

Tennessee

Tennessee Insurance Commission
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Summary of Important Regulations

MEWA Regulations	No
TPA Regulations	Yes
Stop-Loss Regulations	Yes
UR Regulations	Yes

NAIC Model Laws and Regulation

<u>Name of Model Law/Regulation</u>	<u>Model/Similar</u>	<u>Related</u>
Health Insurance Reserves Model Regulation	Tenn. Admin. Comp. ch. 0780-1-69	None
Comprehensive Health Ins. Cost Containment Model Act	None	None
Standardized Health Claims Form Model Regulation	None	Tenn. Code Ann. §§ 56-7-1008 56-1-104, Tenn. Admin. Comp. ch. 0780-1-20-.09
Small Employer Health Insurance Availability Model Law	Tenn. Code Ann. §§ 56-7-2201 to 56-7-2221	Tenn. Code Ann. §§ 56-7-2801 to 56-7-2814
Model Regulation To Eliminate Unfair Sex Discrimination	Tenn. Ins. Rules ch. 0780-1-34	None
Health Information Privacy Model Law	None	None
Preferred Provider Arrangements Model Law	None	None
Utilization Review Model Law	None	Tenn. Code Ann. §§ 56-6-701 to 56-6-706
Managed Care Plan Network Adequacy Model Law	None	None
Third Party Administrator Law	Tenn. Code Ann. §§ 56-6-401 to 56-6-412	None

Stop-loss Insurance Model Law

None

Bulletin dated 7/1/94

NAIC Model Laws and Regulation

<u>Name of Model Law/Regulation</u>	<u>Model/Similar</u>	<u>Related</u>
Jurisdiction of Health Care Providers Model Law	Tenn. Code Ann. § 56-7-1010	None
Standard Group Health Model Law	None	Tenn. Code Ann. §§ 56-26-201 to 56-26-203
Group Health Insurance Mandatory Conversion Law	Tenn. Code Ann. §§ 56-7-1502 to 56-7-1511	None
Group Coverage Discontinuance/ Replacement Model Regulation	None	None
Premium Rates and Renewability of Coverage-Small Groups	Tenn. Code Ann. §§ 56-7-2201 to 56-7-2221	None
Group Coordination of Benefits Model Law	Tenn. Admin. Comp. ch. 0780-1-53	Bulletin dated May 3, 1990
Model Regulation for Certification of Health Plans	None	None
Off-Label Drug Use Model Law	None	Tenn. Code Ann. § 56-7-2352
Group Health Mandatory Drug/ Alcohol Dependency Law	Tenn. Code Ann. § 56-7-1009	None
Model Newborn Children's Law	Tenn. Code Ann. § 56-7-1001	None

Health Examination Benefits Availability Law	None	None
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NAIC Model Laws and Regulation

<u>Name of Model Law/Regulation</u>	<u>Model/Similar</u>	<u>Related</u>
Accident and Sickness Insurance Minimum Standards Model Law	None	None
Agents and Brokers Licensing Model Law	See 218-15	None
MEWA Licensing Model Law	None	Bulletin May 7, 1992
Managing General Agents Law	Tenn. Code Ann. §§ 56-6-501 to 56-6-510	None
Health Maintenance Organization Model Law	Tenn. Code Ann. §§ 56-32-201 to 56-32-225	None
Insurance Information and Privacy Protection Law	None	None
Unfair Trade Practices Law	Tenn. Code Ann. §§ 56-8-101 to 56-8-118	None
Model Regulation on Unfair Discrimination in Life and Health Insurance on the Basics of Physical or Mental Impairment	None	Bulletin 4-22-93
Model Regulation on Unfair Discrimination in Life and Health Insurance on the Basics of Tennessee	Tenn. Admin. Comp. ch. 0780-1-34-.04	None

Total or Partial Blindness

NAIC Model Laws and Regulation

<u>Name of Model Law/Regulation</u>	<u>Model/Similar</u>	<u>Related</u>
Unfair Discrimination against Subjects of Domestic Abuse in Health Benefit Plans Model Law	Tenn. Code Ann. §§ 56-8-301 to 56-8-306	None
Unfair Claims Settlement Practices Law	Tenn. Code Ann. § 56-8-104	None
Improper Termination Practices Law	None	None
Employee Leasing Registration Model Law	None	Tenn. Code Ann. §§ 62-43-101 to 62-43-120
Private Employer Workers' Compensation Group Self-Insurance Model Law	Tenn. Admin. Comp. ch. 0780-1-54	None
Public Employee Workers' Compensation Group Self-Insurance Model Law	None	None
Twenty Four Hour Coverage Pilot Project Model Law	None	None

State-Mandates

Benefits That Must Be Covered

- Bone mass measurement
- Breast reconstruction
- Chemotherapy
- Diabetic supplies, education
- Emergency services
- Formula for PKU
- Mammography screening
- Mental health, parity
- Minimum maternity stays
- Off-label drug use
- Prostate cancer screening

Benefits That Must Be Offered

- Alcoholism treatment
- Bone marrow transplants
- Cervical cancer screening
- Chlamydia screening
- Drug abuse treatment
- Maternity care (15 participants or greater)
- General mental health

Persons Who Must Be Allowed Coverage

- Continuation/dependents
- Continuation/employees
- Conversion to non-group
- Handicapped dependents
- Newborns

