SENATE APPROPRIATIONS COMMITTEE
FISCAL NOTE

BILL NO. House Bill 1013

PRINTER NO. 4069

AMOUNT

$2.46 Million

FUND

General Fund

DATE INTRODUCED

March 28, 2017

PRIME SPONSOR

Representative Barrar

DESCRIPTION AND PURPOSE OF BILL

House Bill 1013 amends the Insurance Company Law of 1921 providing for reimbursement for emergency services and by adding Article XXVII entitled, "Quality Eye Care for Insured Pennsylvanians."

House Bill 1013 amends section 2116 (relating to emergency services) to require managed care plans to pay all reasonably necessary costs associated with emergency services provided by an emergency health care provider or an emergency medical services agency during the period of emergency subject to all copayments, coinsurances or deductibles.

The bill requires the managed care plan to pay for services rendered by licensed emergency medical services agencies that have the ability to transport patients or are providing and billing for services under an agreement with an agency that has that ability. In addition, it prohibits the managed care plan from denying a claim for payment of costs solely because the managed care plan enrollee is not transported or refuses to be transported by the emergency medical services agency.

The bill stipulates that the provisions relating to an emergency medical services agency shall apply to services provided to recipients of medical assistance, as well as all group and individual major medical health insurance policies. The bill requires sufficient funds to be appropriated each fiscal year for the payment of the services provided to recipients of medical assistance. The bill requires that Medicaid payments be paid in accordance with the current fee schedule or current managed care contracted rate.

The bill specifies that for health insurance policies for which rates or forms are required to be filed with the federal government or the Insurance Department, the amendment to section 2116 shall apply to a policy for which a form or rate is first filed on or after the effective date. For health insurance policies that do not require rates or forms to be filed with the federal government or the Insurance Department, the amendment shall apply to a policy issued or renewed on or after 180 days after the effective date.

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The bill requires a health insurance policy to allow an insured who receives vision care from an in-network vision care provider to select an out-of-network vision care supplier for related vision care on the recommendation or referral of the in-network vision care provider if the in-network provider gives the insured written notice of all the following prior to the recommendation or referral:

- The out-of-network vision care supplier is not an in-network vision care supplier;
- The insured has the option of selecting an in-network vision care supplier; and
- The insured may have different financial obligations based on whether the supplier is in-network or out-of-network.

The bill requires a health insurance policy to allow a vision care provider to opt out of the contractual obligation to provide discounts for non-covered services if the vision care provider issues a written disclosure to the insured that the vision care provider does not participate in the insured's discount program.

The bill authorizes the Insurance Department (department) to investigate and enforce the provisions of this article only insofar as the actions or inactions relate to coverage under a health insurance policy. Upon evidence of a violation, the Insurance Commissioner may pursue any of the following actions:

- Suspend, revoke or refuse to renew the license of the offending person;
- Enter a cease and desist order;
- Impose a civil penalty of not more than $5,000 for each action in violation of this article; or
- Impose a civil penalty of not more than $10,000 for each action in willful violation of this article.

The bill limits the amount of penalties under this article to not exceed $500,000 in the aggregate during a calendar year. The bill stipulates that violations of this article by optometrists and ophthalmologists shall constitute unprofessional conduct.

The bill authorizes the department to promulgate regulations as may be necessary or appropriate to implement this article.

The bill applies as follows:

- For health insurance policies for which either rates or forms are required to be filed with the federal government or the department, this act shall apply to any policy for which a form or rate is first filed on or after the effective date of this section.
- For health insurance policies for which neither rates nor forms are required to be filed with the federal government or the department, this act shall apply to any policy issued or renewed on or after 180 days after the effective date of this section.

This act shall take effect in 60 days.

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FISCAL IMPACT:

For the provisions related to emergency medical transportation services, House Bill 1013 is estimated to cost the Department of Human Services $2.46 million in state funds annually.

Actual claims data for ambulance transportation paid by Medicaid in Fiscal Year 2016-17, excluding hospital to hospital transports, was used as the basis to calculate the bill's impact. According to industry experts, the refusal rate for ambulance transport, excluding automobile accidents, which are not addressed by this bill, is 5%. Applying the 5% refusal to the claims, the increase would result in an additional $2.46 million cost to the Department of Human Services.

Medicaid will not participate in the reimbursement of these costs. Per the Centers for Medicare and Medicaid Services, Medicaid does not pay for unloaded miles per trip, which is considered a long standing policy. CMS has always considered the unloaded miles as part of the cost of doing business. Therefore, the $2.46 million will be state funds only.

For the provisions related to vision care, House Bill 1013 will have no fiscal impact to the Insurance Department. The bill provides the authority to the Insurance Department to promulgate regulations, if needed, which can be accomplished within existing staffing levels and funding provided to the department.