

# SB 435 - HB 484

## FISCAL NOTE



Fiscal Review Committee  
Tennessee General Assembly

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**SUMMARY OF BILL:** Requires a health insurer that issues, amends, delivers, or renews a contract or agreement for a health benefit plan to take effect on or after January 1, 2026, including a TennCare health benefit plan, to include coverage for biomarker testing.

Requires a health benefit plan to provide coverage for biomarker testing for the purposes of diagnosis, treatment, appropriate management, or ongoing monitoring of an enrollee's disease or condition when the test is supported by medical and scientific evidence.

### FISCAL IMPACT:

STATE GOVERNMENT	
EXPENDITURES	General Fund
FY25-26	\$1,465,700
FY26-27 & Subsequent Years	\$2,931,500

OTHER FISCAL IMPACT
Increased biomarker testing utilization under the Division of TennCare and the State Group Insurance Program could result in increased expenditures for such additional services; however, the precise amounts of such increases attributable to the proposed legislation cannot be quantified with reasonable certainty.
Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation will result in an increase in the cost of health insurance premiums for procedures and treatments being provided by plans that do not currently offer these benefits at the proposed mandated levels. It is estimated that the increase to each individual's total premium will be less than one percent.

#### Assumptions:

- Biomarker testing is currently not broadly covered under the state's benchmark health plan.
- The proposed legislation will be considered an additional coverage mandate to the essential health benefits (EHB) of the qualified health plans (QHPs) offered on and off the Marketplace Exchange.

- The state will be required to defray the cost of benefits to commercial insurers because they exceed those provided under Tennessee's EHB benchmark plan.
- As of January 2025, the Centers for Medicare and Medicaid Services (CMS) showed a total population of 624,867 covered lives on QHPs in Tennessee.
- According to estimates from multiple QHP providers, the increase in costs per member per month as a result from the proposed legislation will be approximately \$0.34. This would result in an increase in state expenditures of \$2,931,474 ( $\$0.38 \times 12 \times 642,867$ ) annually in order for DCI to defray the costs of this increase.
- Due to the January 1, 2026 effective date, the total increase in expenditures is estimated to be \$1,465,737 ( $\$2,931,473 \times 50\%$ ) in FY25-26.
- The legislation does not mandate biomarker testing for screening purposes.
- The proposed language does not prohibit the use of prior authorizations or determinations of medical necessity for coverage of biomarker testing.
- Biomarker testing that is determined to be medically necessary is currently covered by health benefit plans under the Division of TennCare (Division).
- The field of biomarker testing is rapidly developing, and with new tests frequently being approved the clinical utilization of biomarker testing has naturally increased in recent years.
- According to information provided by the Division, between 2021 and 2023 the average reimbursement for biomarker testing was \$272 per test.
- It is unknown to what extent the proposed legislation will contribute to additional biomarker testing in the TennCare program or the CoverKids program as biomarker testing utilization continues to increase overall.
- Based on the experiences in other states who have enacted similar legislation, including Oklahoma, Minnesota, and California, it is assumed that coverage for biomarker testing through these programs will continue to be subject to medical necessity determinations, and that any increase in testing coverage in the Division's programs as a result of the proposed legislation will be minimal.
- Biomarker testing can also result in significant cost-savings by avoiding unnecessary or ineffective treatment and limiting the effects of disease progression.
- The health plans administered through the State Group Insurance Program (SGIP) currently include coverage of certain biomarker testing when medically necessary.
- According to the Division of Benefits Administration, the average cost for biomarker testing under the SGIP is \$590.69 per test.
- While the proposed legislation allows utilization reviews of biomarker testing, including prior authorization, increased utilization of biomarker testing under the SGIP could potentially lead to an increase in plan premiums.
- Increased biomarker testing utilization under the Division and the SGIP could result in increased expenditures for additional services; however, the precise amounts of such increases attributable to the proposed legislation cannot be quantified with reasonable certainty.
- Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2- 111): Such legislation will result in an increase in the cost of health insurance premiums for procedures and treatments being provided by plans that do not currently offer these benefits at the proposed mandated levels. It is estimated that the increase to each individual's total premium will be less than one percent.

## IMPACT TO COMMERCE:


BUSINESS IMPACT		
FISCAL YEAR	REVENUE	EXPENSES
FY25-26	\$1,465,700	< \$1,465,700
FY26-27 & Subsequent Years	\$2,931,500	< \$2,931,500

### Assumptions:

- Healthcare providers and laboratories will experience an increase in business revenue of \$1,465,737 in FY25-26 and \$2,931,474 in FY26-27 and subsequent years from performing biomarker testing for patients.
- For businesses to remain solvent, any increase in expenditures will be less than such amounts of revenue.
- Any impact to jobs in Tennessee is estimated to be not significant.

## CERTIFICATION:

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



Bojan Savic, Executive Director