BILL ANALYSIS

C.S.H.B. 2292
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Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Observers note that a health maintenance organization (HMO), preferred provider benefit plan, or an entity such as a pharmacy benefit manager that contracts with such an organization to administer pharmacy claims must pay health care providers promptly within a specified time frame for claims submitted electronically or on paper. Those observers explain that existing technology and the fact that the majority of pharmacy claims are filed electronically allow a pharmacy to receive feedback almost instantly regarding a claim's acceptance or rejection, and it is further noted that an HMO, preferred provider benefit plan, or pharmacy benefit manager also must adhere to certain procedures when auditing health care provider claims.

Interested parties contend that legislation is required to address the increasing use of electronic transactions, current auditing practices, and the need to provide a pharmacy a reasonable amount of time to make necessary staffing changes to maintain patient care while simultaneously accommodating an on-site audit, among other issues. C.S.H.B. 2292 seeks to address issues relating to payment of claims to pharmacies and pharmacists.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2292 amends the Insurance Code to change the deadline for payment of an affirmatively adjudicated pharmacy claim that is electronically submitted from not later than the 21st day to not later than the 18th day after the date the claim is affirmatively adjudicated. The bill requires a health maintenance organization (HMO), or a pharmacy benefit manager that administers pharmacy claims for the HMO, that affirmatively adjudicates an electronically submitted pharmacy claim to pay the total amount of the claim through electronic funds transfer. The bill requires an HMO, or a pharmacy benefit manager that administers pharmacy claims for the HMO, that affirmatively adjudicates a pharmacy claim that is not electronically submitted to pay the total amount of the claim not later than the 21st day after the date on which the claim was affirmatively adjudicated.

C.S.H.B. 2292 prohibits an HMO or a pharmacy benefit manager that administers pharmacy claims for the HMO from using extrapolation to complete an audit of a provider who is a pharmacist or pharmacy and prohibits an HMO from requiring extrapolation audits as a condition of participation in the HMO's contract, network, or program for a provider who is a pharmacist or pharmacy. The bill requires an HMO or a pharmacy benefit manager that administers pharmacy claims for the HMO that performs an on-site audit of a provider who is a pharmacist or pharmacy to provide the provider reasonable notice of the audit in writing and by certified mail not later than the 15th day before the date on which the on-site audit is scheduled to occur and to accommodate the provider's schedule to the greatest extent possible.

C.S.H.B. 2292 makes provisions of the Texas Health Maintenance Organization Act relating to the payment of claims to physicians and providers applicable to a pharmacy benefit manager with whom an HMO contracts to process or pay claims, obtain the services of physicians and providers to provide health care services to enrollees, or issue verifications or preauthorizations. The bill establishes the intent of the legislature that the requirements contained in Texas Health Maintenance Organization Act provisions regarding payment of claims to providers who are pharmacists or pharmacies apply to all HMOs and pharmacy benefits managers unless otherwise prohibited by federal law.

C.S.H.B. 2292 establishes that similar provisions, with respect to the deadlines for payment of affirmatively adjudicated pharmacy claims that are electronically submitted and affirmatively adjudicated pharmacy claims that are not electronically submitted, the prohibition against the use of extrapolation in audits of a pharmacist or pharmacy, the extension of provisions relating to the payment of claims to apply to pharmacy benefit managers, and legislative intent, apply to an insurer or a pharmacy benefit manager that administers pharmacy claims for the insurer under a preferred provider benefit plan. The bill defines "extrapolation" for purposes of the Texas Health Maintenance Organization Act, defines "extrapolation" for purposes of provisions relating to preferred provider benefit plans, and redefines "health care provider" to include a pharmacist and a pharmacy for purposes of state law regarding preferred provider benefit plans. The bill makes conforming changes.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2292 omits a provision included in the original prohibiting a pharmacy benefit manager from directly or indirectly charging or holding a health care professional, health care facility, or person enrolled in a health benefit plan responsible for a fee for the adjudication of a claim.