

## **FISCAL NOTE**

TO: Chief Clerk of the Senate  
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: March 23, 1995

SUBJECT: **SB 724 - HB 911**

This bill, if enacted, will require the Department of Commerce and Insurance and the Department of Health to establish standards for certification of qualified managed care plans.

This bill requires plans which restrict enrollees access to providers to have point of service plan options where an enrollee has additional coverage or access to care by non-network providers. Enrollees would have to pay a premium for the additional coverage which takes into account the actuarial value of the coverage and would have copayments up to 20%. The bill has a poverty exclusion (200% of federal poverty level) to waive the premium and copayment. This bill further requires all sponsors of health benefit plans to offer a choice of health plans from those available to include a health maintenance or preferred provider plan, a traditional health insurance plan and a benefit payment schedule plan.

The fiscal impact from enactment of this bill is estimated to be an increase in state expenditures to administer the provisions of the bill in the Department of Commerce and Insurance. The amount of increase is

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estimated to be \$94,000 recurring to add three additional staff and one-time cost of \$21,000.

Enactment of this bill is also estimated to result in an increase in expenditures to the TennCare Program. Specifically, the point of service plan would appear to allow TennCare enrollees to go outside the network at no cost, since most would fall under the poverty exclusion clause. Provisions of the bill also affect methods currently used to control cost by health maintenance organizations. The amount of increase in expenditures to the TennCare program cannot be reasonably determined but is estimated to exceed \$100,000 over the long run.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is written in a cursive style with a large, stylized initial "J".

James A. Davenport, Executive Director