

By: Taylor of Galveston

S.B. No. 843

A BILL TO BE ENTITLED

AN ACT

relating to prompt payment of health care claims, including payment for immunizations, vaccines, and serums.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter A, Chapter 16, Civil Practice and Remedies Code, is amended by adding Section 16.013 to read as follows:

Sec. 16.013. PROMPT PAYMENT OF HEALTH CARE CLAIMS. A person must bring a suit for failure to pay a clean claim in accordance with Subchapter J, Chapter 843, or Subchapter C, Chapter 1301, Insurance Code, not later than two years after the day the cause of action accrues. The cause of action accrues on the latest date provided by the applicable subchapter for determining whether the claim is payable and making the appropriate payment or notification.

SECTION 2. Section 843.337(a), Insurance Code, is amended to read as follows:

(a) A physician or provider must submit a claim for health care services to a health maintenance organization not later than the 95th day after the date the physician or provider provides the health care services for which the claim is made. A health maintenance organization shall accept as proof of timely filing:

(1) a claim filed in compliance with Subsection (e);

or

1 (2) information from another health maintenance
2 organization or any insurer authorized or eligible to engage in the
3 business of insurance in this state showing that the physician or
4 provider submitted the claim for health care services to the health
5 maintenance organization or insurer in compliance with Subsection
6 (e).

7 SECTION 3. Sections 843.342(a), (b), (d), and (e),
8 Insurance Code, are amended to read as follows:

9 (a) Except as provided by this section, if a clean claim
10 submitted to a health maintenance organization is payable and the
11 health maintenance organization does not determine under this
12 subchapter that the claim is payable and pay the claim on or before
13 the date the health maintenance organization is required to make a
14 determination or adjudication of the claim, the health maintenance
15 organization shall pay the physician or provider making the claim
16 the contracted rate owed on the claim plus a penalty in the amount
17 of the lesser of:

18 (1) 50 percent of the difference between the billed
19 charges, as submitted on the claim, and the contracted rate; or

20 (2) \$5,000 [~~\$100,000~~].

21 (b) If the claim is paid on or after the 46th day and before
22 the 91st day after the date the health maintenance organization is
23 required to make a determination or adjudication of the claim, the
24 health maintenance organization shall pay a penalty in the amount
25 of the lesser of:

26 (1) 100 percent of the difference between the billed
27 charges, as submitted on the claim, and the contracted rate; or

1 (2) \$10,000 [~~\$200,000~~].

2 (d) Except as provided by this section, a health maintenance
3 organization that determines under this subchapter that a claim is
4 payable, pays only a portion of the amount of the claim on or before
5 the date the health maintenance organization is required to make a
6 determination or adjudication of the claim, and pays the balance of
7 the contracted rate owed for the claim after that date shall pay to
8 the physician or provider, in addition to the contracted amount
9 owed, a penalty on the amount not timely paid in the amount of the
10 lesser of:

11 (1) 50 percent of the underpaid amount; or

12 (2) \$5,000 [~~\$100,000~~].

13 (e) If the balance of the claim is paid on or after the 46th
14 day and before the 91st day after the date the health maintenance
15 organization is required to make a determination or adjudication of
16 the claim, the health maintenance organization shall pay a penalty
17 on the balance of the claim in the amount of the lesser of:

18 (1) 100 percent of the underpaid amount; or

19 (2) \$10,000 [~~\$200,000~~].

20 SECTION 4. Subchapter J, Chapter 843, Insurance Code, is
21 amended by adding Section 843.3421 to read as follows:

22 Sec. 843.3421. PAYMENT APPEAL DEADLINE. If a contract
23 between a health maintenance organization and a physician or
24 provider directly or indirectly requires that a contractual dispute
25 regarding a post-service payment denial or payment dispute be
26 appealed, the health maintenance organization may not impose a
27 deadline for filing the appeal that is less than 180 days after the

1 earlier of:

2 (1) the date of the initial payment or denial notice;

3 or

4 (2) the latest date for making a payment or
5 notification with respect to the claim under this subchapter.

