

By: Schwertner

S.B. No. 1286

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to prompt payment deadlines for health benefit plan  
3 claims affected by a catastrophic event.

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

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

8 (b) If a physician or provider fails to submit a claim in  
9 compliance with this section, the physician or provider forfeits  
10 the right to payment [~~unless the failure to submit the claim in  
11 compliance with this section is a result of a catastrophic event  
12 that substantially interferes with the normal business operations  
13 of the physician or provider~~].

14 (c) The period for submitting a claim under this section may  
15 be extended by:

16 (1) contract;

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

20 (3) the department's approval of a physician's or  
21 provider's request for an extension due to a catastrophic event  
22 that substantially interferes with the normal business operations  
23 of the physician or provider.

24 (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.