



April 10, 2023

SUMMARY OF BILL: Requires the method of calculating payment for services rendered by a chiropractor be the same as the method of calculating payment for services rendered by a medical physician.

FISCAL IMPACT:

**Increase State Expenditures – \$1,470,400/FY23-24
\$2,940,800/FY24-25 and Subsequent Years**

**Increase Federal Expenditures – \$147,500/FY23-24
\$295,000/FY24-25 and Subsequent Years**

**Increase Local Expenditures – Exceeds \$259,400/FY23-24*
Exceeds \$518,800/FY24-25 and Subsequent Years***

Assumptions:

- The proposed legislation will apply to the State Group Insurance Plan (SGIP) that takes effect January 1, 2024.
- Based on information provided by the Division of Benefits Administration, requiring the method of calculating a payment for services rendered by a chiropractor be the same as by a medical physician will result in an increase in expenditures to the SGIP.
- The increase in state expenditures is estimated to be \$1,918,373 for the State Plan, and \$1,022,411 for the Local Education Plan in FY24-25 and subsequent years. Due to the January 1, 2024 effective date, the increase in state expenditures is estimated to be \$959,187 ($\$1,918,373 \times 50.0\%$) for the State Plan and \$511,206 ($\$1,022,411 \times 50.0\%$) for the Local Education Plan in FY23-24.
- Some state plan member's insurance premiums are funded through federal dollars. The increase in federal expenditures in FY24-25 and subsequent years is estimated to be \$295,049. Due to the January 1, 2024 effective date, the increase in federal expenditures is estimated to be \$147,525 ($\$295,049 \times 50.0\%$) in FY23-24.
- The state does not contribute to the Local Government Plan; any increase in premiums will be entirely absorbed by the participating agencies and their members.
- It is estimated the Local Government Plan would be responsible for a mandatory increase in local expenditures estimated to be \$518,771 in FY24-25 and subsequent

years. Due to the January 1, 2024 effective date, the increase in local expenditures is estimated to be \$259,386 ($\$518,771 \times 50.0\%$) in FY23-24.

- The impact on local governments that do not opt into the Local Government Plan is unknown; therefore, the total increase in local expenditures is estimated to exceed \$518,771 in FY24-25 and subsequent years. Due to the January 1, 2024 effective date, the increase in local expenditures is estimated to exceed \$259,386 in FY23-24.
- Based on information provided by the Division of TennCare (Division), the Division's managed care organizations currently use a similar method for calculating reimbursement for these services; therefore, any fiscal impact is estimated to be not significant.

Total Fiscal Impact:

- The total increase in state expenditures in FY23-24 is estimated to be \$1,470,393 ($\$959,187 + \$511,206$).
- The total increase in state expenditures is estimated to be \$2,940,784 ($\$1,918,373 + \$1,022,411$) in FY24-25 and subsequent years.
- The total increase in federal expenditures in FY23-24 is \$147,525.
- The total increase in federal expenditure is estimated to be \$295,049 in FY24-25 and subsequent years.
- The total increase in local expenditures in FY23-24 is estimated to exceed \$259,386.
- The total increase in local expenditures is estimated to exceed \$518,771 in FY24-25 and subsequent years.

**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.*

IMPACT TO COMMERCE:

Increase Business Revenue –

Exceeds \$1,877,300/FY23-24

Exceeds \$3,754,600/FY24-25 and Subsequent Years

Increase Business Expenditures –

Less than \$1,877,300/FY23-24

Less than \$3,754,600/FY24-25 and Subsequent Years

Assumptions:

- Healthcare providers that provide chiropractic services will experience an increase in business revenue for providing services.
- The increase in business revenue is estimated to exceed \$1,877,304 ($\$1,470,393 + \$147,525 + \$259,386$) in FY23-24 and exceed \$3,754,604 ($\$2,940,784 + \$295,049 + \$518,771$) in FY24-25 and subsequent years.
- For companies to retain solvency, any increased expenditures will be less than the amount of increased revenues collected. Therefore, the increase in business expenditures

is estimated to be less than \$1,877,304 in FY23-24 and less than \$3,754,604 in FY24-25 and subsequent years.

CERTIFICATION:

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

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

Krista Lee Carsner, Executive Director

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