TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

SB 856 - HB 1106

February 26, 2017

SUMMARY OF BILL: Requires a health insurance entity to provide notice to a healthcare provider of any material change made in the sole discretion of the insurance carrier to the previously-released provider manual or a reimbursement rule and policy at least 60 days prior to the effective date of the change and specifies how any disclosures can be disputed.

Defines fee schedule as a list of reimbursement amounts assigned to specific codes and used by a health insurance carrier pursuant to a contract between a health insurance carrier and a healthcare provider to calculate payments paid to the provider for therapies, procedures, materials, and other services delivered to enrollees.

Requires a health insurance carrier to provide notice of and identify any change to a provider's fee schedule and the effective date of the change at least 90 days prior to the effective date of change. Prohibits a health insurance carrier from requiring any hospital to notify the health insurance carrier of a hospital inpatient admission within less than one business day of the admission if the notification or admission occurs on a weekend or federal holiday.

Requires a health insurance carrier, within ten business days of a written request from a provider, to deliver to the provider at the provider's dedicated email address that provider's fee schedule, free of charge, in either a partial or full version as requested by the provider or allows the provider to provide access to the information on a secure website. Prohibits a health insurance carrier from making a change to a provider's fee schedule except for one time during a consecutive 12-month period or if a health insurance carrier and a hospital agree to the change or changes in writing. This prohibition does not apply to changes effected by the federal or state government; certain reimbursements for drugs, immunizations, injectables, supplies, or devices; any changes to Current Procedural Terminology (CPT) codes, Healthcare Common Procedure Coding System (HCPCS) codes, and other coding sets recognized or used by Centers for Medicare and Medicaid Services (CMS) that a health insurance carrier utilized in creating a provider's fee schedule; any change to revenue codes as established by the National Uniform Billing Committee (NUBC); and any specified changes in the provider's fee schedule previously agreed to in the provider's agreement with the health insurance carrier.

Exempts the TennCare program, CoverKids, Access Tennessee and any other plan managed by the Division of Health Care Finance and Administration (HCFA). Further exempts group insurance plans administered by the Department of Finance and Administration (F&A) for state, local government, and local insurance plans, and any contracts between a healthcare provider and the state or federal government or their agencies for health services provided through Medicare.

The provisions of the proposed legislation apply to all contracts existing on January 1, 2019, and to all contracts entered into or renewed after that date.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumption:

- Based on a memorandum from the Division of Benefits Administration's contracted actuary dated February 17, 2017, the actuary reviewed the proposed legislation as it relates to a carrier's ability to change a fee schedule up to one time during a consecutive 12-month period. Based on the most recent financial claims activity, any impact is projected to be not significant.
- Any fiscal impact to the Bureau of TennCare is estimated to be not significant.
- Based on information provided by the Department of Commerce and Insurance (DCI), the proposed legislation will not significantly affect the operations or regulatory responsibilities of DCI and can be accommodated within existing resources without an increased appropriation or reduced reversion.
- The provisions of the bill will impact the rate structures and payments between private insurance companies and healthcare providers.
- If additional costs are incurred within the carrier's commercial networks, there could be an indirect increase in network rates that could subsequently affect the costs associated with the state employee, local government, and local education insurance plans. Any network rate changes will be based on a number of factors that are unknown.
- Due to a number of unknown factors, including but not limited to, the timeframe in which any provider network reimbursement costs will increase, the possible increased volatility that could affect the provider networks, how this volatility will impact provider rates and the provider network itself, and how this will affect the state employee, local government, and local education health plans, any increase in expenditures to the state health plan or the fiscal year in which these expenditures will occur cannot reasonably be quantified, but is assumed to occur during the normal course of business and is not considered to be as a direct result from this legislation.

IMPACT TO COMMERCE:

Other Commerce Impact - Due to a number of unknown factors, the impact to commerce and jobs cannot reasonably be determined.

Assumption:

- Due to a number of unknown factors including the resulting variation in payment rates between health care providers and private insurance companies, the extent to which health insurance companies may shift the rate variations to consumers through premiums, deductibles, and copayments, and the timeframe in which any of this might occur, the exact overall impact to commerce and jobs cannot be determined.

CERTIFICATION:

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

Krista M. Lee

Krista M. Lee, Executive Director

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