

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 645 - HB 874

March 9, 2019

**SUMMARY OF ORIGINAL BILL:** Corrects reference in statute to the Insurance Committee of the House of Representatives regarding an annual report submitted by the Commissioner of the Department of Commerce and Insurance reviewing captive insurance companies in the state.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (004350):** Deletes all language after the enacting clause. Expands definition of group accident and health insurance to include policies issued by an organization qualified to establish a self-insured liability pool as a Multiple Employer Welfare Arrangement (MEWA). Deletes provision from statute that a trade or professional association, of which at least two members are agreeing to pool their liabilities for self-insurance, must have been active in Tennessee for at least five years before such members are qualified to pool liabilities. Deletes provision from statute that trade or professional associations and nonprofit business coalitions, of which members are attempting to pool liabilities for self-insurance, could not have been created for the sole purpose of allowing self-insurance pools for its members a MEWA. Requires trade or professional associations and nonprofit business coalitions to have at least one substantial business purpose unrelated to offering self-insurance to its member employers, even if that is the primary purpose.

Extends ability to pool liabilities for self-insurance as a MEWA to employers with at least 500 covered lives that are members of the same association if that association has a principal office within this state or within a municipality with a boundary that lies partially in this state.

Prohibits the Commissioner of the Department of Commerce and Insurance (DCI) from promulgating rules that would prohibit or deter any association lawfully formed under the laws of this state or any other state from offering health insurance coverage in this state if such coverage complies with federal law.

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

**Increase State Revenue - \$1,400**

Assumptions for the bill as amended:

- The proposed legislation does not affect state or local government self-insurance pools.
- Based on information previously provided by DCI, two MEWAs are currently licensed and approved in this state.
- According to existing rules for Self-Insurance Associations and Non-Profit Business Coalitions for Health under DCI, pursuant to Chapter 0780-1-76, application for a MEWA certificate of authority requires a \$675 fee. It is presumed that employers eligible to apply for a MEWA certificate due to the proposed legislation will adhere to the rules and fee structure for employers qualified under current law.
- An estimated increase of two additional MEWA applications will be submitted to the Department annually to do business in this state.
- An estimated recurring increase in state revenue of \$1,350 (\$675 x 2).
- Any additional rulemaking or application review can be accomplished by the Department within existing resources.

**IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

**Increase Business Expenditures - \$1,400**

Assumptions for the bill as amended:

- An estimated recurring increase of business expenditures of \$1,350 (\$675 x 2) for two additional MEWA application fees of \$675.
- The proposed legislation could decrease insurance rate and premium expenditures for employers approved to operate as a MEWA; however, this is not estimated to have a significant impact to commerce or jobs in Tennessee.

**CERTIFICATION:**

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



Krista Lee Carsner, Executive Director

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