LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3853

STATE OF NEW JERSEY
221st LEGISLATURE

DATED: DECEMBER 20, 2024

SUMMARY

Synopsis:	Extends certain pay parity regarding telemedicine and telehealth until July 1, 2026.
Type of Impact:	18-month State expenditure and revenue increases.
Agencies Affected:	Department of Human Services, Department of the Treasury, Department of Banking and Insurance.

Office of Legislative Services Estimate

Fiscal Impact	**18-Month Duration of Extension**
State Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill will result in an indeterminate 18-month increase in State expenditures and revenues. NJ FamilyCare expenditures will increase by an indeterminate amount in order to extend by 18 months the statutory requirement that NJ FamilyCare reimburse for telemedicine and telehealth services at a rate that equals the provider rate paid when the same services are delivered on an in-person basis, provided the services are otherwise covered when delivered in person in the State.

- Any increase in NJ FamilyCare expenditures will result in additional State revenues, in the form of federal reimbursements for eligible State expenditures under the federal Medicaid program.

BILL DESCRIPTION

This bill amends P.L.2021, c.310 to extend the end date from December 31, 2024 to July 1, 2026, during which time a health benefits plan in this State is to provide coverage and payment for health care services delivered to a covered person through telemedicine or telehealth at a provider reimbursement rate that equals the provider reimbursement rate that is applicable, when the services are delivered through in-person contact and consultation in New Jersey, provided the services are otherwise covered by the health benefits plan when delivered through in-person contact and consultation in New Jersey.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill will result in an indeterminate 18-month increase in State expenditures and revenues. NJ FamilyCare expenditures, in the form of monthly capitation payments to State-contracted Medicaid managed care organizations for the cost of services delivered to NJ FamilyCare enrollees, will increase by an indeterminate amount in order to extend by 18 months the requirement, under P.L.2021, c.310, that NJ FamilyCare reimburse for telemedicine and telehealth services at a provider rate that equals the rate paid when the same services are delivered on an in-person basis, provided the services are otherwise covered when delivered in person in the State. Because approximately 95 percent of NJ FamilyCare participants are enrolled with a Medicaid managed care organization, and the specific reimbursement rates paid by each managed care organization to contracted providers of telemedicine and telehealth services are proprietary, the OLS cannot determine the magnitude of the NJ FamilyCare cost increase under the bill.

The telemedicine and telehealth rate parity requirement was originally established under P.L.2021, c.310, and was to expire on December 31, 2023. P.L.2023, c.199, however, extended the expiration date for this rate parity requirement to December 31, 2024. If this requirement were to expire at the end of 2024, NJ FamilyCare would reimburse for telemedicine and telehealth services at a rate that does not exceed, but is not necessarily equal to, the rate at which such services would be paid if provided during an in-person encounter in the State.

Increased State expenditures for NJ FamilyCare capitation payments to the Medicaid managed care organizations will be eligible for additional federal Medicaid reimbursements, thereby increasing State revenues, albeit by an indeterminate amount.

The OLS anticipates that extending provider rate parity for telemedicine and telehealth services by 18 additional months will have no fiscal impact on Department of the Treasury expenditures for the State Health Benefits Program and the School Employees' Health Benefits Program, which are required under P.L.2023, c.199 to have rate parity for telemedicine and telehealth services through December 31, 2024. Both programs reinstated cost-sharing requirements, as of February 2022, for telemedicine and telehealth visits, which had been suspended during the State and federal public health emergencies declared in response to COVID-19. Absent the provisions of P.L.2023, c.199, the programs would reimburse for telemedicine and telehealth services at a provider rate that does not exceed the rate paid for services delivered on an in-person basis.

The OLS, further, concludes that the Department of Banking and Insurance will not incur any additional costs under the provisions of the bill.

Section: *Human Services*

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Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).