



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 739

PRINTER'S NO. 1670

PRIME SPONSOR: Vogel

COST / (SAVINGS)

FUND	FY 2023/24	FY 2024/25
General Fund	\$0	\$0
Insurance Regulation and Oversight Fund	\$0	\$0

SUMMARY:

This legislation requires health insurance companies and managed care plans participating in the Medical Assistance and Children’s Health Insurance Programs to cover health care services that are delivered through telemedicine.

ANALYSIS:

Senate Bill 739 Printer’s Number 1670 amends Title 40 (Insurance) of the Pennsylvania Consolidated Statutes to add Chapter 47 Telemedicine which provides for coverage of medically necessary covered health care services provided through telemedicine when delivered by a participating network provider.

Health Insurance Companies

A health insurance company must pay or reimburse a participating network provider for covered health care services delivered through telemedicine in accordance with the terms and conditions of the contract between the health insurance company and the participating network provider. This contract may not prohibit payment or reimbursement solely because covered health care services are provided by telemedicine.

A health insurance company that is required to file rates with either the federal government or the Department of Insurance must comply with the requirements in this legislation for policies filed on or after 180 days from the effective date of this legislation.

A health insurance company that is not required to file rates with either the federal government or the Department of Insurance must comply with the requirements in this legislation for policies issued or renewed on or after 180 days from the effective date of this legislation.

Medical Assistance and Children’s Health Insurance Program

Medical Assistance (MA) and Children’s Health Insurance Program (CHIP) managed care plans, known as Managed Care Organizations (MCOs), must make payments for medically necessary health care services provided to individuals enrolled into the MA or CHIP MCO and delivered through telemedicine if all the following requirements apply:

- The health care services would be covered through an in-person encounter.
- The provision of health care services through telemedicine is consistent with federal and state requirements.
- Upon federal approval, if federal approval is required for the delivery of the covered health care service through telemedicine.

An MA or CHIP MCO must pay a participating network provider for covered health care services delivered through telemedicine in accordance with the terms and conditions of both the contract between the health insurance company and the participating network provider and the MA or CHIP's agreement with the Department of Human Services.

The requirements in this legislation will take effect for MA and CHIP MCOs beginning on or after January 1, 2026.

This legislation will take effect in 90 days upon enactment.

FISCAL IMPACT:

Department of Insurance

The Department of Insurance has the responsibility to ensure that health insurance companies that issue or renew policies in the commonwealth comply with the requirements included in this legislation. Currently, the department does not anticipate an increase in administrative costs as a result of this legislation, which is funded through the Insurance Regulation and Oversight Fund.

Department of Human Services

The Department of Human Services pays each MCO participating in the MA managed care program or CHIP a monthly rate for each individual eligible for MA or CHIP and enrolled into that MCO. These MCO rates cover all health care services for which that individual is eligible under each program.

Each MCO is required by the department to maintain a network of providers and make payment to those providers when they provide covered health care services to the individuals enrolled into the MCO. Currently, MA or CHIP MCOs are able to agree to contract terms and conditions with providers that participate in the MCO's provider network which can include payment for covered health care services that are delivered through telemedicine. Beginning January 1, 2026, each MA and CHIP MCO must ensure that the contract terms and conditions agreed to with each participating provider meet the coverage and payment requirements for services delivered through telemedicine, as established by this legislation.

The MCO rates paid by the department to each MCO already include all health care services the individual is eligible to receive under the MA or CHIP program, and MA or CHIP MCOs are already able to pay for these covered health care services when delivered through telemedicine. Therefore, there is no fiscal impact to the commonwealth due to this legislation.

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

DATE: June 24, 2024

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