

BILL ANALYSIS

H.B. 895
By: Muñoz, Jr.
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Health care providers have raised concerns over the burden placed on them when a health insurance plan extrapolates the findings of a claims audit across the entirety of a provider's recent claims history and then seeks recoupment of overpayments based on that extrapolation. H.B. 895 seeks to ensure insurance plans are only seeking recoupment on claims that are actually overpaid and to prevent abusive claims audit behavior by prohibiting a health maintenance organization or an insurer from conducting a sample audit of a health care provider's claims and then extrapolating those findings across the remaining unreviewed portion of the provider's claims and attempting to recoup overpayments based on that extrapolation.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 895 amends the Insurance Code to prohibit a health maintenance organization (HMO) or an insurer from using extrapolation to complete an audit of a participating physician or provider or a preferred provider, as applicable. The bill requires any additional payment due such a physician or provider or any refund due the HMO or insurer to be based on the actual overpayment or underpayment and prohibits the use of extrapolation as the basis for the payment or refund. The bill defines "extrapolation" as a mathematical process or technique used by an HMO or insurer in the audit of a participating physician or provider or a preferred provider, as applicable, to estimate audit results or findings for a larger batch or group of claims not reviewed by the HMO or insurer. The bill's provisions apply only to the audit of a physician or provider under a contract with an HMO or insurer entered into or renewed on or after the bill's effective date and do not apply with regard to CHIP or Medicaid coverage.

EFFECTIVE DATE

September 1, 2023.