

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

1 Subsection (c), including rules establishing requirements for a
2 request made under Subsection (c)(3).

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

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

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

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

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

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

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

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

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

1 (d) If a physician or health care provider fails to submit a
2 claim in compliance with this section, the physician or provider
3 forfeits the right to payment [~~unless the failure to submit the~~
4 ~~claim in compliance with this section is a result of a catastrophic~~
5 ~~event that substantially interferes with the normal business~~
6 ~~operations of the physician or provider~~].

7 (e) The period for submitting a claim under this section may
8 be extended by:

9 (1) contract;

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

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

17 (e-1) The commissioner may adopt rules to implement
18 Subsection (e), including rules establishing requirements for a
19 request made under Subsection (e)(3).

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

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

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

26 (A) the commissioner published a notice allowing
27 an extension of the applicable prompt payment deadlines due to the

1 catastrophic event; or

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

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

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

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

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

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

S.B. No. 1286

President of the Senate

Speaker of the House

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