

1-1 By: Nelson S.B. No. 50
1-2 (In the Senate - Filed November 8, 2004; January 31, 2005,
1-3 read first time and referred to Committee on State Affairs;
1-4 March 15, 2005, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 9, Nays 0; March 15, 2005,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 50 By: Armbrister

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to contracts between health care providers and certain
1-11 health benefit plan issuers.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subchapter I, Chapter 843, Insurance Code, is
1-14 amended by adding Section 843.323 to read as follows:

1-15 Sec. 843.323. CONTRACT PROVISIONS PROHIBITING REJECTION OF
1-16 BATCHED CLAIMS. (a) If requested by a participating physician or
1-17 provider, a health maintenance organization shall include a
1-18 provision in the physician's or provider's contract providing that
1-19 the health maintenance organization or the health maintenance
1-20 organization's clearinghouse may not refuse to process or pay an
1-21 electronically submitted clean claim, as defined by Subchapter J,
1-22 because the claim is submitted together with or in a batch
1-23 submission with a claim that is not a clean claim.

1-24 (b) In accordance with Chapters 82 and 84, the commissioner
1-25 may issue a cease and desist order against or impose sanctions on a
1-26 health maintenance organization that violates this section or a
1-27 contract provision adopted under this section.

1-28 SECTION 2. Subchapter B, Chapter 1301, Insurance Code, as
1-29 effective April 1, 2005, is amended by adding Section 1301.0641 to
1-30 read as follows:

1-31 Sec. 1301.0641. CONTRACT PROVISIONS PROHIBITING REJECTION
1-32 OF BATCHED CLAIMS. (a) If requested by a preferred provider, an
1-33 insurer shall include a provision in the preferred provider's
1-34 contract providing that the insurer or the insurer's clearinghouse
1-35 may not refuse to process or pay an electronically submitted clean
1-36 claim, as defined by Subchapter C, because the claim is submitted
1-37 together with or in a batch submission with a claim that is not a
1-38 clean claim.

1-39 (b) In accordance with Chapters 82 and 84, the commissioner
1-40 may issue a cease and desist order against or impose sanctions on an
1-41 insurer that violates this section or a contract provision adopted
1-42 under this section.

1-43 SECTION 3. The change in law made by this Act applies only
1-44 to a contract between an insurer and a preferred provider or a
1-45 health maintenance organization and a physician or provider that is
1-46 entered into or renewed on or after January 1, 2006. A contract
1-47 entered into before January 1, 2006, is governed by the law in
1-48 effect immediately before the effective date of this Act, and that
1-49 law is continued in effect for that purpose.

1-50 SECTION 4. This Act takes effect September 1, 2005.

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