

By: Martinez

H.B. No. 1420

A BILL TO BE ENTITLED

AN ACT

relating to the imposition of a late payment penalty against Medicaid managed care organizations that fail to timely pay certain physician and provider claims.

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

SECTION 1. Subchapter A, Chapter 533, Government Code, is amended by adding Section 533.00551 to read as follows:

Sec. 533.00551. LATE PAYMENT PENALTY FOR CERTAIN CLAIMS. A managed care organization that fails to pay a claim on or before the 15th day after the date the time limit for payment of the claim prescribed by Section 533.005(a)(7) expires is liable to the physician or provider who submitted the claim for a late payment penalty. A late payment penalty under this section:

(1) is equal to 20 percent of the outstanding claim amount;

(2) must be paid not later than the seventh day after the date the liability for the penalty accrues under this section; and

(3) is in addition to any other penalty or recourse to which the physician or provider may be entitled under a contract with the managed care organization.

SECTION 2. To the extent of a conflict between Section 533.00551, Government Code, as added by this Act, and a provision of a contract between a managed care organization and a physician or

1 provider entered into before the implementation date of that
2 section, the contract provision prevails.

3 SECTION 3. If before implementing any provision of this Act
4 a state agency determines that a waiver or authorization from a
5 federal agency is necessary for implementation of that provision,
6 the agency affected by the provision shall request the waiver or
7 authorization and may delay implementing that provision until the
8 waiver or authorization is granted.

9 SECTION 4. This Act takes effect September 1, 2017.