

SENATE AMENDMENTS

2nd Printing

By: Zerwas

H.B. No. 1594

A BILL TO BE ENTITLED

AN ACT

relating to expedited credentialing for certain physicians providing services under a managed care plan.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

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

SUBCHAPTER C. EXPEDITED CREDENTIALING PROCESS
FOR CERTAIN PHYSICIANS

Sec. 1452.101. DEFINITIONS. In this subchapter:

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

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

(3) "Health care provider" means:

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

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

(4) "Managed care plan" means a health benefit plan under which health care services are provided to enrollees through contracts with health care providers and that requires enrollees to use participating providers or that provides a different level of coverage for enrollees who use participating providers. The term

1 includes a health benefit plan issued by:

2 (A) a health maintenance organization;

3 (B) a preferred provider benefit plan issuer; or

4 (C) any other entity that issues a health benefit
5 plan, including an insurance company.

6 (5) "Medical group" means a professional corporation
7 or other business entity composed of licensed physicians as
8 permitted under Subchapter B, Chapter 162, Occupations Code.

9 (6) "Participating provider" means a health care
10 provider who has contracted with a health benefit plan issuer to
11 provide services to enrollees.

12 Sec. 1452.102. APPLICABILITY. This subchapter applies only
13 to a physician who joins an established medical group that has a
14 current contract in force with a managed care plan.

15 Sec. 1452.103. ELIGIBILITY REQUIREMENTS. To qualify for
16 expedited credentialing under this subchapter, an applicant
17 physician must:

18 (1) be licensed in this state by, and in good standing
19 with, the Texas Medical Board; and

20 (2) submit all documentation and other information
21 required by the issuer of the managed care plan as necessary to
22 enable the issuer to begin the credentialing process required by
23 the issuer to include a physician in the issuer's health benefit
24 plan network.

25 Sec. 1452.104. PAYMENT OF APPLICANT PHYSICIAN DURING
26 CREDENTIALING PROCESS. On submission by the applicant physician of
27 the information required by the managed care plan issuer under

1 Section 1452.103(2), the issuer shall treat the applicant physician
2 as if the physician were a participating provider in the health
3 benefit plan network when the applicant physician provides services
4 to the managed care plan's enrollees, including:

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

7 (2) making payments to the applicant physician.

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

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

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

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

25 Sec. 1452.107. ENROLLEE HELD HARMLESS. An enrollee in the
26 managed care plan is not responsible and shall be held harmless for
27 the difference between in-network copayments paid by the enrollee

1 to a physician who is determined to be ineligible under Section
2 1452.106 and the managed care plan's total payments for
3 out-of-network services. The physician and the physician's medical
4 group may not charge the enrollee for any portion of the physician's
5 fee that is not paid or reimbursed by the enrollee's managed care
6 plan.

7 SECTION 2. The change in law made by this Act applies only
8 to credentialing of a physician under a contract entered into or
9 renewed by a medical group and an issuer of a managed care plan on or
10 after the effective date of this Act. A contract entered into or
11 renewed before the effective date of this Act is governed by the law
12 in effect immediately before that date, and that law is continued in
13 effect for that purpose.

14 SECTION 3. This Act takes effect September 1, 2007.

ADOPTED

MAY 15 2007

Atty. Gen.
Secretary of the Senate

By: *Solomon* ^{*Zouvas*}

H.B. No. 1594

Substitute the following for ___B. No. _____:

By: *J. Carner*

C.S. ___B. No. _____

A BILL TO BE ENTITLED

AN ACT

relating to expedited credentialing for certain physicians providing services under a managed care plan.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

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

SUBCHAPTER C. EXPEDITED CREDENTIALING PROCESS

FOR CERTAIN PHYSICIANS

Sec. 1452.101. DEFINITIONS. In this subchapter:

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

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

(3) "Health care provider" means:

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

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

(4) "Managed care plan" means a health benefit plan under which health care services are provided to enrollees through contracts with health care providers and that requires enrollees to use participating providers or that provides a different level of coverage for enrollees who use participating providers. The term

1 includes a health benefit plan issued by:

2 (A) a health maintenance organization;

3 (B) a preferred provider benefit plan issuer; or

4 (C) any other entity that issues a health benefit
5 plan, including an insurance company.

