By: Perry (Smithee) S.B. No. 1342

A BILL TO BE ENTITLED

AN ACT

relating to requirements applicable to certain third-party health insurers in relation to Medicaid.

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

SECTION 1. Section 531.024131(a), Government Code, is amended to read as follows:

(a) If cost-effective, the commission may:

(1) contract to expand all or part of the billing coordination system established under Section 531.02413 to process claims for services provided through other benefits programs administered by the commission or a health and human services agency;

(2) expand any other billing coordination tools and resources used to process claims for health care services provided through Medicaid to process claims for services provided through other benefits programs administered by the commission or a health and human services agency; and

(3) expand the scope of persons about whom information is collected under Section 32.0424(a) [~~32.042~~], Human Resources Code, to include recipients of services provided through other benefits programs administered by the commission or a health and human services agency.

SECTION 2. Section 32.0421(a), Human Resources Code, is amended to read as follows:

(a) The commission may impose an administrative penalty on a person who does not comply with a request for information made under Section 32.0424(a) [~~32.042(b)~~].

SECTION 3. Section 32.0424, Human Resources Code, is amended to read as follows:

Sec. 32.0424. REQUIREMENTS OF THIRD-PARTY HEALTH INSURERS. (a) A third-party health insurer shall [~~is required to~~] provide to the commission or the commission's designee, on the commission's or the commission's designee's request, information in a form prescribed by the executive commissioner necessary to determine:

(1) the period during which an individual entitled to medical assistance, the individual's spouse, or the individual's dependents may be, or may have been, covered by coverage issued by the health insurer;

(2) the nature of the coverage; and

(3) the name, address, and identifying number of the health plan under which the person may be, or may have been, covered.

(b) A third-party health insurer shall accept the state's right of recovery and the assignment under Section 32.033 to the state of any right of an individual or other entity to payment from the third-party health insurer for an item or service for which payment was made under the medical assistance program, including a waiver program established under the medical assistance program.

(b-1) Except as provided by Subsection (b-2), for an item or service provided to an individual entitled to medical assistance that was previously paid for by the commission or the commission's

designee and for which a third-party health insurer is responsible for payment, the third-party health insurer shall accept authorization provided by the commission or the commission's designee that the item or service is covered under the medical assistance program as if that authorization is a prior authorization made by the third-party health insurer for the item or service.

(b-2) Subsection (b-1) does not apply to a third-party health insurer with respect to providing:

(1) hospital insurance benefits or supplementary insurance benefits under Part A or B of Title XVIII of the Social Security Act (42 U.S.C. Section 1395c et seq. or 1395j et seq.);

(2) a health care prepayment plan under Section 1833(a)(1)(A), Social Security Act (42 U.S.C. Section 1395l(a)(1)(A));

(3) a Medicare Advantage plan under Part C of Title XVIII of the Social Security Act (42 U.S.C. Section 1395w-21 et seq.);

(4) a prescription drug plan as a prescription drug plan sponsor under Part D of Title XVIII of the Social Security Act (42 U.S.C. Section 1395w-101 et seq.); or

(5) a reasonable cost reimbursement plan under Section 1876, Social Security Act (42 U.S.C. Section 1395mm).

(c) Not later than the 60th day after the date a [~~A~~] third-party health insurer receives an [~~shall respond to any~~] inquiry from [~~by~~] the commission or the commission's designee regarding a claim for payment for any health care item or service

submitted to the insurer [~~reimbursed by the commission under the medical assistance program~~] not later than the third year after [~~anniversary of~~] the date the health care item or service was provided, the insurer shall respond to the inquiry.

(d) A third-party health insurer may not deny a claim submitted by the commission or the commission's designee for which payment was made under the medical assistance program solely on the basis of the date of submission of the claim, the type or format of the claim form, [~~or~~] a failure to present proper documentation at the point of service that is the basis of the claim, or, for a responsible third-party health insurer, other than an insurer described by Subsection (b-2), a failure to obtain prior authorization for the item or service for which the claim is being submitted, if:

(1) the claim is submitted by the commission or the commission's designee not later than the third anniversary of the date the item or service was provided; and

(2) any action by the commission or the commission's designee to enforce the state's rights with respect to the claim is commenced not later than the sixth anniversary of the date the commission or the commission's designee submits the claim.

(e) In this section, "third-party health insurer" means a health insurer or other person or arrangement that is legally responsible by state or federal law or private agreement to pay some or all claims for health care items or services provided to an individual. The term includes:

(1) a self-insured plan;

(2) a group health plan as defined by Section 607 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. Section 1167);

(3) a service benefit plan;

(4) a managed care organization; and

(5) a pharmacy benefit manager [~~This section does not limit the scope or amount of information required by Section 32.042~~].

SECTION 4. Section 32.042, Human Resources Code, is repealed.

SECTION 5. If before implementing any provision of this Act a state agency determines that a waiver or authorization from a federal agency is necessary for implementation of that provision, the agency affected by the provision shall request the waiver or authorization and may delay implementing that provision until the waiver or authorization is granted.

SECTION 6. This Act takes effect September 1, 2023.