S.B. No. 1286

AN ACT

relating to prompt payment deadlines for health benefit plan claims affected by a catastrophic event.

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

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

(b)  If a physician or provider fails to submit a claim in compliance with this section, the physician or provider 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)  The period for submitting a claim under this section may be extended by:

(1)  contract;

(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)  the department's 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)  The commissioner may adopt rules to implement Subsection (c), including rules establishing requirements for a request made under Subsection (c)(3).

SECTION 2.  Section 843.342(h), Insurance Code, is amended to read as follows:

(h)  A health maintenance organization is not liable for a penalty under this section:

(1)  if the failure to pay the claim in accordance with this subchapter is a result of a catastrophic event and:

(A)  the commissioner published a notice allowing an extension of the applicable prompt payment deadlines due to the catastrophic event; or

(B)  the department approved the health maintenance organization's request for an extension due to the substantial interference of the catastrophic event [~~that substantially interferes~~] with the normal business operations of the health maintenance organization; or

(2)  if the claim was paid in accordance with this subchapter, but for less than the contracted rate, and:

(A)  the physician or provider notifies the health maintenance organization of the underpayment after the 270th day after the date the underpayment was received; and

(B)  the health maintenance organization pays the balance of the claim on or before the 30th day after the date the health maintenance organization receives the notice.

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

(d)  If a physician or health care provider fails to submit a claim in compliance with this section, the physician or provider 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)  The period for submitting a claim under this section may be extended by:

(1)  contract;

(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)  the department'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)  The commissioner may adopt rules to implement Subsection (e), including rules establishing requirements for a request made under Subsection (e)(3).

SECTION 4.  Section 1301.137(h), Insurance Code, is amended to read as follows:

(h)  An insurer is not liable for a penalty under this section:

(1)  if the failure to pay the claim in accordance with Subchapter C is a result of a catastrophic event and:

(A)  the commissioner published a notice allowing an extension of the applicable prompt payment deadlines due to the catastrophic event; or

(B)  the department approved the insurer's request for an extension due to the substantial interference of the catastrophic event [~~that substantially interferes~~] with the normal business operations of the insurer; or

(2)  if the claim was paid in accordance with Subchapter C, but for less than the contracted rate, and:

(A)  the preferred provider notifies the insurer of the underpayment after the 270th day after the date the underpayment was received; and

(B)  the insurer pays the balance of the claim on or before the 30th day after the date the insurer receives the notice.

SECTION 5.  The changes in law made by this Act apply only to a claim submitted on or after the effective date of this Act. A claim submitted before the effective date of this Act is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 6.  This Act takes effect September 1, 2023.

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I hereby certify that S.B. No. 1286 passed the Senate on April 20, 2023, by the following vote:  Yeas 31, Nays 0.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    Secretary of the Senate

I hereby certify that S.B. No. 1286 passed the House on May 5, 2023, by the following vote:  Yeas 142, Nays 2, three present not voting.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    Chief Clerk of the House

Approved:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_             Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_           Governor