BILL ANALYSIS

S.B. 50
By: Nelson
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

State law requires issuers of health insurance plans to pay electronically-submitted clean claims that have been affirmatively adjudicated within 30 days. In some cases, issuers of health benefit plans have been inappropriately rejecting clean claims due to their presence in electronic batches of claims containing one or more non-clean claims.

This bill requires an insurer or health maintenance organization to include in a contract with a provider, upon request of the provider, provisions relating to the submission of bundled claims and the payment of clean claims bundled with non-clean claims.

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.

ANALYSIS

SECTION 1. Amends Subchapter I, Chapter 843, Insurance Code, by adding Section 843.323, as follows:

> Sec. 843.323. CONTRACT PROVISIONS PROHIBITING REJECTION OF BATCHED CLAIMS. (a) Requires a health maintenance organization (HMO), if requested by a participating physician or provider, to include a provision in the physician's or provider's contract prohibiting the HMO or the HMO's clearinghouse from refusing to process or pay an electronically submitted clean claim, as defined by Subchapter J, because the claim is submitted together with or in a batch submission with a claim that is not a clean claim.
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> (b) Authorizes the commissioner of insurance (commissioner), in accordance with Chapters 82 (Sanctions) and 84 (Administrative Penalties), to issue a cease and desist order against or impose sanctions on an HMO that violates this section or a contract provision adopted under this section.

SECTION 2. Amends Subchapter B, Chapter 1301, Insurance Code, as effective April 1, 2005, by adding Section 1301.0641, as follows:

> Sec. 1301.0641. CONTRACT PROVISIONS PROHIBITING REJECTION OF BATCHED CLAIMS. (a) Requires an insurer, if requested by a preferred provider, to include a provision in the preferred provider's contract prohibiting the insurer or the insurer's clearinghouse from refusing to process or pay an electronically submitted clean claim, as defined by Subchapter C, because the claim is submitted together with or in a batch submission with a claim that is not a clean claim.
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> (b) Authorizes the commissioner, in accordance with Chapters 82 (Sanctions) and 84 (Administrative Penalties), to issue a cease and desist order against or impose sanctions on an insurer that violates this section or a contract provision adopted under this section.

SECTION 3. Makes application of this Act prospective to contracts entered into or renewed on or after January 1, 2006.

SECTION 4. Effective date: September 1, 2005.

EFFECTIVE DATE

September 1, 2005. The Act applies beginning with January 1, 2006.