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H.B. No. 840

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the establishment of a bundled-pricing program to
3 reduce certain health care costs in the state employees group
4 benefits program.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Chapter 1551, Insurance Code, is amended by
7 adding Subchapter K to read as follows:

8 SUBCHAPTER K. BUNDLED-PRICING PROGRAM

9 Sec. 1551.501. DEFINITIONS. In this subchapter:

10 (1) "Facility-based provider" has the meaning
11 assigned by Section 1551.229.

12 (2) "Program" means the bundled-pricing program
13 developed under this subchapter.

14 Sec. 1551.502. BUNDLED-PRICING PROGRAM. (a) The board of
15 trustees shall develop a cost-positive bundled-pricing program for
16 health benefit plans provided under the group benefits program.

17 (b) The program must be designed to reduce health care costs
18 in the group benefits program by contracting with a health care
19 facility, physician, or health care provider at a consolidated rate
20 for an inpatient or outpatient surgery procedure that is a covered
21 health care or medical service under a health benefit plan provided
22 under the group benefits program.

23 (c) A consolidated rate described by Subsection (b) must
24 include all fees related to the covered surgery procedure,

1 including fees for a health care facility, physician, health care
2 provider, laboratory, anesthesia, perioperative service,
3 prescription drug, or pharmacy service.

4 (d) The board of trustees shall contract with a third-party
5 administrator to administer the program. The program administrator
6 may be independent from the administrator of a health benefit plan
7 under the group benefits program.

8 Sec. 1551.503. PARTICIPATION; COST-SHARING OBLIGATION.

9 (a) A participant may have only an inpatient or outpatient surgery
10 procedure under the program.

11 (b) Except as provided by Subsection (c), the board of
12 trustees or a participating health care facility, physician, or
13 health care provider may not require a participant to pay a
14 deductible, copayment, coinsurance, or other cost-sharing
15 obligation for a covered surgery procedure provided under the
16 program.

17 (c) The board of trustees may require a participant in the
18 state consumer-directed health plan established under Section
19 1551.452 to meet the participant's deductible before the plan pays
20 for a covered surgery procedure provided under the program.

21 Sec. 1551.504. PROVIDER PARTICIPATION. (a) A health care
22 facility, physician, or health care provider is not required to
23 participate in the program. To participate, a health care
24 facility, physician, or health care provider must voluntarily and
25 expressly agree in writing to participate.

26 (b) A health care facility may not directly or indirectly:

27 (1) coerce a facility-based provider or physician to

1 participate in the program or accept a lower rate for an inpatient
2 or outpatient surgery procedure;

3 (2) condition a physician's staff membership or
4 privileges on the physician's participation in the program;

5 (3) consider a physician's participation or lack of
6 participation in the program in credentialing the physician;

7 (4) offer preferential scheduling to a participating
8 physician as compared to a physician who elects not to participate;
9 or

10 (5) terminate or otherwise penalize a physician or
11 health care provider for an election to not participate in the
12 program.

13 (c) The board of trustees, a health benefit plan, an
14 administrator of a health benefit plan provided under the group
15 program, or a health benefit plan issuer may not directly or
16 indirectly:

17 (1) coerce a health care facility, physician, or
18 health care provider to participate in the program;

19 (2) condition any plan participation on participation
20 in the program; or

21 (3) terminate or otherwise penalize a health care
22 facility, physician, or health care provider for electing not to
23 participate in the program.

24 Sec. 1551.505. PROCEDURE APPROVAL. (a) Before scheduling
25 a procedure under the program, a participating health care
26 facility, physician, or health care provider must apply for
27 approval from the program administrator in the form and manner

1 prescribed by the board of trustees.

2 (b) The approval application must include the consolidated
3 rate for the procedure and any other information determined
4 necessary by the program administrator.

5 (c) In determining whether to approve a procedure under this
6 section, the program administrator shall:

7 (1) ensure that the quality of care is comparable to
8 the care provided by a network provider for a health benefit plan
9 under the group benefits program;

10 (2) ensure that the procedure's cost is lower than the
11 procedure's cost if performed outside of the program; and

12 (3) if there is not a quality differential and
13 multiple health care facilities, physicians, or health care
14 providers apply to perform the same procedure for a participant,
15 consider the procedure's consolidated rate and the time the
16 procedure will be performed as the most important factors.

17 Sec. 1551.506. PAYMENT. (a) The board of trustees shall
18 ensure that a participating health care facility, physician, or
19 health care provider receives payment for a covered surgery
20 procedure not later than the 30th day after the date the program
21 administrator receives a claim for the procedure that includes, at
22 a minimum, each current procedural terminology code associated with
23 the bundled procedure and each ICD-10 code associated with the
24 patient.

25 (b) The program must include the methods by which payments
26 are allocated among a participating health care facility,
27 physician, or health care provider. If the consolidated bundled

1 payment is to be paid to an entity for further distribution to other
2 participating health care facilities, physicians, or health care
3 providers, the entity receiving the consolidated payment must be a
4 physician-led organization and have contracting authority on
5 behalf of the other participating facilities, physicians, and
6 providers.

7 (c) A participating health care facility, physician, or
8 health care provider may submit a request for payment to the
9 administrator for unanticipated services required to be provided
10 while performing a procedure under the program. The request must
11 include information on the reason the services were required.

12 Sec. 1551.507. BUNDLED-PRICING DISCLOSURE. (a) A
13 participating health care facility, physician, or health care
14 provider shall provide a written disclosure to a participant or the
15 participant's representative of the consolidated rate for a
16 procedure provided under the program before scheduling the
17 procedure.

18 (b) A health care facility, physician, or health care
19 provider that participates in the program may disclose a
20 consolidated rate for an inpatient or outpatient surgery procedure
21 on the facility's, physician's, or provider's Internet website and
22 marketing materials.

23 Sec. 1551.508. PUBLICATION OF INFORMATION. The board of
24 trustees shall publish information on the program, including a list
25 of participating health care facilities, physicians, and health
26 care providers and the consolidated rates offered by each
27 participating facility, physician, and provider, on the Employees

1 Retirement System of Texas website.

2 Sec. 1551.509. UNAUTHORIZED PRACTICE OF MEDICINE
3 PROHIBITED. This subchapter may not be construed to authorize:

4 (1) a lay person or entity to supervise or otherwise
5 control the practice of medicine as prohibited under Subtitle B,
6 Title 3, Occupations Code;

7 (2) a person or entity to engage in the unauthorized
8 practice of medicine in this state;

9 (3) a person or entity to misrepresent that the person
10 or entity is entitled to practice medicine; or

11 (4) a violation of Section [155.001](#), [155.003](#), [157.001](#),
12 [164.052](#), or [165.156](#), Occupations Code.

13 Sec. 1551.510. RULEMAKING. The board of trustees may adopt
14 rules as necessary to implement this subchapter.

15 SECTION 2. This Act takes effect September 1, 2023.