



## HOUSE COMMITTEE ON APPROPRIATIONS

# FISCAL NOTE

HOUSE BILL NO. 1664

PRINTER'S NO. 3478

PRIME SPONSOR: Scott

### COST / (SAVINGS)

FUND	FY 2024/25	FY 2025/26
General Fund	\$0	\$0

#### SUMMARY:

House Bill 1867, Printer's Number 3054 establishes requirements for payment from health insurers to participating health care providers and requirements for electronic delivery of notices from insurers.

#### ANALYSIS:

This legislation amends Title 40 (Insurance) of the Pennsylvania Consolidated Statutes by adding Chapter 47 Payment Choice and Chapter 49 Electronic Notice of Insurance Practices.

#### Chapter 47 Payment Choice

This chapter adds requirements for payments from health insurers to participating health care providers. Health insurers, or their contracted vendors, may not restrict the method of payment to participating health care providers so that the only payment method is by credit card. If the health insurer initiates or changes payment to a participating health care provider using an electronic funds transfer (EFT), including credit card payments, then the health insurer must advise the health care provider of all available payment methods, and notify the health care provider that fees imposed by the health insurer may apply to EFT payments and provide instructions and contact information so that the health care provider can obtain the exact amount of fees. The health insurer must also provide clear instructions on the process to select a payment method and not charge a fee solely to transmit payment unless the health care provider has consented to the fee.

Violation of these requirements may result in fines or penalties imposed by the Department of Insurance at the discretion of the Insurance Commissioner. Penalties and fines include a fine of not more than \$5,000 for each violation, and a fine of not more than \$10,000 for each willful violation. The legislation imposes limits on the total amount of fines that can be assessed against an individual insurer (\$500,000) or against any other person subject to these requirements (\$100,000) within a single calendar year.

#### Chapter 49 Electronic Notice of Insurance Practices

This chapter allows an insurer to deliver notices to a covered person through electronic means as long as the covered person has consented to receive electronic notices. A plan sponsor may consent to the electronic delivery of notices on behalf of each covered person. A "Plan sponsor" is defined as a person or entity that establishes, adopts, or maintains a health benefit plan on behalf of a covered person.

A covered person has a right to withdraw this consent at any time, and a covered person at any time can request a paper copy of the notice from the insurer. In addition, the covered person maintains the right to request that personal health information be treated and communicated confidential.

This legislation will take effect in 60 days upon enactment.

**FISCAL IMPACT:**

The Department of Insurance oversees the health insurers' compliance with requirements included in Title 40. Additionally, the department investigates any potential compliance issues and, if necessary, would impose any resulting penalties and fines, as included in this legislation. The department does not currently anticipate any increase in administrative costs due to the payment method requirements.

The collection of penalties and fines by the department may result in increased revenue received by the commonwealth for the Insurance Regulation and Oversight Fund. However, the number of health insurers that would be found to be out of compliance with these requirements and have fines assessed is unknown at this time. Therefore, any increased revenue to the commonwealth, as a result of fines imposed by this legislation, is currently indeterminate.

**PREPARED BY:** Mara Perez, Senior Budget Analyst  
House Appropriations Committee (D)

**DATE:** July 3, 2024

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*