

BILL ANALYSIS

C.S.S.B. 698
By: Van de Putte
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Although a hospital or other facility may be a network provider under a managed care health benefit plan, physicians and other health care providers, who provide services through such a network facility, may not be contracted with the network. Current Texas law states that these non-contracted providers may bill an enrollee of the health benefit plan for any balance of charges over the allowed amount paid by the health benefit plan, in addition to any required deductibles, copayments, or coinsurance. Often, the enrollee is not aware that the providers are not members of the network to which the facility belongs until the enrollee's balance is billed by the providers, creating a financial hardship to the enrollee.

This bill requires facilities and facility-based physicians to provide patients with specific information regarding health care costs. It requires facilities and health plans to inform patients that while they may receive services in an in-network facility, some physicians within the facility are out-of-network, and could hold patients liable for paying the balance of the procedures by those providers. The bill provides for patient rights and complaint procedures for reasonable charges at facilities.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Commissioner of Insurance in SECTION 1 (Section 1456.007, Insurance Code) of this bill.

ANALYSIS

SECTION 1: CHAPTER 1456. DISCLOSURE OF PROVIDER STATUS

Sec. 1456.001. DEFINITIONS. Adds definitions of "Balance billing," "Enrollee," "Facility-based physician," "Health care facility," "Health care practitioner," "Health care provider," and "Provider network."

Sec. 1456.002. APPLICABILITY OF CHAPTER. Sets forth the health benefit plans to which this chapter applies.

Sec. 1456.003. REQUIRED DISCLOSURE: HEALTH BENEFIT PLAN. (a) Requires each health benefit plan that provides health care benefits through a provider network to provide notice to its enrollees that a facility-based physician or other health care provider may not be included in the health benefit plan's provider network and that such practitioner may balance bill for amounts not paid by the health benefit plan.

(b) Requires the health benefit plan to provide the disclosure, in writing, to each enrollee: in any material sent to the enrollee in conjunction with issuance or renewal of the plan's insurance policy or evidence of coverage; in an explanation of payment summary provided to an enrollee; in any other document that describes the enrollee's benefits under the plan; or conspicuously displayed on any website that an employee is reasonably expected to access.

Sec. 1456.004. REQUIRED DISCLOSURE: HEALTH CARE FACILITY. (a) Requires each health care facility that has entered into a network contract with a health benefit plan to provide a notice to enrollees receiving health care services at the facility that a facility-based physician or other health care provider may not be included in the health benefit plan's provider network and that such practitioner may balance bill for amounts not paid

by the health benefit plan.

(b) The facility must provide the written disclosure at the time the enrollee is first admitted to or first receives services at the facility.

SECTION 1456.005 REQUIRED DISCLOSURE: FACILITY-BASED PHYSICIANS. (a) Requires a facility-based physician that does not have a contract with a health benefit plan and bills a patient who is covered by that health benefit plan to send a billing statement that: contains an itemized listing of the services and supplies provided; contains a conspicuous, plain language explanation that the facility-based physician does not belong to the health benefit plan network and that the health benefit plan has paid the usual and customary rate as determined by the plan, which is below the facility-based physician billed amount; contains a telephone number to call to discuss the statement and for any explanations of the information on the statement or to discuss any payment issues; a notice that the patient may call to discuss alternate payment arrangements; a notice that the patient may file complaints with the Texas State Board of Medical Examiners, with the board's mailing address and complaint telephone number; and, for billing statements for more than \$200 over any applicable copayments or deductibles, a plain language statement that, if the patient finalizes a payment plan agreement within 45 days of receiving the first billing statement and subsequently complies with that agreement, the facility-based physician may not furnish adverse information to a credit agency regarding the amount owed by the patient for one calendar year from the first statement date.

Sec. 1456.006. DISCIPLINARY ACTION AND ADMINISTRATIVE PENALTY. (a) Authorizes disciplinary action against a licensee or health care provider that violates this chapter.

(b) Provides that a violation of this chapter by a health care provider or facility-based physician is grounds for disciplinary action and imposition of an administrative penalty by the appropriate regulatory agency.

(c) Requires a regulatory agency to notify a health care provider or facility-based physician of any finding that the provider or physician is violating or has violated this chapter or rule adopted pursuant to the chapter and to provide the provider or physician with an opportunity to correct the violation.

(d) Provides that complaints brought under this section do not require a determination of medical competency and Section 154.058, Occupations Code, does not apply.

Sec. 1456.007. COMMISSIONER RULES; FORM OF DISCLOSURE. Authorizes the commissioner, by rule, to prescribe specific requirements for the disclosure required under Sections 1456.003 and 1456.004. Requires the form of the disclosure to be substantially similar to a specific notification.

SECTION 2: Effective date

EFFECTIVE DATE

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