

## **BILL ANALYSIS**

S.B. 879  
By: Whitmire  
Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Currently, an enrollee in a health maintenance organization (HMO) may appeal an adverse determination made by the HMO in accordance with the provisions of Chapter 843G (Dispute Resolution), Insurance Code. However, there is no provision that requires an HMO to abide by an appeal decision that favors the enrollee. SB 879 amends Chapter 843G to provide that if an adverse determination is appealed and a decision is rendered in favor of the enrollee, the decision is binding on the HMO.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 843, Subchapter G, Insurance Code, as effective June 1, 2003, by adding Section 843.262 as follows:

Sec. 843.262. CERTAIN DECISIONS BINDING. (a) Provides that if an enrollee, a person acting on behalf of an enrollee, or an enrollee's provider of record appeals an adverse determination as provided under Section 843.261 and the health maintenance organization (HMO) or utilization review agent, as applicable, resolves the claim in favor of the enrollee, the decision is binding on the health maintenance organization.

(b) Requires an HMO to provide or arrange for the health care service within a time frame that is appropriate for the treatment of the medical condition that was the subject of the appeal, after a binding decision in favor of an enrollee relating to a proposed health care service.

(c) Requires an HMO, after a binding decision in favor of an enrollee relating to a health care service already provided, to pay the cost of the service within a certain time. Provides that an HMO that fails to pay the cost of service is subject to penalties.

(d) Provides that this section applies only to a health care plan of a political subdivision that is exempt from application of the Employee Retirement Income Security Act of 1974 (29 U.S.C. Section 1001 et seq.).

SECTION 2. Effective date: September 1, 2003. Makes application of this Act prospective to January 1, 2004.

### **EFFECTIVE DATE**

September 1, 2003.