

SENATE BILL 838

By Niceley

AN ACT to amend Tennessee Code Annotated, Title 8 and Title 56, relative to state health plan rates.

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

SECTION 1. Tennessee Code Annotated, Section 8-27-202, is amended by adding the following as a new subsection:

(d)

(1) As used in this subsection (d):

(A) "Allowable charges" means:

(i) The maximum amount the state will pay on the plan as a percentage of the medicare reimbursement rate for each procedure; and

(ii) For any procedure where there is no medicare reimbursement rate, the maximum allowable charges are not to exceed forty percent (40%) of the original billed charge;

(B) "Plan" means the basic health plan described in subdivision (a)(1);

and

(C) "Provider" means an individual, establishment, or facility licensed, registered, certified, or permitted pursuant to title 63 or title 68 and regulated under the authority of either the department of health or any agency, board, council, or committee attached to the department of health.

(2)

(A) Beginning in the 2022 plan year, the plan must establish an alternate allowable charges schedule that allows an enrollee to utilize the services of any licensed medical provider in the United States without being penalized with out-

of-network cost sharing charges except as provided in the alternate allowable charges schedule. The maximum allowable charges schedule must be the medicare payment schedule plus sixty percent (60%) of the medicare reimbursement rate for the service provided for facility fees, and the medicare payment schedule plus twenty-five percent (25%) of the medicare reimbursement rate for the service provided for medical provider charges. If there is no medicare payment rate for a particular service, then the maximum allowable charges schedule for that particular service is forty percent (40%) of the billed charges.

(B) Beginning in the 2022 plan year, the plan must be modified to have a preferred tier and a non-preferred tier. Providers who agree to accept charges below the maximum allowable charges must be in the preferred tier, and that tier must have lower cost sharing for the employee. Providers in the non-preferred tier are providers who have not agreed to accept charges below the maximum allowable charges, and that tier must have higher cost sharing for the employees utilizing those providers.

SECTION 2. The state insurance committee may promulgate rules to effectuate the purposes of this act. Rules must be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in Tennessee Code Annotated, Title 4, Chapter 5.

SECTION 3. For purposes of promulgating rules, this act takes effect upon becoming a law, the public welfare requiring it. For all other purposes, this act takes effect July 1, 2021, the public welfare requiring it.