1-1 By: Woolley, et al. (Senate Sponsor - Duncan) H.B. No. 522
1-2 (In the Senate - Received from the House April 26, 2007;
1-3 May 1, 2007, read first time and referred to Committee on State
1-4 Affairs; May 8, 2007, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 8, Nays 0; May 8, 2007,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 522 By: Duncan

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

1-10 relating to adoption and operation of requirements regarding health
1-11 benefit plan identification cards.
1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-13 SECTION 1. Title 8, Insurance Code, is amended by adding
1-14 Subtitle J to read as follows:
1-15 SUBTITLE J. HEALTH INFORMATION TECHNOLOGY
1-16 CHAPTER 1660. ELECTRONIC DATA EXCHANGE
1-17 SUBCHAPTER A. GENERAL PROVISIONS
1-18 Sec. 1660.001. FINDINGS AND PURPOSE. (a) The legislature
1-19 finds that patients deserve accurate, instantaneous information
1-20 about coverage and financial responsibility to make well-informed
1-21 decisions about their treatment and spending.
1-22 (b) The legislature finds that the ability of health benefit
1-23 plan issuers and administrators to exchange eligibility and benefit
1-24 information with physicians, health care providers, hospitals, and
1-25 patients will ensure a more efficient and effective health care
1-26 delivery system.
1-27 (c) The legislature finds that electronic access to
1-28 eligibility information will reduce the amount of time and
1-29 resources spent on administrative functions, prevent abuse and
1-30 fraud, streamline and simplify processing of insurance claims, and
1-31 increase transparency in premium cost and health care cost.
1-32 (d) The legislature finds that patients often request
1-33 information about their health care coverage from their health care
1-34 providers and that health care providers therefore need access to
1-35 real-time information about their patients' eligibility to receive
1-36 health care under the health benefit plan, coverage of health care
1-37 under the health benefit plan, and the benefits associated with the
1-38 health benefit plan.
1-39 (e) The legislature finds that adoption of technology by
1-40 insurers, health maintenance organizations, and health care
1-41 providers to facilitate use of electronic data exchange standards
1-42 currently available will make coverage and health care electronic
1-43 transactions more predictable, reliable, and consistent.
1-44 Sec. 1660.002. DEFINITIONS. In this chapter:
1-45 (1) "Administrator" has the meaning assigned by
1-46 Section 4151.001.
1-47 (2) "Advisory committee" means the technical advisory
1-48 committee on electronic data exchange.
1-49 (3) "Enrollee" means an individual who is insured by
1-50 or enrolled in a health benefit plan.
1-51 (4) "Health benefit plan" means an individual, group,
1-52 blanket, or franchise insurance policy or insurance agreement, a
1-53 group hospital service contract, or an evidence of coverage that
1-54 provides health insurance or health care benefits.
1-55 (5) "Transaction standards" means the Health
1-56 Insurance Portability and Accountability Act of 1996 (Pub. L. No.
1-57 104-191) transaction standards of the Centers for Medicare and
1-58 Medicaid Services under 45 C.F.R. Part 162.
1-59 Sec. 1660.003. APPLICABILITY. (a) This chapter applies
1-60 only to a health benefit plan that provides benefits for medical or
1-61 surgical expenses incurred as a result of a health condition,
1-62 accident, or sickness, including an individual, group, blanket, or
1-63 franchise insurance policy or insurance agreement, a group hospital

