

BILL ANALYSIS

S.B. 822
By: Watson
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

H.B. 1594, 80th Legislature, Regular Session, 2007, was intended to expedite the credentialing process for physicians joining a medical group when the medical group is a participating provider with a managed care plan. The bill required managed care plans to treat the applicant physician as if the physician were a participating provider during the credentialing process. The process allows the applicant physician to collect copayments from enrollees of the managed care plan as well as receive payments from the managed care plan during the credentialing process. H.B. 1594 defined medical group as a professional corporation or other business entity composed of licensed physicians as permitted under Subchapter B (Authority to Form Certain Entities), Chapter 162 (Regulation of Practice of Medicine), Occupations Code.

H.B. 389, 81st Legislature, Regular Session, 2009, modified the definition of medical group. Medical group is defined as a single legal entity owned by two or more physicians, a professional associate composed of licensed physicians, or any other business entity composed of licensed physicians as permitted under Subchapter B, Chapter 162, Occupations Code.

The definition of medical group does not include faculty practice plans. Accordingly, physician groups that are part of academic medical centers cannot take advantage of this legislation.

The requested legislative action is to revise the definition of medical group under Subchapter C (Expedited Credentialing Process for Certain Physicians), Chapter 1452 (Physician and Provider Credentials), Insurance Code, to include faculty practice plans.

This revision would allow physicians who are added to the faculty practice plan to provide services to patients while being credentialed by the managed care plan. Accordingly, the provider and patient are considered within the managed care plan's network, changing how carriers treat the associated claims, and reducing the patient's financial responsibility.

S.B. 822 amends current law relating to expedited credentialing of certain physicians by managed care plans.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

ANALYSIS

SECTION 1. Amends Section 1452.101(5), Insurance Code, to redefine "medical group" to mean:

- (A) a single legal entity owned by two or more physicians;
- (B) a professional association composed of licensed physicians;
- (C) any other business entity composed of licensed physicians as permitted under Subchapter B (Authority to Form Certain Entities), Chapter 162 (Regulation of Practice of Medicine), Occupations Code; or

(D) two or more physicians on the medical staff of or teaching at a medical school or medical and dental unit, as defined or described by Section 61.003 (Definitions), 61.501 (Definitions), or 74.601 (Use and Control), Education Code. Makes nonsubstantive changes.

SECTION 2. Effective date: September 1, 2011.

EFFECTIVE DATE

Effective date: September 1, 2011.