

By: Estes

S.B. No. 1445

A BILL TO BE ENTITLED

AN ACT

relating to regulation of certain segments of the health care system.

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

SECTION 1. Chapter 1451, Insurance Code, is amended by adding Subchapter K to read as follows:

SUBCHAPTER K. HOSPITALS, HOSPITAL SYSTEMS, HEALTH CARE FACILITIES, AND PHYSICIAN GROUP PRACTICES

Sec. 1451.501. DEFINITIONS. In this chapter:

(1) "Affiliate" means an affiliate as described by Section 823.003.

(2) "Health care facility" has the meaning assigned by Section 1456.001.

(3) "Health care provider" has the meaning assigned by Section 1301.001.

(4) "Hospital" and "hospital system" have the meanings assigned by Section 74.001, Civil Practice and Remedies Code.

(5) "Physician group practice" has the meaning assigned by Section 157.051, Occupations Code.

Sec. 1451.502. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a hospital, hospital system, health care facility, or physician group practice that contracts with an insurer for payment of claims or reimbursement under a health benefit plan issued by the insurer.

1       Sec. 1451.503. CONFLICT WITH OTHER LAWS. To the extent this  
2 subchapter conflicts with other law, the other law controls.

3       Sec. 1451.504. CERTAIN CONTRACTING PROVISIONS PROHIBITED.  
4 A contract between an insurer and a hospital, hospital system,  
5 health care facility, or physician group practice may not restrict  
6 the ability of an insurer to furnish information to an insured  
7 concerning the cost of a procedure or quality of care at the  
8 hospital, hospital system, health care facility, or physician group  
9 practice.

10       Sec. 1451.505. CONTRACT NEGOTIATIONS. To promote  
11 competition between hospitals, hospital systems, health care  
12 facilities, and physician group practices the commissioner shall  
13 adopt reasonable rules establishing minimum standards, including  
14 standards relating to information sharing, negotiating teams, and  
15 firewalls for negotiating teams, for contract negotiations between  
16 an insurer and a hospital, hospital system, health care facility,  
17 or physician group practice that is owned by or affiliated with an  
18 entity that owns other hospitals, hospital systems, health care  
19 facilities, or physician group practices.

20       Sec. 1451.506. TRANSPARENCY. The commissioner shall adopt  
21 reasonable rules establishing minimum standards related to  
22 disclosures a hospital, hospital system, health care facility, or  
23 physician group practice must make to an insured relating to the  
24 amount or charge or estimate of the amount or charge, including any  
25 facility fees, for an admission to or procedure or service  
26 performed at the hospital, hospital system, health care facility,  
27 or physician group practice for which the insured may be

1 financially responsible.

2 Sec. 1451.507. DISCLOSURE OF REFERRALS. The commissioner  
3 shall adopt reasonable rules establishing minimum standards,  
4 including the existence and nature of the affiliation, for  
5 disclosures a health care provider must make on referral of an  
6 insured to an affiliated provider.

7 Sec. 1451.508. NOTICE OF FACILITY FEE CHARGES. (a) The  
8 commissioner shall adopt reasonable rules requiring a hospital or  
9 hospital system to provide to an insured written notice of the  
10 amount or estimate of the amount of a professional fee, if any,  
11 including a facility fee, that the hospital or hospital system may  
12 charge, in addition to and separate from the professional fee  
13 charged by the physician or health care provider who treats the  
14 insured, for a service provided at the hospital or hospital  
15 system's hospital-based facility.

16 (b) The commissioner shall adopt reasonable rules requiring  
17 certain information be included in the notice described by  
18 Subsection (a), including an explanation that the insured may incur  
19 financial liability that is greater than the insured might incur if  
20 the service provided at the hospital or hospital system's  
21 hospital-based facility was not provided at the hospital or  
22 facility.

23 (c) The commissioner shall adopt reasonable rules  
24 prescribing the manner and time of delivery of the notice described  
25 by Subsection (a) and requiring the notice be provided to the  
26 insured in plain language and in a form that may be reasonably  
27 understood by an insured who does not possess special knowledge

1 regarding hospital or health system facility fee charges.

2 (d) Subsections (a), (b), and (c) do not apply to the child  
3 health plan program operated under Chapter 62, Health and Safety  
4 Code, the health benefits plan for children operated under Chapter  
5 63, Health and Safety Code, the state Medicaid program, or a managed  
6 care organization that contracts with the Health and Human Services  
7 Commission to provide health care services to recipients through a  
8 managed care plan.

9 (e) The commissioner shall adopt reasonable rules requiring  
10 an insurer to contract only with hospital-based facilities that  
11 prominently and publicly display written notice that the facility  
12 is a hospital-based facility and clearly holds itself out to the  
13 public and insureds as being a hospital-based facility.

14 Sec. 1451.509. MARKET CONCENTRATION. (a) The commissioner  
15 shall adopt rules requiring hospitals, hospital systems, health  
16 care facilities, and physician group practices and physicians and  
17 health care providers practicing at the hospitals, hospital  
18 systems, health care facilities, and physician group practices to  
19 report information concerning:

20 (1) any merger or acquisition in which the hospital,  
21 hospital system, health care facility, physician group practice,  
22 physician, or health care provider is involved; or

23 (2) any material change to the business or corporate  
24 structure of the hospital, hospital system, health care facility,  
25 physician group practice, physician, or health care provider.

26 (b) The information required under Subsection (a) must  
27 include information identifying the parties to and nature of the

1 merger or acquisition or describing the material change to the  
2 business or corporate structure of the hospital, hospital system,  
3 health care facility, physician group practice, physician, or  
4 health care provider.

5 (c) The commissioner shall compile and provide to the  
6 attorney general the information required under this section for  
7 review and analysis. The attorney general shall review and analyze  
8 the information provided by the commissioner and make  
9 recommendations, as necessary, to the legislature for legislative  
10 action related to the review and analysis conducted under this  
11 subsection.

12 Sec. 1451.510. ANNUAL HEARING AND REPORT. (a) The attorney  
13 general shall hold an annual public hearing concerning the impact  
14 of the rules adopted under this subchapter on health care provider  
15 costs and cost trends, including health care costs paid by the  
16 state.

17 (b) On request of the attorney general, the commissioner  
18 shall provide to the attorney general information related to the  
19 subject matter of the hearing.

20 (c) The attorney general shall prepare an annual report  
21 based on the findings from the hearing conducted under Subsection  
22 (a) and submit the report to the legislature not later than December  
23 31 of the year in which the hearing is held.

24 SECTION 2. (a) The changes in law made by this Act apply  
25 only to a contract executed or renewed on or after January 1, 2016.  
26 A contract entered into or renewed before January 1, 2016, is  
27 governed by the law as it existed immediately before that date, and

1 that law is continued in effect for that purpose.

2 (b) The commissioner of insurance shall provide to the  
3 attorney general the information reported and compiled under  
4 Section 1451.509, Insurance Code, as added by this Act, not later  
5 than September 1, 2017. The attorney general shall submit  
6 recommendations under that section not later than December 31,  
7 2017.

8 (c) The attorney general shall hold the initial annual  
9 public hearing required under Section 1451.510, Insurance Code, as  
10 added by this Act, not later than December 31, 2017.

11 SECTION 3. This Act takes effect September 1, 2015.