TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

SB 7097 - HB 7104

August 23, 2023

SUMMARY OF BILL: Requires the Division of TennCare (Division) to ensure that each group health insurance contract, or group hospital or medical expense insurance policy, plan, or group policy delivered, issued for delivery, amended, or renewed in this state by a managed care organization (MCO) does not include quantitative treatment limitations for behavioral health services.

Requires the Division to reimburse in-network or contract providers for covered behavioral health services provided to an enrollee at a rate at least 180 percent of the federal Centers for Medicare and Medicaid Services (CMS) Medicare program's allowable charge for participating providers.

Requires the Division to allow an enrollee to access an out-of-network or non-contract provider for covered behavioral health services and reimburse such provider at a rate of at least one 100 percent of the CMS Medicare program's allowable charge for participating providers that is in effect at the time the service is provided.

FISCAL IMPACT:

Increase State Expenditures - $350,346,800/FY24-25 and Subsequent Years

Increase Federal Expenditures - $664,709,900/FY24-25 and Subsequent Years-

Assumptions:

- The Division does not currently impose any quantitative treatment limitations for behavioral health services.
- This analysis assumes that CMS will grant a waiver for the Division to provide services at the required rate.
- The Division spends approximately $258,259,476 on outpatient behavioral health services, and $270,583,972 on behavioral inpatient services each year.
- In order to equal 180 percent of the Medicare program rate, it is estimated that the Division will need to increase their reimbursement rate for outpatient behavioral health services by approximately 218.33 percent, and their reimbursement rate for inpatient behavioral health services by approximately 166.75 percent.
- The proposed legislation will result in an increase of approximately $563,857,914 ($258,259,476 x 218.33%) in outpatient behavioral health expenditures.

- The proposed legislation will result in an increase of approximately $451,198,773 ($270,583,972 x 166.75%) in inpatient behavioral health expenditures.
- A total increase in expenditures of $1,015,056,687 ($563,857,914 + $451,198,773), beginning in FY24-25.
- Medicaid expenditures receiving match funds at the rate of 65.485 percent federal funds to 34.515 percent state funds. For FY24-25 and subsequent years, $350,346,815 ($1,015,056,687 x 34.515%) will be in state funds and $664,709,871 ($1,015,056,687 x 65.485%) will be in federal funds.

IMPACT TO COMMERCE:

Increase Business Revenue – $1,015,056,700/FY24-25 and Subsequent Years

Increase Business Expenditures – Less Than $1,015,056,700/FY24-25 and Subsequent Years

Assumptions:

- Behavioral health service providers will experience a recurring increase in business revenue for providing services in the amount of $1,015,056,687 in FY24-25 and subsequent years.
- For companies to retain solvency, any increased expenditures will be less than the amount of increased revenues collected. Therefore, the recurring increase in business expenditures is estimated to be less than $1,015,056,687.
- The proposed legislation could result in an increase in the number of healthcare providers in the state; however, any increase is dependent on a number of factors an cannot be reasonably calculated.

CERTIFICATION:

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

Krista Lee Carsner

Krista Lee Carsner, Executive Director

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