

## **BILL ANALYSIS**

S.B. 1221  
By: Paxton  
Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Interested parties observe that Medicaid has historically paid reimbursement rates for provider services that are lower than rates paid through commercial insurance plans. There is concern that the significant changes in health care scheduled to occur in 2014 have created uncertainty about the impact on provider compensation for health care services. While providers may agree to accept a lower reimbursement rate for Medicaid patients, they may or may not be willing to provide services at that rate for patients covered under commercial health insurance plans. S.B. 1221 seeks to ensure that, as health care changes take place, providers are made aware of and have the opportunity to consent to the use of Medicaid-based fee schedules for services covered under a commercial health insurance plan.

### **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**

S.B. 1221 amends the Insurance Code to prohibit an insurance company, health maintenance organization (HMO), or preferred provider organization that contracts with a health care provider to provide services in connection with the Medicaid managed care program or the child health plan program (CHIP) from requiring the health care provider to provide access to or transfer the provider's name and contracted discounted fee for use with health benefit plans issued to individuals and groups under statutory provisions relating to HMOs or preferred provider benefit plans. The bill authorizes an insurance company, HMO, or preferred provider organization to provide access to or transfer a provider's name and discounted fee only if the insurance company, HMO, or preferred provider organization provides written notice to the provider that is printed in conspicuous boldface type near a separate signature line and includes a statement indicating that by signing the notice, the provider may be agreeing to apply the company's Medicaid or CHIP fee schedule to services provided to commercial insurance or HMO enrollees, and the provider authorizes the access or transfer and agrees to accept the contracted discounted fee by signing the notice.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.