benefit plan provider networks by establishing the adoption and use of a healthcare provider charge database for ensuring a minimum reimbursement baseline standard for the payment of out-of-network services; implementing a balance billing prohibition for out-of-network emergency services and for certain facility-based non-emergency services when reimbursement is issued in accordance with such minimum reimbursement baseline standards; and creating opportunities for enhanced transparency and notice to consumers of healthcare services resulting from unexpected medical bills that arise from receiving care from out-of-network providers. The proposed legislation is effective January 1, 2019.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$39,600/FY18-19
\$72,700/FY19-20 and Subsequent Years**

Assumptions:

- The proposed legislation requires the Commissioner of the Department of Commerce and Insurance (DCI) to adopt rules to establish criteria to evaluate the network sufficiency of health benefit plans and requires the Commissioner to review the adequacy of the network of healthcare providers at the time of the initial approval of a health insurance policy or contract and upon application for expansion of any service area associated with the policy or contract. The DCI cannot accommodate this within existing resources.
- The DCI will require one additional Actuarial and Compliance Analyst 2 position.
- The one-time increase in state expenditures associated with the additional position is estimated to be \$3,200 (\$1,200 + \$2,000 office furniture).
- The recurring increase in state expenditures is estimated to be \$72,735 (salary \$49,044 + benefits \$15,391 + \$6,100 administrative cost + network/phone \$1,600 + supplies \$600).
- Due to the effective date of January 1, 2019, the total increase in state expenditures in FY18-19 is estimated to be \$39,568 [\$3,200 + (\$72,735 x 50%)].
- Based on information provided by the Department of Finance and Administration, Division of Benefits Administration, the proposed legislation does not change the rate at which Benefits Administration currently pays in these situations; however, Benefits

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Administration's business practices may not be reflective of other self-insured employers.

- The proposed legislation exempts TennCare and CoverKids; therefore, any fiscal impact on the Division of TennCare is estimated to be not significant.

IMPACT TO COMMERCE:

Other Commerce Impact – Due to multiple unknown factors, the exact impact to commerce and jobs cannot be quantified with reasonable certainty.

Assumptions:

- It is unknown what current reimbursement rates each healthcare provider uses, what the minimum reimbursement baseline standards would be, how many out-of-network emergency services would be affected, and how many facility-based non-emergency services would be affected, etc.
- Due to multiple unknown factors, the exact impact to commerce and jobs cannot be determined with reasonable certainty.

CERTIFICATION:

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



Krista M. Lee, Executive Director

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