

BILL ANALYSIS

S.B. 500
By: West, Royce
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Under current law, a provider of a product or service is prohibited from charging different prices if the product or service might be paid for by an insurance company. While this prohibition does not apply to health care services rendered to Medicare and Medicaid patients or to medically indigent patients, there is no exception for uninsured patients who did not qualify as a medical indigent. Thus, hospitals, physicians, and other health care providers cannot legally discount their regular prices to uninsured patients.

Hospitals in Texas and across the country have been sued in class action lawsuits because the hospitals have charged uninsured patients their standard price for services. The dilemma for Texas hospitals and other providers is that Chapter 552 of the Insurance Code prevents the setting of lower prices for an uninsured patient unless the patient is medically indigent. There are a large number of working people in Texas who are uninsured, and may not qualify for a discount because they are not indigent. C.S.S.B. 500 eliminates the application of this law to health care services to allow price discounts to uninsured patients.

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 Section 552.001, Insurance Code, as effective April 1, 2005, as follows:

Sec. 552.001. APPLICABILITY OF CHAPTER. (a) Makes modifications to the list of individuals to whom this chapter does not apply.

(b) Provides that this chapter does not permit the establishment of health care provider policies or contracts that violate any other state or federal law.

(c) Provides that this chapter does not prohibit a health care provider from entering into a contract to provide services covered by a health insurance policy or other health benefit plan with certain entities.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2005.

EFFECTIVE DATE

Upon passage, or if the Act does not receive the necessary number of votes, the Act takes effect September 1, 2005