

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 210 - HB 883

March 25, 2017

SUMMARY OF BILL: Creates the *Proton Therapy Access Act*. Requires the state group insurance program to cover a physician-prescribed hypofractionated proton therapy protocol to deliver a biological effective dose for a particular indication by paying the same aggregate amount as would be paid for the delivery of the same biological effective dose with intensity modulated radiation therapy for the same indication; provided, that the eligible patient is treated as part of a clinical trial or registry. Requires the benefits to be subject to the annual deductible and co-insurance established for radiation therapy and other similar benefits within the policy or contract of insurance. Effective date of January 1, 2018.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$458,000/FY17-18
\$916,100/FY18-19 and Subsequent Years**

Assumptions:

- Based on information provided by the Department of Finance and Administration, Division of Benefits Administration, approximately 4,916 enrollees of the state employee and local education health plans have a cancer diagnosis. Of these enrollees, the Division estimates 178 enrollees would receive proton therapy based on the current enrollees receiving external beam radiation therapy.
- The total increase in state expenditures is estimated to be \$916,091 which accounts for the state contribution which is 80 percent of member premiums. Due to the effective date clause, the first year (FY17-18) increase in state expenditures is estimated to be \$458,046.
- The Department of Commerce and Insurance is responsible for regulation of the provisions of the legislation. Any cost incurred due to regulation can be accommodated within existing resources without an increased appropriation or reduced reversion.

IMPACT TO COMMERCE:

**Increase Business Revenue - \$458,000/FY17-18
\$916,100/FY18-19 and Subsequent Years**

**Increase Business Expenditures – Less than \$458,000/FY17-18
Less than \$916,100/FY18-19 and Subsequent Years**

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Assumptions:

- Health care providers that provide hypofractionated proton therapy treatment will incur an increase in revenue to cover the cost of the increased coverage provided by insurance companies as a result of the proposed legislation.
- Insurance companies will realize an increase in premium revenue to cover the increased coverage.
- An exact impact to commerce cannot be determined due to a number of unknown factors but the increase in revenue is reasonably estimated to exceed the amount of increased state expenditures resulting from the proposed legislation.
- For companies to retain solvency, any increased expenditures will be less than the amount of revenue collected.

CERTIFICATION:

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

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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