

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 5, 2021

TO: Honorable Tom Oliverson, Chair, House Committee on Insurance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2929 by Bonnen (Relating to conduct of insurers providing preferred provider benefit plans with respect to physician and health care provider contracts and claims.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code relating to the conduct of insurers in relation to preferred providers to prohibit certain retaliatory practices against providers who file complaints or appeal the insurer's denial of a claim for payment. The bill requires insurers to establish review procedures to allow a preferred provider to appeal an insurer's audit determination in response to a claim for payment.

The bill would allow preferred providers to request the Texas Department of Insurance (TDI) to review an insurer's audit of a claim for payment to determine if the audit resulted in unreasonable costs or delay of payment to the preferred provider. TDI could require the payment of compensatory damages to the provider, and the payment of TDI's costs associated with the review.

Reviews conducted by TDI would be a contested case under the Administrative Procedures Act, allowing insurance companies to challenge TDI's enforcement determination in a hearing at the State Office of Administrative Hearings (SOAH). Based on information provided by TDI and SOAH, cases would not come to SOAH before fiscal year 2024. SOAH would seek legislative funds based on caseload in future legislative sessions if case volume warrants need.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 360 Office Adm Hearings, 454 Department of Insurance

LBB Staff: JMc, AAL, MB, MPUK