

BILL ANALYSIS

Senate Research Center
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H.B. 1445
By: Oliverson et al. (Nichols)
Finance
4/8/2021
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Comptroller of Public Accounts of the State of Texas (comptroller) recently determined that the preparation of a medical insurance claim prior to claim submission is an inherent part of the insurance claim process and that medical billing services to prepare a claim for filing therefore constitute insurance claims adjusting or claims processing, which means they are taxable insurance services.

As a result of this determination, the comptroller adopted a rule scheduled to go into effect later this year subjecting medical billing services to taxation. There have been calls for the legislature to act before that rule goes into effect and expressly exempt these services from the sales and use tax. H.B. 1445 seeks to answer those calls and exclude both medical and dental billing services performed before the submission of a claim, including a claim under certain government-funded programs, from the insurance services subject to taxation.

H.B. 1445 amends current law relating to the applicability of the sales and use tax to medical or dental billing services.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 151.0039(b), Tax Code, to provide that "insurance service" does not include a medical billing service. Makes nonsubstantive changes.

SECTION 2. Amends Section 151.0039(c), Tax Code, by adding Subdivision (3), to define "medical billing service."

SECTION 3. Provides that the change in law made by this Act does not affect tax liability accruing before the effective date of this Act. Provides that liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 4. Effective date: September 1, 2021.