2-1 service contract, or an individual or group evidence of coverage or
2-2 similar coverage document that is offered by:
2-3 (1) an insurance company;
2-4 (2) a group hospital service corporation operating
2-5 under Chapter 842;
2-6 (3) a fraternal benefit society operating under
2-7 Chapter 885;
2-8 (4) a stipulated premium insurance company operating
2-9 under Chapter 884;
2-10 (5) a reciprocal exchange operating under Chapter 942;
2-11 (6) a health maintenance organization operating under
2-12 Chapter 843;
2-13 (7) a multiple employer welfare arrangement that holds
2-14 a certificate of authority under Chapter 846; or
2-15 (8) an approved nonprofit health corporation that
2-16 holds a certificate of authority under Chapter 844.
2-17 (b) This chapter does not apply to:
2-18 (1) a Medicaid managed care program operated under
2-19 Chapter 533, Government Code;
2-20 (2) a Medicaid program operated under Chapter 32,
2-21 Human Resources Code;
2-22 (3) the state child health plan or any similar plan
2-23 operated under Chapter 62 or 63, Health and Safety Code; or
2-24 (4) a health benefit plan offered by an insurer or
2-25 health maintenance organization that provides coverage only for
2-26 dental services.
2-27 Sec. 1660.004. GENERAL RULEMAKING. The commissioner may
2-28 adopt rules as necessary to implement this chapter, including rules
2-29 requiring the implementation and provision of the technology
2-30 recommended by the advisory committee.
2-31 [Sections 1660.005-1660.050 reserved for expansion]
2-32 SUBCHAPTER B. ADVISORY COMMITTEE
2-33 Sec. 1660.051. ADVISORY COMMITTEE; COMPOSITION. (a) The
2-34 commissioner shall appoint a technical advisory committee on
2-35 electronic data exchange.
2-36 (b) The advisory committee is composed of:
2-37 (1) at least one representative from each of the
2-38 following groups or entities:
2-39 (A) health benefit coverage consumers;
2-40 (B) physicians;
2-41 (C) hospital trade associations;
2-42 (D) representatives of medical units of
2-43 institutions of higher education;
2-44 (E) representatives of health benefit plan
2-45 issuers;
2-46 (F) health care providers; and
2-47 (G) administrators; and
2-48 (2) representatives from:
2-49 (A) the office of public insurance counsel;
2-50 (B) the Texas Health Insurance Risk Pool; and
2-51 (C) the Department of Information Resources.
2-52 (c) Members of the advisory committee serve without
2-53 compensation.
2-54 Sec. 1660.052. APPLICABILITY OF CERTAIN LAWS. The
2-55 following laws do not apply to the advisory committee:
2-56 (1) Section 39.003(a); and
2-57 (2) Chapter 2110, Government Code.
2-58 Sec. 1660.053. ADVISORY COMMITTEE POWERS AND DUTIES. The
2-59 advisory committee shall advise the commissioner on technical
2-60 aspects of using the transaction standards and the rules of the
2-61 Council for Affordable Quality Healthcare Committee on Operating
2-62 Rules for Information Exchange to require health benefit plan
2-63 issuers and administrators to provide access to information
2-64 technology that will enable physicians and other health care
2-65 providers, at the point of service, to generate a request for
2-66 eligibility information that is compliant with the transaction
2-67 standards.
2-68 Sec. 1660.054. DATA ELEMENTS. (a) The advisory committee
2-69 shall advise the commissioner on data elements required to be made

