

By: Bonnen of Galveston

H.B. No. 3814

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to payment standards for preferred provider benefit plans  
3 to reduce balance billing of insureds for out-of-network health  
4 care services.

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

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

8 Sec. 1301.140. BALANCE BILLING; PAYMENTS TO OUT-OF-NETWORK  
9 PROVIDERS. (a) In this section:

10 (1) "Geozip area" means an area that includes all zip  
11 codes with the identical first three digits. For purposes of this  
12 section, a covered service performed at a location that does not  
13 have a zip code is considered to be performed in the geozip area  
14 closest to the location at which the service is performed.

15 (2) "Usual and customary charge" means 135% of the  
16 average maximum allowed charge for a covered service by a physician  
17 or health care provider with the same type of license in the same  
18 geozip area.

19 (b) An insurer may not cause balance billing of an insured  
20 by paying an out-of-network provider based on an allowed charge for  
21 a covered service that is less than the usual and customary charge  
22 for the service.

23 (c) If an out-of-network provider submits to an insurer a  
24 claim for payment for a covered service, the insurer shall pay the

1 out-of-network provider an amount that is equal to or greater than  
2 the usual and customary charge for the service minus any portion of  
3 the charge that is the insured's responsibility under the preferred  
4 provider benefit plan.

5 SECTION 2. Section 1301.140, Insurance Code, as added by  
6 this Act, applies only to a preferred provider benefit plan that is  
7 delivered, issued for delivery, or renewed on or after January 1,  
8 2018. A preferred provider benefit plan that is delivered, issued  
9 for delivery, or renewed before January 1, 2018, is governed by the  
10 law as it existed immediately before the effective date of this Act,  
11 and that law is continued in effect for that purpose.

12 SECTION 3. This Act takes effect September 1, 2017.