TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 2048 – SB 2134

March 6, 2022

SUMMARY OF BILL: Prohibits a health insurer whose health benefit plan provides coverage of complex rehabilitation technology (CRT) from considering the location where the technology will be used when deciding medical necessity. Requires a health insurer to offer a prior authorization process that reviews billable codes and provides coverage determinations for CRT. States that a health insurer must cover all of the cost of the CRT if a covered individual received prior authorization, regardless of the time of delivery of the CRT.

FISCAL IMPACT:

Increase State Expenditures - $5,933,700/FY22-23 and Subsequent Years

Increase Federal Expenditures - $10,560,300/FY22-23 and Subsequent Years

Increase Local Expenditures - $35,700/FY22-23 and Subsequent Years*

Assumptions:

- Pursuant to Tenn. Code Ann. § 51-5-159, CRT means items within Medicare as group 3, 4, or 5 power wheelchairs and manual wheelchairs with some options and accessories related to each.
- The Division of TennCare (Division) Managed Care Organizations (MCOs) have existing prior authorization processes for CRT based on billable codes, which the proposed legislation will have no impact on.
- If the legislation is interpreted to require MCOs to reimburse at full charges rather than contractually negotiated rate, it would lead to an estimated increase in expenditures of $15,924,911 annually. Medicaid expenditures receive matching funds at a rate of 66.165 percent federal funds to 33.835 percent state funds. Of this amount $5,388,194 ($15,924,911 x 33.835%) will be in state funds and $10,536,717 ($15,924,911 x 66.165%) will be in federal funds.
- According to information provided by the Department of Commerce and Insurance (DCI), the current population covered by qualified health plans (QHPs) is approximately 261,681. The QHP's average increase in price per member per month that would result from the proposed legislation would be $0.11. This would create an approximate cost of $334,952 ($0.11 x 12 x 261,681) that DCI would be required to defray.
- The State Group Insurance Program (SGIP) currently does not deny medical coverage of CRT based on the location of use.

- Benefits Administration (BA) will not experience an impact resulting from offering a covered person a prior authorization process that reviews billable codes and provides coverage determination for CRT.
- Based on claim data from 2020, BA estimates that increasing the percentage paid for CRT will result in a recurring increase in state expenditures of $210,600, a recurring increase in federal expenditures of $23,589, and a recurring mandatory increase in local expenditures of $35,666.
- The total recurring increase in state expenditures resulting from the proposed legislation is $5,933,746 ($5,388,194 + $334,952 + 210,600).
- The total recurring increase in federal expenditures resulting from the proposed legislation is $10,560,306 ($10,536,717 + $23,589).

IMPACT TO COMMERCE:

Increase Business Revenue – Up to $16,429,700/FY22-23 and Subsequent Years

Increase Business Expenditures – Less than $16,429,700 and Subsequent Years

Assumptions:

- The proposed legislation will lead to an increase in expenditures and revenues for healthcare facilities and practitioners that create and supply CRT.
- Although the proposed legislation may create a higher demand for CRT, it is not assumed that this increase will lead to any significant increase in jobs.

*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

Krista Lee Carsner, Executive Director

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