

Amend **SB 7** on third reading in ARTICLE 6 of the bill by adding the following appropriately numbered SECTION and renumbering subsequent SECTIONS of the ARTICLE accordingly:

SECTION 6.____. Subchapter A, Chapter 533, Government Code, is amended by adding Section 533.0056 to read as follows:

Sec. 533.0056. RIGHT TO APPEAL CONFISCATORY REIMBURSEMENT RATES. A provider, including a pharmacy provider, is entitled to a hearing before the State Office of Administrative Hearings to appeal a confiscatory reimbursement rate of a managed care organization or the organization's pharmacy benefit manager. A reimbursement rate is considered confiscatory for purposes of this section if the rate does not reimburse the provider for reasonable operating expenses, does not provide a reasonable return on the provider's investments, or places in jeopardy the provider's financial integrity. Under this section:

(1) if the provider's contract contains a reimbursement dispute resolution process, the parties must spend at least 45 days attempting to resolve the dispute under that process before requesting a hearing under this section;

(2) a hearing must be conducted by a hearing officer in the same manner as is provided for contested case hearings under Chapter 2001;

(3) the decision of the hearing officer is final;

(4) the hearing officer may:

(A) assess all or part of the costs of the hearing, not including attorney's fees, against the party or parties that do not substantially prevail, as determined by the hearing officer; and

(B) with the consent of the providers, partially or wholly combine cases that involve the same type of Medicaid provider license and specialty and the same or substantially similar reimbursement issues; and

(5) the hearing officer may not award an amount against a managed care organization to one or more providers that, in the aggregate, exceeds the amount required to be maintained by the managed care organization as adequate reserves to reasonably accommodate such awards as specified by Medicaid program statutes

and rules in effect on May 1, 2013.