

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 960 – SB 991

March 21, 2017

SUMMARY OF ORIGINAL BILL: Prohibits a health insurance entity providing health insurance coverage, outside of open enrollment periods, from: (1) removing any covered prescription drug from its list of covered drugs during the health plan year unless the United States Food and Drug Administration (FDA) has issued a statement about the drug that calls into question the clinical safety of the drug, or the manufacturer of the drug has notified the FDA of any manufacturing discontinuance or potential discontinuance as required by § 506C of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. § 356c); (2) reclassifying a drug to a more restrictive drug tier or moving a drug to a higher cost-sharing tier; or (3) reducing the maximum coverage of prescription drug benefits.

Exempts grandfathered health plans as defined in § 1251 of the federal Patient Protection and Affordable Care Act (Pub. L. No. 111-148), as amended, and § 2301 of the federal Health Care and Education Reconciliation Act of 2010 (Pub. L. No. 111-152), as amended, both compiled in 42 U.S.C. § 18011.

Exempts the TennCare program or any successor medical assistance program; the CoverKids Act of 2006; the Access Tennessee Act of 2006; any other plan managed by the Health Care Finance and Administration Division of the Department of Finance and Administration or any successor division or department; or the group insurance plans offered under Title 8, Chapter 27.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

Other Commerce Impact – Any increase in costs incurred by insurance providers will result in an equal or greater increase to insurance premiums paid by enrollees in the insurance providers' plans. Therefore, any net impact to commerce is considered not significant. Any impact to the number of jobs in Tennessee is estimated to be not significant.

SUMMARY OF AMENDMENT (005346): Deletes and replaces language of the original bill such that the act does not alter the ability of a pharmacist to substitute a generic drug or interchangeable biological product in Tenn. Code Ann. § 53-10-204 and § 53-10-211.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- The proposed legislation exempts all health insurance programs administered by the Department of Finance and Administration, Division of Benefits Administration and the Division of Health Care Finance and Administration; therefore, any fiscal impact on state or local government is estimated to be not significant.
- Based on information provided by the Department of Commerce and Insurance (DCI), the DCI can enforce the proposed legislation within existing resources without an increased appropriation or reduced reversion.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:


Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Any increase to costs incurred by insurance providers to not remove certain covered prescription drug from its list of covered drugs during the health plan year will result in increased premiums paid by enrollees to cover the costs incurred by the insurance companies including increased taxes paid by the insurance providers. While the exact amounts cannot be determined, the net impact to commerce is considered not significant.
- The proposed legislation will not have a significant impact on jobs in the state.

CERTIFICATION:

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



Krista M. Lee, Executive Director

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