

BILL ANALYSIS

C.S.H.B. 3006
By: Coleman
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties observe that funds obtained by hospital prompt payment penalties and dedicated to the Texas Health Insurance Pool are no longer needed for the purpose for which they were originally intended. C.S.H.B. 3006 seeks to address this issue.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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. 3006 amends the Insurance Code to change the entity to which interest that accrues on the late payment of penalties paid by a health maintenance organization (HMO) or insurer that provides a preferred provider benefit plan for a violation relating to a clean claim payment submitted by a physician or provider other than an institutional provider must be paid from the Texas Health Insurance Risk Pool to the Texas Department of Insurance (TDI). The bill requires that interest to be distributed to the healthy Texas small employer premium stabilization fund to be used for any purpose authorized by the commissioner of insurance by rule to improve access to health benefit coverage for individuals without coverage.

C.S.H.B. 3006 changes the entity to which such an HMO or insurer must pay the remaining 50 percent of the total penalty for a violation relating to a clean claim payment submitted by an institutional provider from the Texas Health Insurance Risk Pool to TDI and requires that amount to be distributed to the fund to be used as provided by the bill's restrictions on the appropriation of money in the fund.

C.S.H.B. 3006 restricts the appropriation of money in the healthy Texas small employer premium stabilization fund that is derived from penalties for violations by an HMO or insurer that provides a preferred provider benefit plan relating to clean claims submitted by institutional providers as follows:

- the first \$5 million may be appropriated only to the Health and Human Services Commission (HHSC) to be used only to fund the HHSC consumer assistance for Medicaid program;
- the next \$20 million collected may only be appropriated to HHSC to be used only to provide postpartum coverage through the child health plan program and Medicaid; and
- amounts in excess of those amounts may be appropriated only to HHSC to be used only to increase reimbursement rates to health care providers who provide services through the Texas Women's Health Program.

C.S.H.B. 3006 requires any penalties relating to clean claims submitted by institutional providers and paid under current law before the bill's effective date, and that remain unexpended and unobligated on the bill's effective date, to be used to provide grants to hospitals in Texas to upgrade the hospitals' emergency rooms and trauma facilities. The bill requires the commissioner to adopt rules governing the distribution of grants to hospitals and the contracts under which the grants are awarded and requires the commissioner, not later than September 1, 2017, to distribute all money paid before the bill's effective date for penalties relating to clean claims submitted by institutional providers.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3006 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 843.342(m), Insurance Code, is amended to read as follows:

(m) Notwithstanding any other provision of this section, this subsection governs the payment of a penalty under this section. For a penalty under this section relating to a clean claim submitted by a physician or provider other than an institutional provider, the health maintenance organization shall pay the entire penalty to the physician or provider, except for any interest computed under Subsection (c), which shall be paid to the Texas Health Insurance Risk Pool. ~~[For a penalty under this section relating to a clean claim submitted by an institutional provider, the health maintenance organization shall pay 50 percent of the total penalty amount computed under this section, including interest, to the institutional provider and the remaining 50 percent of that amount to the Texas Health Insurance Risk Pool.]~~

No equivalent provision.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 843.342, Insurance Code, is amended by amending Subsection (m) and adding Subsection (m-1) to read as follows:

(m) Notwithstanding any other provision of this section, this subsection governs the payment of a penalty under this section. For a penalty under this section relating to a clean claim submitted by a physician or provider other than an institutional provider, the health maintenance organization shall pay the entire penalty to the physician or provider, except for any interest computed under Subsection (c), which shall be paid to the department to be distributed to the fund established under Subchapter F, Chapter 1508, to be used for any purpose authorized by the commissioner by rule to improve access to health benefit coverage for individuals without coverage [Texas Health Insurance Risk Pool]. For a penalty under this section relating to a clean claim submitted by an institutional provider, the health maintenance organization shall pay 50 percent of the total penalty amount computed under this section, including interest, to the institutional provider and the remaining 50 percent of that amount to the department to be distributed to the fund established under Subchapter F, Chapter 1508, to be used as provided by Subsection (m-1).

