

AN ACT

relating to certain health care services contract arrangements entered into by insurers and health care providers.

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

SECTION 1. Subchapter A, Chapter 1301, Insurance Code, is amended by adding Section 1301.0065 to read as follows:

Sec. 1301.0065. VALUE-BASED AND CAPITATED PAYMENT ARRANGEMENTS WITH PRIMARY CARE PHYSICIANS OR PRIMARY CARE PHYSICIAN GROUPS NOT PROHIBITED. (a) In this section:

(1) "Primary care physician" means a specialist in family medicine, general internal medicine, or general pediatrics who provides definitive care to the undifferentiated patient at the point of first contact and takes continuing responsibility for providing the patient's comprehensive care, which may include chronic, preventive, and acute care.

(2) "Primary care physician group" means an entity through which two or more primary care physicians deliver health care to the public through the practice of medicine on a regular basis and that is:

(A) owned and operated by two or more physicians;

or

(B) a freestanding clinic, center, or office of a nonprofit health organization certified by the Texas Medical Board under Section 162.001(b), Occupations Code, that complies with the

1 requirements of Chapter 162, Occupations Code.

2 (b) A preferred provider benefit plan or an exclusive
3 provider benefit plan may provide or arrange for primary health
4 care services with a primary care physician or primary care
5 physician group through a contract for compensation under:

6 (1) a fee-for-service arrangement;

7 (2) a risk-sharing arrangement;

8 (3) a capitation arrangement under which a fixed
9 predetermined payment is made in exchange for the provision of, or
10 for the arrangement to provide and the guaranty of the provision of,
11 a contractually defined set of covered services to covered persons
12 for a specified period without regard to the quantity of services
13 actually provided; or

14 (4) any combination of arrangements described by
15 Subdivisions (1) through (3).

16 (c) A primary care physician or primary care physician group
17 that enters into a contract described by Subsection (b) is not
18 considered to be engaging in the business of insurance.

19 (d) A primary care physician or primary care physician group
20 is not required to enter into a payment arrangement under this
21 section, and an insurer may not discriminate against a physician or
22 physician group that elects not to participate in an arrangement
23 under this section, including by:

24 (1) reducing the fee schedule of a physician or
25 physician group because the physician or physician group does not
26 participate in the insurer's value-based or capitated payment
27 arrangement or other payment arrangement provided under this

1 section; or

2 (2) requiring a physician or physician group to
3 participate in the insurer's value-based or capitated payment
4 arrangement or other payment arrangement provided under this
5 section as a condition of participation in the insurer's provider
6 network.

7 (e) A primary care physician or primary care physician group
8 may file a complaint with the department if the physician or
9 physician group believes the physician or physician group has been
10 discriminated against in violation of Subsection (d).

11 (f) A contract allowing for a value-based or capitated
12 payment arrangement or other payment arrangement provided under
13 this section:

14 (1) may not create a disincentive to the provision of
15 medically necessary health care services and may not interfere with
16 the physician's independent medical judgment on which services are
17 medically appropriate or medically necessary;

18 (2) must specify:

19 (A) in writing if compensation is being paid
20 based on satisfaction of performance measures and, if so,
21 specifically provide:

22 (i) the performance measures;
23 (ii) the source of the measures;
24 (iii) the method and time period for
25 calculating whether the performance measures have been satisfied;

26 (iv) access to financial and
27 performance-based information used to determine whether the

1 physician met those measures; and

2 (v) the method by which the physician may
3 request reconsideration;

4 (B) that the attribution process will assign a
5 patient to:

6 (i) first the patient's established
7 physician, as determined by a prior annual exam or other office
8 visits; and

9 (ii) if no established physician
10 relationship exists, then a physician chosen by the patient;

11 (C) if payment involves capitation, whether a
12 bridge rate, such as a discounted fee for service, will remain in
13 effect for a certain period until sufficient data has been
14 generated regarding utilization to allow an insurer to make an
15 informed decision regarding fully capitated rates;

16 (D) whether the capitated rate, if any, will
17 provide for a stop-loss threshold or a guaranteed minimum level of
18 payment per month, and whether the physician will obtain stop-loss
19 coverage; and

20 (E) whether payment will take into account
21 patients who are added to or eliminated from the attributed
22 population during the course of a measurement period;

23 (3) if payment involves capitation, must provide for
24 the opportunity to renegotiate in good faith a revised capitation
25 rate, or reimburse on a fee-for-service basis under a contractual
26 fee schedule until a revised capitation rate is agreed to if there
27 is a material increase in the scope of services provided by the

1 physician or a material change by the payer in the benefit
2 structure; and

3 (4) must state:

4 (A) whether catastrophic events are excluded
5 from the final cost calculation for an attributed population when
6 compared to the cost target for the measurement period, if
7 applicable; and

8 (B) if payment involves shared savings, whether
9 the entire savings is shared when the minimum savings rate is
10 reached, or whether only the amount in excess of the minimum savings
11 rate is shared.

12 (g) This section does not authorize a preferred provider
13 benefit plan or an exclusive provider benefit plan to provide or
14 arrange for health care services with a primary care physician or
15 primary care physician group through a contract for compensation
16 under a global capitation arrangement.

17 (h) The parties to a contract under Subsection (b) are the
18 primary care physician or primary care physician group and the
19 preferred provider benefit plan or exclusive provider benefit plan.
20 A party to a contract under Subsection (b) may not subcontract.

21 SECTION 2. This Act takes effect immediately if it receives
22 a vote of two-thirds of all the members elected to each house, as
23 provided by Section 39, Article III, Texas Constitution. If this
24 Act does not receive the vote necessary for immediate effect, this
25 Act takes effect September 1, 2025.

H.B. No. 2254

President of the Senate

Speaker of the House

I certify that H.B. No. 2254 was passed by the House on May 1, 2025, by the following vote: Yeas 144, Nays 0, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2254 was passed by the Senate on May 21, 2025, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor