

HOUSE BILL 2632

By Baum

AN ACT to amend Tennessee Code Annotated, Title 8, Chapter 27 and Title 56, Chapter 7, Part 6, relative to covered persons insured under state healthcare plans.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 56, Chapter 7, Part 6, is amended by adding the following as a new section:

**56-7-611.**

(a) As used in this section:

(1) "Covered person" means an individual who is insured under a state healthcare plan;

(2) "Emergency medical service" means a physical or mental healthcare service rendered for a medical or traumatic condition, sickness, or injury, including a mental health condition or substance use disorder, in which a person is exhibiting acute symptoms of sufficient severity, including severe pain, regardless of the initial, interim, final, or other diagnoses that are given, that would lead a prudent layperson possessing an average knowledge of medicine and health to believe that the person's condition, sickness, or injury is of such a nature that failure to obtain immediate medical care could result in:

(A) Placing the person's health in serious jeopardy;

(B) Serious impairment to bodily functions; or

(C) Serious dysfunction of a bodily organ or part;

(3) "Major medical treatment or procedure":

(A) Means the examination or treatment of an individual, including a medical procedure, for the prevention of illness or the correction or treatment of a physical or mental condition resulting from an illness, injury, or other human physical problem, including an emergency medical service, and that has an actual cost to a covered person of more than five hundred dollars (\$500); and

(B) Includes:

(i) Hospital services that include the general and usual care, services, supplies, and equipment furnished by hospitals;

(ii) Medical services that include the general and usual care and services rendered and administered by physicians, dentists, optometrists, and other healthcare entities;

(iii) A prescription drug or device; and

(iv) Other medical services that include, but are not limited to, the provision of appliances and supplies; nursing care by a registered nurse; institutional services, including the general and usual care, services, supplies, and equipment furnished by healthcare entities and agencies or entities other than hospitals; physiotherapy; drugs and medications; therapeutic services and equipment, including oxygen and the rental of oxygen equipment; hospital beds; iron lungs; orthopedic services and appliances, including wheelchairs, trusses, braces, crutches, and prosthetic devices, including artificial limbs and eyes; and another appliance, supply, or service related to health care; and

(4) "State healthcare plan" or "plan" means the group insurance plans offered under title 8, chapter 27.

(b)

(1) The committees, as defined in § 8-27-101, shall establish an incentive program in accordance with this section no later than January 1, 2025. In establishing the incentive program, such committees shall work with the insurance companies with which the committees have entered into contracts to provide health insurance benefits and the third-party administrator of the incentive program selected under subdivision (c)(1).

(2) The incentive program required by subdivision (b)(1) must provide a rebate to this state and a covered person who obtains a major medical treatment or procedure covered by the person's plan at a lower cost than the average allowed amount paid by the carrier to healthcare providers for a comparable major medical treatment or procedure. The rebate must equal the full difference between the amount paid by the covered person and the average allowed amount paid by the carrier to network providers for a comparable major medical treatment or procedure. The rebate must be disbursed as follows:

(A)

(i) Forty-seven and one-half percent (47.5%) to the covered person as a cash payment, which may be done as a direct deposit, by check, or in another similar manner; and

(ii) Sent to the covered person within thirty (30) days from the date on which the third-party administrator has received all invoices relating to the covered person's major medical treatment or procedure;

(B) Forty-seven and one-half percent (47.5%) to the state treasurer to be credited to the general fund within thirty (30) days from the date on which the third-party administrator has received all invoices relating to the covered person's major medical treatment or procedure; and

(C) Five percent (5%) to the third-party administrator of the incentive program for administering the program after the third-party administrator has received all invoices relating to the covered person's major medical treatment or procedure.

(c) The department of finance and administration shall:

(1) Select the third-party administrator for the incentive program established under this section; and

(2) Provide notice to each covered person, not less than quarterly each year, of the incentive program established under this section, including a brief description of the program.

(d) A state healthcare plan shall not penalize a covered person participating in the incentive program by requiring a higher deductible or co-payment if a covered person receives a major medical treatment or procedure from an out-of-network healthcare provider.

(e) The committees, as defined in § 8-27-101, in collaboration with the third-party administrator of the incentive program, shall submit an annual report to the speakers of each house of the general assembly, the chair of the state and local government committee of the senate, the chair of the state government committee of the house of representatives, the chair of the commerce and labor committee of the senate, and the chair of the insurance committee of the house of representatives. The report

must identify the number of covered persons participating in the incentive program and the cost savings to the state healthcare plan as a result of the implementation of the incentive program. The report must be submitted no later than January 1, 2026, and no later than January 1 of each year thereafter.

(f) Consistent with the intent of this act, and to encourage competition in the healthcare industry to achieve cost savings for this state and for covered persons in the state healthcare plan, the department of finance and administration shall promulgate regulations reasonably necessary to carry out this section in accordance with the Uniform Administrative Procedures Act, codified in title 4, chapter 5.

SECTION 2. Tennessee Code Annotated, Section 56-7-603(a)(1), is amended by deleting "Beginning upon approval of the next health insurance rate filing on or after January 1, 2021" and substituting "In addition to the incentives provided under § 56-7-611, beginning upon approval of the next health insurance rate filing on or after January 1, 2021"; and is further amended by deleting the language "§ 56-7-610" and substituting "§§ 56-7-610 and 56-7-611".

SECTION 3. Tennessee Code Annotated, Section 56-7-603(a)(2), is amended by deleting the language "§ 56-7-610" and substituting "§§ 56-7-610 and 56-7-611".

SECTION 4. Tennessee Code Annotated, Section 56-7-609(a), is amended by deleting "in any year" and substituting "in a year; provided, that this limitation does not apply to the incentive program required under § 56-7-611".

SECTION 5. This act takes effect January 1, 2025, the public welfare requiring it, and applies to state healthcare plans issued, delivered, entered into, amended, or renewed on or after that date.