Providers Who Must Be Covered

- Chiropractors
- Dentists
- Nurse Midwives
- Nurse Practitioners

- Optometrists
- Podiatrists
- Professional Counselors
- Psychologists
- Social Workers
- Speech/Hearing Therapists

Coordination of Benefits

- Birthday Rule? Yes
- Divorced/Separated Rule? Yes
- Joint Custody Rule? No
- Active v. Inactive Rule? Yes
- Longer v. Shorter Rule? Yes
- Managed Care Rule? No
- COBRA Rule? No
- Preservation Rule? Yes

Patient's Bill of Rights Legislation

None

High Risk Health Pool

None

External Grievance System

Yes – HMOs only

Basis of Filing Grievance

Medical necessity

Status of Decision of Grievance Panel

Binding on both parties

Prompt Payment of Health Claim Requirement

Yes - 30 days

Miscellaneous

- Group health insurance policies and health maintenance organizations providing coverage for surgical services for a mastectomy must also provide coverage for a mammography screening performed on dedicated equipment for diagnostic purposes. One baseline mammogram must be provided for women ages 35-40, one mammogram every two years, or more frequently, if ordered by a physician for women ages 40 to 50, and one mammogram every year for women ages 50 and over. Insurance contracts that provide for sterilization operations may not impose any disclaimer, restriction, or limitation of coverage with respect to the insured's reason for sterilization.
- A participant or other person entitled to benefits under a health insurance policy may assign those

benefits to the health care provider. Notice of such assignment must be in writing.

- Tennessee law requires managed care plans to offer employees and beneficiaries a point of service option or a preferred provider organization plan. Also, managed health insurance issuers that offer plans that limit choice of providers must maintain a sufficient network of providers to access to benefits without unreasonable delay. Further, enrollees under a managed care plan that provides reimbursement for obstetrician or gynecologist services or for vision care services must be permitted at least one annual visit without referral from a primary care provider.
- Tennessee law requires HMOs to provide an independent review process for examining coverage decisions where coverage is denied based upon determination that the proposed treatment is not a medical necessity.

MEWA Regulation

Tennessee does not regulate MEWAs.

TPA Regulations

Tennessee adopted an administrator law in 1980.¹ No criminal penalties attach as a result of a violation.

- Fees and taxes – initial fee \$100; renewal if \$50.
- Records – five-year retention
- Bond -- \$25,000 bond

Registration – each year the TPA must submit a new application and be relicensed. These are the items to be submitted with the application:

1. Corporate papers
2. Copy of fidelity bond
3. All TPA/insurers administrative agreements
4. Roster of officers and directors
5. Recent financials (audited if possible)
6. List of states in which the TPA holds a license

The Insurance Commissioner may revoke or suspend the TPA's license for the usual reasons:

- Incompetence
- Financial irresponsibility
- Untrustworthiness
- Poor reputation

Stop-Loss Regulation

The Tennessee Insurance Department requires a \$25,000 minimum specific and a \$150,000 minimum aggregate by Department's bulletin.²

A self-funded plan that purchases a contract of insurance which provides for indemnification of participants' claims, except in the event of catastrophic loss, must register with the Department of Commerce

and Insurance and provide details of the insurance and funding arrangement.³ *Catastrophic loss* means individual claims of \$25,000 or more, aggregate claims of \$150,000 or more.

Utilization Review Regulations

Agency Responsible ⁴	Dept. of Insurance
Requirements	Registration-Certification
Exemptions	None
Waivers	If otherwise URAC-approved
Comments	Insurers/HMOs not regulated if review is on their own members.

Miscellaneous

Small Group Reform

None

MSA Legislation

No action.

State Premium Taxes

Commercial insurers and Blue Cross pay a 2.5% premium tax; HMOs pay a 2% tax.

Registration of Self-Funded Plans

A self-funded plan must register with the Tennessee Department of Commerce and Insurance. If the plan cannot show that it is subject to the jurisdiction of some other state or federal agency, it must meet certain solvency requirements and must comply with the insurance code.⁵

Continuation of Coverage and Conversion of Benefits

Tennessee law requires that group health policies to allow covered employees and dependents to continue group coverage if their coverage ends for any reason except termination of the group policy. Coverage must be allowed to continue for the part of the month in which termination occurs plus an additional three months. Individuals who elect continued coverage may be required to pay the full cost of the premium, including the portion that is usually paid by the employer.

Tennessee law requires insurers to allow covered employees and dependents to convert from group to individual coverage without evidence of insurability in cases which (a) continued coverage terminates, (b) group coverage is discontinued, or (c) coverage ends due to employee death.

Reporting Claims Data

Tennessee is collecting UB-92 claims (hospital discharge) data from all plans. Attorneys for the Tennessee Department of Health have advised that self-funded employers who are subject to the rules and regulations of ERISA are required to report this data to the State of Tennessee. While ERISA employers may be exempt from state laws regulating the administration of their plan, they are not exempt from state reporting

requirements not related to plan design, etc. The purpose of the information is for cost containment. The data collected will be used to encourage hospitals to control cost.⁶

Endnotes

¹ Tenn. Code Ann. §§ 56-6-401 to 56-6-482.

² Ins. Dept. Bulletin, July 11, 1994.

³ Tenn. Ins. Reg. § HB 554.

⁴ Tenn. Code Ann. §§ 56-6-701 *et seq.*

⁵ Tenn. Code Ann. § 56-7-1010.

⁶ Tenn. Code Ann. § 68-1-108.