

1-1 By: Zerwas (Senate Sponsor - Carona) H.B. No. 1594
1-2 (In the Senate - Received from the House April 10, 2007;
1-3 April 11, 2007, read first time and referred to Committee on State
1-4 Affairs; May 7, 2007, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 8, Nays 0; May 7, 2007,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 1594 By: Carona

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

1-10 relating to expedited credentialing for certain physicians
1-11 providing services under a managed care plan.

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

1-13 SECTION 1. Chapter 1452, Insurance Code, is amended by
1-14 adding Subchapter C to read as follows:

1-15 SUBCHAPTER C. EXPEDITED CREDENTIALING PROCESS
1-16 FOR CERTAIN PHYSICIANS

1-17 Sec. 1452.101. DEFINITIONS. In this subchapter:

1-18 (1) "Applicant physician" means a physician applying
1-19 for expedited credentialing under this subchapter.

1-20 (2) "Enrollee" means an individual who is eligible to
1-21 receive health care services under a managed care plan.

1-22 (3) "Health care provider" means:

1-23 (A) an individual who is licensed, certified, or
1-24 otherwise authorized to provide health care services in this state;
1-25 or

1-26 (B) a hospital, emergency clinic, outpatient
1-27 clinic, or other facility providing health care services.

1-28 (4) "Managed care plan" means a health benefit plan
1-29 under which health care services are provided to enrollees through
1-30 contracts with health care providers and that requires enrollees to
1-31 use participating providers or that provides a different level of
1-32 coverage for enrollees who use participating providers. The term
1-33 includes a health benefit plan issued by:

1-34 (A) a health maintenance organization;

1-35 (B) a preferred provider benefit plan issuer; or

1-36 (C) any other entity that issues a health benefit
1-37 plan, including an insurance company.

1-38 (5) "Medical group" means a professional corporation
1-39 or other business entity composed of licensed physicians as
1-40 permitted under Subchapter B, Chapter 162, Occupations Code.

1-41 (6) "Participating provider" means a health care
1-42 provider who has contracted with a health benefit plan issuer to
1-43 provide services to enrollees.

1-44 Sec. 1452.102. APPLICABILITY. This subchapter applies only
1-45 to a physician who joins an established medical group that has a
1-46 current contract in force with a managed care plan.

1-47 Sec. 1452.103. ELIGIBILITY REQUIREMENTS. To qualify for
1-48 expedited credentialing under this subchapter and payment under
1-49 Section 1452.104, an applicant physician must:

1-50 (1) be licensed in this state by, and in good standing
1-51 with, the Texas Medical Board;

1-52 (2) submit all documentation and other information
1-53 required by the issuer of the managed care plan as necessary to
1-54 enable the issuer to begin the credentialing process required by
1-55 the issuer to include a physician in the issuer's health benefit
1-56 plan network; and

1-57 (3) agree to comply with the terms of the managed care
1-58 plan's participating provider contract currently in force with the
1-59 applicant physician's established medical group.

1-60 Sec. 1452.104. PAYMENT OF APPLICANT PHYSICIAN DURING
1-61 CREDENTIALING PROCESS. On submission by the applicant physician of
1-62 the information required by the managed care plan issuer under
1-63 Section 1452.103(2), and for payment purposes only, the issuer

2-1 shall treat the applicant physician as if the physician were a
2-2 participating provider in the health benefit plan network when the
2-3 applicant physician provides services to the managed care plan's
2-4 enrollees, including:

2-5 (1) authorizing the applicant physician to collect
2-6 copayments from the enrollees; and

2-7 (2) making payments to the applicant physician.

2-8 Sec. 1452.105. DIRECTORY ENTRIES. Pending the approval of
2-9 an application submitted under Section 1452.104, the managed care
2-10 plan may exclude the applicant physician from the managed care
2-11 plan's directory of participating physicians, the managed care
2-12 plan's website listing of participating physicians, or any other
2-13 listing of participating physicians.

2-14 Sec. 1452.106. EFFECT OF FAILURE TO MEET CREDENTIALING
2-15 REQUIREMENTS. If, on completion of the credentialing process, the
2-16 managed care plan issuer determines that the applicant physician
2-17 does not meet the issuer's credentialing requirements:

2-18 (1) the managed care plan issuer may recover from the
2-19 applicant physician or the physician's medical group an amount
2-20 equal to the difference between charges for in-network benefits and
2-21 out-of-network benefits; and

2-22 (2) the applicant physician or the physician's medical
2-23 group may retain any copayments collected or in the process of being
2-24 collected as of the date of the issuer's determination.

2-25 Sec. 1452.107. ENROLLEE HELD HARMLESS. An enrollee in the
2-26 managed care plan is not responsible and shall be held harmless for
2-27 the difference between in-network copayments paid by the enrollee
2-28 to a physician who is determined to be ineligible under Section
2-29 1452.106 and the managed care plan's charges for out-of-network
2-30 services. The physician and the physician's medical group may not
2-31 charge the enrollee for any portion of the physician's fee that is
2-32 not paid or reimbursed by the enrollee's managed care plan.

2-33 Sec. 1452.108. LIMITATION ON MANAGED CARE ISSUER
2-34 LIABILITY. A managed care plan issuer that complies with this
2-35 subchapter is not subject to liability for damages arising out of or
2-36 in connection with, directly or indirectly, the payment by the
2-37 issuer of an applicant physician as if the physician were a
2-38 participating provider in the health benefit plan network.

2-39 SECTION 2. Section 843.203, Insurance Code, is amended by
2-40 adding Subsection (c) to read as follows:

2-41 (c) For purposes of this subchapter, an applicant
2-42 physician, as defined by Chapter 1452, may not be considered to be
2-43 an available primary care physician or primary care provider within
2-44 the health maintenance organization delivery network for selection
2-45 by an enrollee.

2-46 SECTION 3. The change in law made by this Act applies only
2-47 to credentialing of a physician under a contract entered into or
2-48 renewed by a medical group and an issuer of a managed care plan on or
2-49 after the effective date of this Act. A contract entered into or
2-50 renewed before the effective date of this Act is governed by the law
2-51 in effect immediately before that date, and that law is continued in
2-52 effect for that purpose.

2-53 SECTION 4. This Act takes effect September 1, 2007.

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