



TACIR

The Tennessee Advisory Commission
on Intergovernmental Relations



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MEMORANDUM

TO: Commission Members

FROM: Cliff Lippard *Cliff*
Executive Director

DATE: 17 December 2020

SUBJECT: Public Chapter 407, Acts of 2019 (Right to Shop)–Final Report for Approval

The attached Commission report is submitted for your approval. It was prepared in response to Public Chapter 407, Acts of 2019, which directs the Commission to study any cost savings realized by enrollees of health insurance plans in other states that have adopted incentive program legislation or incentive programs that encourage enrollees to shop for and use lower-price healthcare services. The study is to include cost savings resulting from programs offered by both private health plans and state employee health plans. Tennessee's law also requires private insurers in the state to provide healthcare price and quality information to help enrollees shop for lower-price, high-quality services and providers within their insurer's network and authorizes the Tennessee State Insurance Committee and private insurers to implement incentive programs.

Since the November meeting, the report has been revised to address questions and concerns expressed by members. Information was added about educating consumers and the resources available to them at the federal marketplace website. The report clarifies that patients' relationship with their doctors and the quality of providers and services are as important as cost and adds that "It is important to remember that healthcare is not a commodity; choosing the right provider can be a complex decision with serious ramifications." Finally, some additional detail about participation rates in other states' incentive programs is provided. The additional supporting information throughout the report has been highlighted in this final draft for your consideration and approval.

Other than the addition of one sentence highlighting education and promotion, the findings of the report remain the same. The final report finds that **shopping for**

healthcare services can result in some savings for consumers and insurers, and when price tools are combined with incentive programs, they have the potential to save more. But usage for both the tools and the incentive programs varies widely. A few states have implemented incentive programs for state employee health plans or have required private plans to implement them. During interviews with Commission staff, stakeholders emphasized the importance of educating consumers about healthcare and promoting the tools to encourage their use. The data show the programs produce cost savings, but there is not yet enough data to determine whether the savings are significant over the long term.