

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 419 - SB 510

March 20, 2019

SUMMARY OF ORIGINAL BILL: Establishes the *Tennessee Right to Shop Act* to require health insurance carriers to implement an incentive program that provides incentives for enrollees who receive healthcare services from network providers that are paid less than the average allowed amount paid by the carrier for comparable healthcare services.

CORRECTED FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

Other Commerce Impact – This legislation is estimated to result in a substantial increase in business expenditures for insurance companies in this state, which may reasonably result in rate increases and subsequently, increased premium collections for such companies; however, any increase in premiums is estimated to be not significant. Notwithstanding any increase in premium collections, insurance companies in this state will experience an increase in business expenditures estimated to exceed \$10,000,000 statewide.

SUMMARY OF AMENDMENT (006205): Deletes all language after the enacting clause. Establishes the *Tennessee Right to Shop Act* to require health insurance carriers, on or after January 1, 2020, to implement a shopping and decision support program that provides shopping capabilities and decision support services for enrollees in a health plan. Requires, on or after January 1, 2021, a health insurance carrier to provide incentives, not to exceed \$600 in any year, for enrollees in a health plan who elect to receive a comparable healthcare service from a network provider that is covered by the health plan and is paid less than the average allowed amount paid by that carrier to network providers for comparable healthcare services. Exempts any group insurance plan offered under Title 8, Chapter 27, any managed care organization (MCO) contracting with the state to provide insurance through the TennCare program or the CoverKids program, or any plan described in Section 1251 of the federal Patient Protection and Affordable Care Act and Section 2301 of the federal Health Care and Education Reconciliation Act.

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FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the corrected fiscal note.

Assumptions for the bill as amended:

- This legislation shall take effect upon becoming law for purposes of promulgating rules, and shall apply to all health plans entered into or renewed after January 1, 2020.
- The Department of Commerce and Insurance can accommodate the proposed legislation within existing resources without an increased appropriation or reduced reversion.
- The State Insurance Committee can provide the required report utilizing existing resources without an increased appropriation or reduced reversion.
- Based on information provided by the Department of Health, the proposed legislation can be accommodated within existing resources without an increased appropriation or reduced reversion.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Other Commerce Impact – Due to several unknown factors, an exact impact to commerce cannot be determined; however, any impact to jobs in Tennessee is estimated to be not significant.

Assumptions for the bill as amended:

- Due to multiple unknown factors, such as how many individuals will shop healthcare services and how many incentives will be paid, an exact impact to commerce cannot be determined with reasonable certainty.
- The proposed legislation will not result in additional services; therefore, any impact on jobs in Tennessee is estimated to be not significant.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

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