

## **BILL ANALYSIS**

Senate Research Center

S.B. 1286  
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Health & Human Services  
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Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In 2003, the Texas Department of Insurance (TDI) adopted a rule to implement provisions in Sections 843 and 1301, Insurance Code. The rule requires a health plan or provider to notify the agency within five days of the catastrophic event and within ten days of resuming normal business operations. If the entity meets the notification requirements, TDI suspends the claim submission and payment deadlines.

The Texas Administrative Code defines a "catastrophic event" as an event that cannot be reasonably controlled or avoided and that causes an interruption of an entity's claims submission or processing activities for more than two consecutive business days. Events listed include: war; an accident, a fire, or explosion; organized labor stoppage; an earthquake, windstorm, or flood; or an act of God, civil, or military authority.

In March 2020, Governor Abbott suspended certain claim-handling deadlines, and TDI issued Bulletin #B-0007-20, which together extended claim-handling deadlines for an additional 15 days to help issuers respond to the COVID-19 outbreak. Governor Abbott rescinded the insurance-related statute and rule suspensions, effective September 2021, and the temporary claim-handling deadline extension was canceled.

Several health plans have said the rule is not clear and restricts their right to relief. Some health plans have attempted to assert their need to bypass prompt payment deadlines due to the "catastrophic event" beyond the expiration of the statutory suspension of these deadlines. As a result, some entities are avoiding paying large penalties to providers and the state. Therefore, S.B. 1286 amends statute to resolve uncertainty and authorize TDI to approve, disapprove, or limit requests for relief from claim-handling deadlines.

S.B. 1286 amends current law relating to prompt payment deadlines for health benefit plan claims affected by a catastrophic event.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 (Section 843.337, Insurance Code) and SECTION 3 (Section 1301.102, Insurance Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 843.337, Insurance Code, by amending Subsections (b) and (c) and adding Subsection (c-1), as follows:

(b) Deletes existing text providing that a physician or provider, if the physician or provider fails to submit a claim in compliance with Section 843.337 (Time for Submission of Claim; Duplicate Claims; Acknowledgment of Receipt of Claim), forfeits the right to payment unless the failure to submit the claim in compliance with this section is a result of a catastrophic event that substantially interferes with the normal business operations of the physician or provider.

(c) Authorizes the period for submitting a claim under this section to be extended by:

(1) creates this subdivision from existing text;

(2) notice published by the commissioner of insurance (commissioner) allowing an extension of prompt payment deadlines to a later date chosen by the commissioner due to a catastrophic event; or

(3) the Texas Department of Insurance's (TDI) approval of a physician's or provider's request for an extension due to a catastrophic event that substantially interferes with the normal business operations of the physician or provider.

(c-1) Authorizes the commissioner to adopt rules to implement Subsection (c), including rules establishing requirements for a request made under Subsection (c)(3).

SECTION 2. Amends Section 843.342(h), Insurance Code, as follows:

(h) Provides that a health maintenance organization is not liable for a penalty under Section 843.342 (Violation of Certain Claims Payment Provisions; Penalties):

(1) if the failure to pay the claim in accordance with Subchapter J (Payment of Claims to Physicians and Providers) is a result of a catastrophic event and the commissioner published a notice allowing an extension of the applicable prompt payment deadlines due to the catastrophic event or TDI approved the health maintenance organization's request for an extension due to the substantial interference of the catastrophic event with the normal business operations of the health maintenance organization; or

(2) makes no changes to this subdivision.

Makes a nonsubstantive change.

SECTION 3. Amends Section 1301.102, Insurance Code, by amending Subsections (d) and (e) and adding Subsection (e-1), as follows:

(d) Deletes existing text providing that a physician or health care provider, if the physician or provider fails to submit a claim in compliance with Section 1301.102 (Submission of Claim), forfeits the right to payment unless the failure to submit the claim in compliance with this section is a result of a catastrophic event that substantially interferes with the normal business operations of the physician or provider.

(e) Authorizes the period for submitting a claim under this section to be extended by:

(1) creates this subdivision from existing text;

(2) notice published by the commissioner allowing an extension of prompt payment deadlines to a later date chosen by the commissioner due to a catastrophic event; or

(3) TDI's approval of a physician's or health care provider's request for an extension due to a catastrophic event that substantially interferes with the normal business operations of the physician or provider.

(e-1) Authorizes the commissioner to adopt rules to implement Subsection (e), including rules establishing requirements for a request made under Subsection (e)(3).

SECTION 4. Amends Section 1301.137(h), Insurance Code, as follows:

(h) Provides that an insurer is not liable for a penalty under Section 1301.137 (Violation of Claims Payment Requirements; Penalty):

(1) if the failure to pay the claim in accordance with Subchapter C (Prompt Payment of Claims) is a result of a catastrophic event and the commissioner published a notice allowing an extension of the applicable prompt payment deadlines due to the catastrophic event or TDI approved the insurer's request for an extension due to the substantial interference of the catastrophic event with the normal business operations of the insurer; or

(2) makes no changes to this subdivision.

Makes nonsubstantive changes.

SECTION 5. Makes application of this Act prospective.

SECTION 6. Effective date: September 1, 2023.