6 SECTION 5. Subchapter J, Chapter 843, Insurance Code, is
7 amended by adding Section 843.355 to read as follows:

8 Sec. 843.355. PAYMENT FOR IMMUNIZATIONS, VACCINES, AND

9 SERUMS. (a) A contract between a health maintenance organization
10 and a physician or provider must disclose the source of the
11 information used to calculate a fee payment for an immunization,
12 vaccine, or serum. The information must be made readily accessible
13 to the physician or provider, and the contract must include an
14 explanation of how the physician or provider may access the
15 information.

16 (b) Notwithstanding Section [843.321\(a\)\(3\)](#), a health
17 maintenance organization is not required to notify a physician or
18 provider, and a contract between a health maintenance organization
19 and a physician or provider may not directly or indirectly require
20 the health maintenance organization to notify the physician or
21 provider, before a change in a fee payment described by Subsection
22 (a) takes effect if the payment change results from a change in
23 information described by Subsection (a), the source of which is a
24 third party not controlled by the health maintenance organization,
25 such as the Centers for Disease Control Vaccine Price List.

26 (c) A contract between a health maintenance organization
27 and a physician or provider must require the health maintenance

1 organization to provide notice of a change of a source of
2 information described by Subsection (a) used to calculate the fee
3 payment for an immunization, vaccine, or serum not later than the
4 90th day before the date the change of source takes effect.

5 SECTION 6. Section 1301.102(c), Insurance Code, is amended
6 to read as follows:

7 (c) An insurer shall accept as proof of timely filing of a
8 claim for medical care or health care services:

9 (1) a claim filed in compliance with Subsection (b);
10 or

11 (2) information from any [~~another~~] insurer authorized
12 or eligible to engage in the business of insurance in this state or
13 health maintenance organization showing that the physician or
14 health care provider submitted the claim for medical care or health
15 care services to the insurer or health maintenance organization in
16 compliance with Subsection (b).

17 SECTION 7. Sections 1301.137(a), (b), (d), and (e),
18 Insurance Code, are amended to read as follows:

19 (a) Except as provided by this section, if a clean claim
20 submitted to an insurer is payable and the insurer does not
21 determine under Subchapter C that the claim is payable and pay the
22 claim on or before the date the insurer is required to make a
23 determination or adjudication of the claim, the insurer shall pay
24 the preferred provider making the claim the contracted rate owed on
25 the claim plus a penalty in the amount of the lesser of:

26 (1) 50 percent of the difference between the billed
27 charges, as submitted on the claim, and the contracted rate; or

1 (2) \$5,000 [~~\$100,000~~].

2 (b) If the claim is paid on or after the 46th day and before
3 the 91st day after the date the insurer is required to make a
4 determination or adjudication of the claim, the insurer shall pay a
5 penalty in the amount of the lesser of:

6 (1) 100 percent of the difference between the billed
7 charges, as submitted on the claim, and the contracted rate; or

8 (2) \$10,000 [~~\$200,000~~].

9 (d) Except as provided by this section, an insurer that
10 determines under Subchapter C that a claim is payable, pays only a
11 portion of the amount of the claim on or before the date the insurer
12 is required to make a determination or adjudication of the claim,
13 and pays the balance of the contracted rate owed for the claim after
14 that date shall pay to the preferred provider, in addition to the
15 contracted amount owed, a penalty on the amount not timely paid in
16 the amount of the lesser of:

17 (1) 50 percent of the underpaid amount; or

18 (2) \$5,000 [~~\$100,000~~].

19 (e) If the balance of the claim is paid on or after the 46th
20 day and before the 91st day after the date the insurer is required
21 to make a determination or adjudication of the claim, the insurer
22 shall pay a penalty on the balance of the claim in the amount of the
23 lesser of:

24 (1) 100 percent of the underpaid amount; or

25 (2) \$10,000 [~~\$200,000~~].

