

BILL ANALYSIS

C.S.H.B. 1557
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State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Current law does not require the disclosure to the patient of the net charges for anatomical pathology lab services. In some instances the referring physician is adding a markup to the anatomical pathology lab fee. Markup practices occur when an ordering physicians increases the cost of the bill for the anatomic pathology service in order to accrue a hidden profit for the service when billing a patient or third party payor. These “markup” practices are deemed unethical under the explicit policies of the American Medical Association (AMA) and contrary to specific AMA coding guidelines.

C.S.H.B. 1557 will protect Texas patients by requiring a person, physician or entity that does not directly supervise or perform anatomic pathology services to disclose in the bill to the patient or the insurer or other third party payor or in an itemized statement to the patient the name and address of the physician or laboratory that provided the anatomic pathology services; and the net amount paid or to be paid for each anatomic pathology service provided to the patient by the physician or laboratory.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Medical Board in SECTION 3 of the bill.

ANALYSIS

C.S.H.B. 1557 adds new Chapter 166 to the Occupations Code.

C.S.H.B. 1557 defines “Anatomic pathology services”, for purposes of Chapter 166, Occupations Code.

C.S.H.B. 1557 provides that a person violates this subtitle and is subject to disciplinary action and penalties if the person does not directly supervise or perform anatomic pathology services for a patient and fails to disclose in the bill presented by the person to the patient or the insurer or other third party payor or in an itemized statement to the patient the name and address of the physician or laboratory that provided the anatomic pathology services, and the net amount paid or to be paid for each anatomic pathology service provided to the patient by the physician or laboratory.

C.S.H.B. 1557 only applies to anatomic pathology services performed on or after the effective date of this Act.

EFFECTIVE DATE

September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 1557 adds new Chapter 166 to the Occupations Code. The original version added new Chapter 182 to the Health and Safety Code.

C.S.H.B. 1557 modifies the original bill by deleting most provisions relating to the billing of anatomic pathology services including the limitations on billing for these services, limitation and

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provisions relating to prohibitions on billing for services not performed or supervised, reimbursement, assignment of benefits, and billing of referring laboratory.

The original version defines "clinical laboratory," "licensed practitioner," "physician," "referring laboratory." C.S.H.B. 1557 contains no such definitions.

C.S.H.B. 1557 deletes the definition and provisions in the original version pertaining to "non-profit health clinic."

C.S.H.B. 1557 provides that a person violates this subtitle and is subject to disciplinary action and penalties if the person does not directly supervise or perform anatomic pathology services for a patient and fails to disclose in the bill presented by the person to the patient or the insurer or other third party payor or in an itemized statement to the patient the name and address of the physician or laboratory that provided the anatomic pathology services, and the net amount paid or to be paid for each anatomic pathology service provided to the patient by the physician or laboratory. The original version contained no such provision.

C.S.H.B. 1557 deletes the provision in the original bill that made certain agreements subject to the newly added Chapter 182 of the Health and Safety Code.

C.S.H.B. 1557 authorizes the Texas Medical Board to adopt rules necessary to implement new Chapter 166 of the Occupations Code. The original version allowed the "appropriate regulatory agencies" to adopt rules for implementation and enforcement.