(m-1) Money in the fund established under Subchapter F, Chapter 1508, that is derived

from penalties under this section relating to clean claims submitted by institutional providers may only be appropriated as follows:

(1) the first \$5 million may be appropriated only to the Health and Human Services Commission to be used only to fund the commission's consumer assistance for Medicaid program;

(2) the next \$20 million collected may be appropriated only to the Health and Human Services Commission to be used only to provide postpartum coverage through the child health plan program operated under Chapter 62, Health and Safety Code, and Medicaid; and

(3) amounts in excess of the amounts described by Subdivisions (1) and (2) may be appropriated only to the Health and Human Services Commission to be used only to increase reimbursement rates to health care providers who provide services through the Texas Women's Health Program [the Texas Health Insurance Risk Pool].

SECTION 2. Section 1301.137(1), Insurance Code, is amended to read as follows:

(1) Notwithstanding any other provision of this section, this subsection governs the payment of a penalty under this section. For a penalty under this section relating to a clean claim submitted by a preferred provider other than an institutional provider, the insurer shall pay the entire penalty to the preferred provider, except for any interest computed under Subsection (c), which shall be paid to the Texas Health Insurance Risk Pool. ~~[For a penalty under this section relating to a clean claim submitted by an institutional provider, the insurer shall pay 50 percent of the penalty amount computed under this section, including interest, to the institutional provider and the remaining 50 percent of that amount to the Texas Health Insurance Risk Pool.]~~

No equivalent provision.

SECTION 2. Section 1301.137, Insurance Code, is amended by amending Subsection (1) and adding Subsection (1-1) to read as follows:

(1) Notwithstanding any other provision of this section, this subsection governs the payment of a penalty under this section. For a penalty under this section relating to a clean claim submitted by a preferred provider other than an institutional provider, the insurer shall pay the entire penalty to the preferred provider, except for any interest computed under Subsection (c), which shall be paid to the department to be distributed to the fund established under Subchapter F, Chapter 1508, to be used for any purpose authorized by the commissioner by rule to improve access to health benefit coverage for individuals without coverage [Texas Health Insurance Risk Pool]. For a penalty under this section relating to a clean claim submitted by an institutional provider, the insurer shall pay 50 percent of the penalty amount computed under this section, including interest, to the institutional provider and the remaining 50 percent of that amount to the department to be distributed to the fund established under Subchapter F, Chapter 1508, to be used as provided by Subsection (1-1).

(1-1) Money in the fund established under Subchapter F, Chapter 1508, that is derived

from penalties under this section relating to clean claims submitted by institutional providers may only be appropriated as follows:

(1) the first \$5 million may be appropriated only to the Health and Human Services Commission to be used only to fund the commission's consumer assistance for Medicaid program;

(2) the next \$20 million collected may be appropriated only to the Health and Human Services Commission to be used only to provide postpartum coverage through the child health plan program operated under Chapter 62, Health and Safety Code, and Medicaid; and

(3) amounts in excess of the amounts described by Subdivisions (1) and (2) may be appropriated only to the Health and Human Services Commission to be used only to increase reimbursement rates to health care providers who provide services through the Texas Women's Health Program [Texas Health Insurance Risk Pool].

No equivalent provision.

SECTION 3. (a) Notwithstanding Section 6(e), Chapter 615 (S.B. 1367), Acts of the 83rd Legislature, Regular Session, 2013, any penalties relating to clean claims submitted by institutional providers that were paid under Section 843.342(m) or 1301.137(l), Insurance Code, before the effective date of this Act, and that remain unexpended and unobligated on the effective date of this Act, shall be used to provide grants to hospitals in this state to upgrade the hospitals' emergency rooms and trauma facilities.

(b) The commissioner of insurance shall adopt rules governing the distribution of grants to hospitals under this section and the contracts under which the grants are awarded.

(c) The commissioner of insurance shall distribute all money that is subject to this section not later than September 1, 2017.

No equivalent provision.

SECTION 4. (a) The changes in law made by this Act to Sections 843.342 and 1301.137, Insurance Code, apply only to penalties paid under those sections on or after the effective date of this Act.

(b) Except as provided by this Act, penalties paid before the effective date of this Act are governed by the law applicable to the penalties immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect on September 1, 2015.

SECTION 4. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three separate days in each house be suspended, and this rule hereby suspended, and that this act take effect and be in force from and after its passage, and it so enacted.

SECTION 5. Same as introduced version.

No equivalent provision.