3-1 available by health benefit plan issuers and administrators. To
3-2 the extent possible, the committee shall use the framework adopted
3-3 by the Council for Affordable Quality Healthcare Committee on
3-4 Operating Rules for Information Exchange.
3-5 (b) The advisory committee shall consider inclusion in the
3-6 required information of the following data elements:
3-7 (1) the name, date of birth, member identification
3-8 number, and coverage status of the patient;
3-9 (2) identification of the payor, insurer, issuer, and
3-10 administrator, as applicable;
3-11 (3) the name and telephone number of the payor's
3-12 contact person;
3-13 (4) the payor's address;
3-14 (5) the name and address of the subscriber;
3-15 (6) the patient's relationship to the subscriber;
3-16 (7) the type of service;
3-17 (8) the type of health benefit plan or product;
3-18 (9) the effective date of the coverage;
3-19 (10) for professional services:
3-20 (A) copayment amounts;
3-21 (B) individual deductible amounts;
3-22 (C) family deductible amounts; and
3-23 (D) benefit limitations and maximums;
3-24 (11) for facility services:
3-25 (A) copayment and coinsurance amounts;
3-26 (B) individual deductible amounts;
3-27 (C) family deductible amounts; and
3-28 (D) benefit limitations and maximums;
3-29 (12) precertification or prior authorization
3-30 requirements;
3-31 (13) policy maximum limits;
3-32 (14) patient liability for a proposed service; and
3-33 (15) the health benefit plan coverage amount for a
3-34 proposed service.
3-35 Sec. 1660.055. RECOMMENDATIONS REGARDING ADOPTION OF
3-36 CERTAIN TECHNOLOGIES; REPORT. (a) The advisory committee shall:
3-37 (1) make recommendations regarding the use by health
3-38 benefit plan issuers or administrators of Internet website
3-39 technologies, smart card technologies, magnetic strip
3-40 technologies, biometric technologies, or other information
3-41 technologies to facilitate the generation of a request for
3-42 eligibility information that is compliant with the transaction
3-43 standards and the rules of the Council for Affordable Quality
3-44 Healthcare Committee on Operating Rules for Information Exchange;
3-45 (2) ensure that a recommendation made under
3-46 Subdivision (1) does not endorse or otherwise confine health
3-47 benefit plan issuers and administrators to any single product or
3-48 vendor; and
3-49 (3) recommend time frames for implementation of the
3-50 recommendations.
3-51 (b) The advisory committee shall:
3-52 (1) recommend specific provisions that could be
3-53 included in a department-issued request for information relating to
3-54 electronic data exchange, including identification card programs;
3-55 (2) provide those recommendations to the commissioner
3-56 not later than four months after the date on which the committee is
3-57 appointed; and
3-58 (3) issue a final report to the commissioner
3-59 containing the committee's recommendations for implementation by
3-60 December 1, 2008.
3-61 [Sections 1660.056-1660.100 reserved for expansion]
3-62 SUBCHAPTER C. IDENTIFICATION CARD PILOT PROGRAM
3-63 Sec. 1660.101. PILOT PROGRAM. (a) The commissioner shall
3-64 designate a county or counties for initial participation in an
3-65 identification card pilot program to begin not later than May 1,
3-66 2008.
3-67 (b) The commissioner shall require the issuer of a health
3-68 benefit plan that is offered in the county or counties selected for
3-69 initial participation in the identification card pilot program to

4-1 issue identification cards that comply with commissioner rules to
4-2 each enrollee of the plan.
4-3 (c) The commissioner may implement the identification card
4-4 pilot program before, during, or simultaneously with the
4-5 appointment and formation of the advisory committee.
4-6 Sec. 1660.102. PILOT PROGRAM RULES. (a) The commissioner
4-7 shall adopt rules as necessary to implement the identification card
4-8 pilot program, including the coordination of a testing phase and
4-9 incorporation of changes identified in the testing phase.
4-10 (b) The commissioner may consider the recommendations of
4-11 the advisory committee or any information provided in response to a
4-12 department-issued request for information relating to electronic
4-13 data exchange, including identification card programs, before
4-14 adopting rules regarding:
4-15 (1) information to be included on the identification
4-16 cards;
4-17 (2) technology to be used to implement the
4-18 identification card pilot program; and
4-19 (3) confidentiality and accuracy of the information
4-20 required to be included on the identification cards.
4-21 (c) The commissioner shall consider the requirements of any
4-22 federal program requiring health benefit plan issuers and
4-23 administrators to provide point-of-service access to physicians
4-24 and other health care providers regarding eligibility information
4-25 before adopting rules to implement this section.
4-26 Sec. 1660.103. REQUESTS FOR INFORMATION. The commissioner
4-27 may issue requests for information as needed to implement the
4-28 identification card pilot program under this subchapter.
4-29 Sec. 1660.104. HEALTH BENEFIT PLAN ISSUER COMPLIANCE. (a)
4-30 Each issuer of a health benefit plan that offers a health benefit
4-31 plan in a county or counties designated by the commissioner under
4-32 Section 1660.101 for initial participation in the identification
4-33 card pilot program shall comply with this subchapter and rules
4-34 adopted under this subchapter.
4-35 (b) To ensure timely compliance with the requirements of
4-36 this subchapter, the commissioner may require the issuer of a
4-37 health benefit plan to submit its procedures for implementation of
4-38 the requirements to the department in the form prescribed by the
4-39 commissioner.
4-40 SECTION 2. This Act takes effect immediately if it receives
4-41 a vote of two-thirds of all the members elected to each house, as
4-42 provided by Section 39, Article III, Texas Constitution. If this
4-43 Act does not receive the vote necessary for immediate effect, this
4-44 Act takes effect September 1, 2007.
4-45

4-46 * * * * *