26 SECTION 8. Subchapter C-1, Chapter 1301, Insurance Code, is
27 amended by adding Section 1301.1371 to read as follows:

1 Sec. 1301.1371. PAYMENT APPEAL DEADLINE. If a contract
2 between an insurer and a preferred provider directly or indirectly
3 requires that a contractual dispute regarding a post-service
4 payment denial or payment dispute be appealed, the insurer may not
5 impose a deadline for filing the appeal that is less than 180 days
6 after the earlier of:

7 (1) the date of the initial payment or denial notice;

8 or

9 (2) the latest date for making a payment or
10 notification with respect to the claim under Subchapter C.

11 SECTION 9. Subchapter C-1, Chapter 1301, Insurance Code, is
12 amended by adding Section 1301.140 to read as follows:

13 Sec. 1301.140. PAYMENT FOR IMMUNIZATIONS, VACCINES, AND
14 SERUMS. (a) A contract between an insurer and a preferred provider
15 must disclose the source of the information used to calculate a fee
16 payment for an immunization, vaccine, or serum. The information
17 must be made readily accessible to the preferred provider, and the
18 contract must include an explanation of how the preferred provider
19 may access the information.

20 (b) Notwithstanding Section 1301.136(a)(3), an insurer is
21 not required to notify a preferred provider, and a contract between
22 an insurer and a preferred provider may not directly or indirectly
23 require the insurer to notify the preferred provider, before a
24 change in a fee payment described by Subsection (a) takes effect if
25 the payment change results from a change in information described
26 by Subsection (a), the source of which is a third party not
27 controlled by the insurer, such as the Centers for Disease Control

1 Vaccine Price List.

2 (c) A contract between an insurer and a preferred provider
3 must require the insurer to provide notice of a change of a source
4 of information described by Subsection (a) used to calculate the
5 fee payment for an immunization, vaccine, or serum not later than
6 the 90th day before the date the change takes effect.

7 SECTION 10. Sections [843.342\(m\)](#) and [1301.137\(1\)](#), Insurance
8 Code, are repealed.

9 SECTION 11. It is the intent of the legislature that Section
10 16.013, Civil Practice and Remedies Code, as added by this Act,
11 applies only to a personal cause of action and does not limit or
12 modify the jurisdiction and authority of the commissioner of
13 insurance to enforce the prompt payment requirements of Chapters
14 843 and 1301, Insurance Code.

15 SECTION 12. (a) Section 16.013, Civil Practice and
16 Remedies Code, as added by this Act, applies only to a cause of
17 action arising from a claim submitted on or after the effective date
18 of this Act. A cause of action arising from a claim submitted
19 before the effective date of this Act is governed by the law
20 applicable to the claim immediately before the effective date of
21 this Act, and that law is continued in effect for that purpose.

22 (b) Except as provided by Subsection (c) of this section,
23 Sections [843.337](#), [843.342](#), [1301.102](#), and [1301.137](#), Insurance Code,
24 as amended by this Act, apply only to a claim submitted on or after
25 the effective date of this Act. A claim submitted before the
26 effective date of this Act is governed by the law as it existed
27 immediately before the effective date of this Act, and that law is

1 continued in effect for that purpose.

2 (c) With respect to a claim submitted under a contract with
3 a health maintenance organization or insurer, Sections 843.337,
4 843.342, 1301.102, and 1301.137, Insurance Code, as amended by this
5 Act, apply only to a claim submitted under a contract entered into
6 or renewed on or after the effective date of this Act. A claim
7 submitted under a contract entered into or renewed before the
8 effective date of this Act is governed by the law as it existed
9 immediately before the effective date of this Act, and that law is
10 continued in effect for that purpose.

11 (d) Sections 843.3421, 843.355, 1301.1371, and 1301.140,
12 Insurance Code, as added by this Act, apply only to a contract
13 entered into or renewed on or after the effective date of this Act.
14 A contract entered into or renewed before the effective date of this
15 Act is governed by the law as it existed immediately before the
16 effective date of this Act, and that law is continued in effect for
17 that purpose.

18 SECTION 13. This Act takes effect September 1, 2015.