6 (5) "Medical group" means a professional corporation
7 or other business entity composed of licensed physicians as
8 permitted under Subchapter B, Chapter 162, Occupations Code.

9 (6) "Participating provider" means a health care
10 provider who has contracted with a health benefit plan issuer to
11 provide services to enrollees.

12 Sec. 1452.102. APPLICABILITY. This subchapter applies only
13 to a physician who joins an established medical group that has a
14 current contract in force with a managed care plan.

15 Sec. 1452.103. ELIGIBILITY REQUIREMENTS. To qualify for
16 expedited credentialing under this subchapter and payment under
17 Section 1452.104, an applicant physician must:

18 (1) be licensed in this state by, and in good standing
19 with, the Texas Medical Board;

20 (2) submit all documentation and other information
21 required by the issuer of the managed care plan as necessary to
22 enable the issuer to begin the credentialing process required by
23 the issuer to include a physician in the issuer's health benefit
24 plan network; and

25 (3) agree to comply with the terms of the managed care
26 plan's participating provider contract currently in force with the
27 applicant physician's established medical group.

1 Sec. 1452.104. PAYMENT OF APPLICANT PHYSICIAN DURING
2 CREDENTIALING PROCESS. On submission by the applicant physician of
3 the information required by the managed care plan issuer under
4 Section 1452.103(2), and for payment purposes only, the issuer
5 shall treat the applicant physician as if the physician were a
6 participating provider in the health benefit plan network when the
7 applicant physician provides services to the managed care plan's
8 enrollees, including:

9 (1) authorizing the applicant physician to collect
10 copayments from the enrollees; and

11 (2) making payments to the applicant physician.

12 Sec. 1452.105. DIRECTORY ENTRIES. Pending the approval of
13 an application submitted under Section 1452.104, the managed care
14 plan may exclude the applicant physician from the managed care
15 plan's directory of participating physicians, the managed care
16 plan's website listing of participating physicians, or any other
17 listing of participating physicians.

18 Sec. 1452.106. EFFECT OF FAILURE TO MEET CREDENTIALING
19 REQUIREMENTS. If, on completion of the credentialing process, the
20 managed care plan issuer determines that the applicant physician
21 does not meet the issuer's credentialing requirements:

22 (1) the managed care plan issuer may recover from the
23 applicant physician or the physician's medical group an amount
24 equal to the difference between charges for in-network benefits and
25 out-of-network benefits; and

26 (2) the applicant physician or the physician's medical
27 group may retain any copayments collected or in the process of being

1 collected as of the date of the issuer's determination.

2 Sec. 1452.107. ENROLLEE HELD HARMLESS. An enrollee in the
3 managed care plan is not responsible and shall be held harmless for
4 the difference between in-network copayments paid by the enrollee
5 to a physician who is determined to be ineligible under Section
6 1452.106 and the managed care plan's charges for out-of-network
7 services. The physician and the physician's medical group may not
8 charge the enrollee for any portion of the physician's fee that is
9 not paid or reimbursed by the enrollee's managed care plan.

10 Sec. 1452.108. LIMITATION ON MANAGED CARE ISSUER
11 LIABILITY. A managed care plan issuer that complies with this
12 subchapter is not subject to liability for damages arising out of or
13 in connection with, directly or indirectly, the payment by the
14 issuer of an applicant physician as if the physician were a
15 participating provider in the health benefit plan network.

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

18 (c) For purposes of this subchapter, an applicant
19 physician, as defined by Chapter 1452, may not be considered to be
20 an available primary care physician or primary care provider within
21 the health maintenance organization delivery network for selection
22 by an enrollee.

23 SECTION 3. The change in law made by this Act applies only
24 to credentialing of a physician under a contract entered into or
25 renewed by a medical group and an issuer of a managed care plan on or
26 after the effective date of this Act. A contract entered into or
27 renewed before the effective date of this Act is governed by the law

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 4, 2007

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: **HB1594** by Zerwas (Relating to expedited credentialing for certain physicians providing services under a managed care plan.), **As Introduced**

No fiscal implication to the State is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance, 503 Texas Medical Board

LBB Staff: JOB, JRO, MW, SK