



March 11, 2024

**SUMMARY OF BILL AS AMENDED (015521):** Requires a TennCare health benefit plan issued by a health insurance carrier to provide coverage and reimbursement for mental health services and treatment to the same extent that the TennCare health benefit plan provides coverage and reimbursement for the treatment of alcoholism and drug dependence.

Requires the Department of Commerce and Insurance (DCI) to include a detailed explanation regarding parity in coverage and rates of reimbursement for mental health services and alcoholism and drug dependency services in their annual report and presentation to the General Assembly.

Establishes that certain benefits for outpatient treatment at a community mental health center under a TennCare health benefit plan are subject to deductibles and coinsurance factors that are not less favorable than for physical illness or the treatment of alcoholism or substance abuse generally, and coverage and reimbursement are not required to be made available for more than the number of visits per year offered for the treatment of alcoholism or substance abuse.

**FISCAL IMPACT OF BILL AS AMENDED:**

**Increase State Expenditures – \$4,718,000/FY24-25 and Subsequent Years**

**Increase Federal Expenditures – \$8,734,300/FY24-25 and Subsequent Years**

Assumptions for the bill as amended:

- According to information provided by the Division, the medical necessity criteria used by TennCare applies uniformly to mental health and substance use disorder treatment services.
- It is assumed that parity in reimbursement as required by the proposed legislation is intended to require equal reimbursement rates for treatment of mental health conditions and substance use disorder conditions.
- According to TennCare, it is impossible to establish reimbursement uniformity between mental health and substance use and substance use disorder because there is no direct comparison between the two classes and no way of defining, establishing, or enforcing reimbursement uniformity.
- Based on an analysis by the Division of TennCare, the average cost of mental health services for TennCare members is estimated to be \$171.16 per member per month.

- Based on mental health services data, an average of 654,956 TennCare enrollees received inpatient or outpatient services over the past three years.
- It is estimated that any reimbursement uniformity would result in at least a one percent increase in expenditures of approximately \$13,452,272 [654,956 x (\$171.16 x 1.0%) x 12 months].
- These expenditures will receive the standard Medicaid rate of 64.928 percent federal funds to 35.072 state funds.
- There will be a recurring increase of \$4,717,981 (\$13,452,272 x 35.072%) in state expenditures, and \$8,734,291 (\$13,452,272 x 64.928%) in federal expenditures in FY24-25 and subsequent years.
- DCI can include the required information in their annual report and presentation utilizing existing personnel and resources.

## **IMPACT TO COMMERCE OF BILL AS AMENDED:**

### **Increase Business Revenue – \$13,452,300/FY24-25 and Subsequent Years**

Assumption:

- The increase in reimbursement rates will result in increased business revenue to providers.
- The annual increase in business revenue is estimated to be \$13,452,272 in FY24-25 and subsequent years.

## **CERTIFICATION:**

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



Krista Lee Carsner, Executive Director

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