



February 27, 2020

SUMMARY OF BILL: Requires a health insurance entity that issues, delivers, executes, amends, or renews a health plan on or after July 1, 2020, to include in that health plan a special enrollment period that allows the enrollment of a pregnant individual at any time after the commencement of the pregnancy as certified by a healthcare professional acting within the healthcare professional's scope of practice. Requires coverage to be effective as of the first of the month in which the individual receives certification of the pregnancy by the healthcare professional.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$532,600/FY20-21
\$1,065,100/FY21-22 and Subsequent Years**

**Increase Federal Expenditures – \$36,300/FY20-21
\$72,600/FY21-22 and Subsequent Years**

**Increase Local Expenditures – Exceeds \$100,000/FY20-21*
Exceeds \$200,000/FY21-22 and Subsequent Years***

Assumptions:

The Division of TennCare

- Under TennCare's current waiver, coverage begins no earlier than the date of an individual's application for TennCare.
- It is assumed the provisions of the bill will not significantly alter coverage currently provided for TennCare enrollees; therefore, no significant fiscal impact to the TennCare program.

The Division of Benefits Administration

- The proposed legislation will apply to the State Group Insurance Plan that takes effect January 1, 2021.
- The Division of Benefits Administration consulted with its contracted qualified independent actuary to determine a fiscal impact for the proposed legislation, resulting in an estimate of a \$2,000,000 impact on total claims. Fiscal Review Committee staff is unable to verify the validity of this number.

- It is estimated that 51 percent of members are on the State Employee Plan, 39 percent are on the Local Education Plan and 10 percent are on the Local Government Plan.
- According to Benefits Administration, the state contributes 80 percent of member premiums resulting in a recurring increase in state expenditures of \$816,000 ($\$2,000,000 \times 51.0\% \times 80.0\%$) in FY21-22 and subsequent years. Due to the January 1, 2021 effective date, the increase in state expenditures for the State Plan is estimated to be \$408,000 ($\$816,000 \times 50\%$) in FY20-21.
- According to Benefits Administration, some state plan members' insurance premiums are funded through federal dollars. It is estimated 8.9 percent of the state share of the state plan is funded with federal dollars, resulting in an increase in federal expenditures estimated to be \$72,624 ($\$816,000 \times 8.9\%$) in FY21-22 and subsequent years. Due to the January 1, 2021 effective date, the increase in federal expenditures for the State Plan is estimated to be \$36,312 ($\$72,624 \times 50.0\%$) in FY20-21.
- The state contributes 45 percent of instructional member premiums (75 percent of Local Education Plan members) and 30 percent of support staff member premiums (25 percent of Local Education Plan members) resulting in state expenditures of at least \$321,750 [$(\$2,000,000 \times 39.0\% \times 75.0\% \times 45.0\%) + (\$2,000,000 \times 39.0\% \times 25.0\% \times 30.0\%)$] in FY21-22 and subsequent years. Due to the January 1, 2021 effective date, the increase in state expenditures for the State Plan is estimated to be \$160,875 ($\$321,750 \times 50.0\%$) in FY20-21. The state does not contribute to the Local Government Plan; any increase in premiums will be entirely absorbed by the participating agencies and their members.
- It is estimated the Local Government Plan would be responsible for a mandatory increase in local expenditures estimated to be \$200,000 ($\$2,000,000 \times 10.0\%$) in FY21-22 and subsequent years. Due to the January 1, 2021 effective date, the increase in local expenditures is estimated to be \$100,000 ($\$200,000 \times 50.0\%$) in FY20-21.
- It is unknown the impact on local governments that do not opt into the Local Government Plan; therefore, the total increase in local expenditures is estimated to exceed \$200,000 in FY21-22 and subsequent years. Due to the January 1, 2021 effective date, the increase in local expenditures is estimated to be \$100,000 in FY20-21.

Total Fiscal Impacts

- The total increase in state expenditures in FY20-21 is estimated to be \$532,563 ($\$408,000 + \$160,875 - \$36,312$).
- The total increase in state expenditures is estimated to be \$1,065,126 ($\$816,000 + \$321,750 - \$72,624$) in FY21-22 and subsequent years.
- The total increase in federal expenditures in FY20-21 is estimated to be \$36,312.
- The total increase in federal expenditure is estimated to be \$72,624 in FY21-22 and subsequent years.
- The total increase in local expenditures in FY20-21 is estimated to exceed \$100,000.
- The total increase in local expenditures is estimated to exceed \$200,000 in FY21-22 and subsequent years.

IMPACT TO COMMERCE:

Increase Business Revenue – Exceeds \$668,900/FY20-21 and Subsequent Years

Increase Business Expenditures – Exceeds \$668,900/FY20-21 and Subsequent Years

Assumptions:

- Healthcare providers that provide these services will experience an increase in business revenue estimated to exceed \$668,876 (\$532,563 + \$36,312 + \$100,000).
- For companies to retain solvency, any increased expenditures will be less than the amount of increased revenues collected. Therefore, the increase in business expenditures is estimated to exceed \$668,876.
- Insurance companies will realize an increase in premium revenue for expanding the coverage time for these services.
- An exact impact to commerce relating to health insurance providers cannot be determined due to a number of unknown factors, but the increase in revenue is reasonably estimated to exceed the amount of increased state and federal expenditures resulting from the proposed legislation.
- For companies to retain solvency, any increased business expenditures are assumed to be less than the amount of revenue collected.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

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