

BILL ANALYSIS

Senate Research Center
89R3195 RDR-D

H.B. 541
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Health & Human Services
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The rising cost of health care in Texas has made it increasingly difficult for patients to access quality care. State law provides for a direct primary care model, which allows patients to pay an agreed upon fee directly to a physician without interference from insurance companies, but the law currently does not apply to other health care practitioners such as nurses, dentists, or psychologists.

H.B. 541 would expand primary care to cover a broader category called direct patient care. This model would allow patients to pay a physician or health care practitioner directly—without insurance—for services. The statutory provisions affected by the bill do the following:

- establish the noninsurance nature of direct care;
- prohibit billing an insurer or health maintenance organization (HMO) for direct care paid under an applicable agreement;
- prohibit a state agency, health insurer, HMO, or health care provider from taking certain actions against providers of direct care or persons paying for direct care; and
- require a provider to disclose that an agreement for direct care is not insurance prior to entering into the agreement.

What's more, H.B. 541 would change definitions of the following:

- "health care practitioner" meaning an individual other than a physician who holds a license, certificate, permit, or other authorization issued under state law to engage in a health care profession and who provides health care in the ordinary course of business or practice of a profession; and
- "health care service" meaning any care, service, or procedure provided by a physician or health care practitioner, including any medical or psychological diagnosis, treatment, evaluation, advice, or other service that affects the structure or function of the human body.

H.B. 541 would seek to expand this model to allow for direct pay relationships with any type of health care practitioner, with the goal of improving health care access and outcomes for Texans.

H.B. 541 amends current law relating to the provision of direct patient care by physicians and health care practitioners.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Transfers Subchapter F, Chapter 162, Occupations Code, to Subtitle A, Title 3, Occupations Code, redesignates it as Chapter 117, Occupations Code, and amends it as follows:

CHAPTER 117. New heading: DIRECT PATIENT CARE

Sec. 117.001. DEFINITIONS. Redesignates existing Section 162.251 as 117.001. Redefines "direct fee" and "physician," defines "direct patient care," "direct patient care

agreement," "health care practitioner," and "health care service," and deletes existing definitions of "direct primary care," "medical service agreement," and "primary medical care service."

Sec. 117.002. New heading: **APPLICABILITY OF CHAPTER**. Redesignates existing Section 162.252 as Section 117.002 and makes a conforming change.

Sec. 117.003. New heading: **DIRECT PATIENT CARE NOT INSURANCE**. Redesignates existing Section 162.253 as Section 117.003. (a) Provides that a physician or health care practitioner providing direct patient care, rather than direct primary care, is not an insurer or health maintenance organization, and the physician or practitioner is not subject to regulation by the Texas Department of Insurance (TDI) for the direct patient. Makes a conforming changes.

(b) Provides that a direct patient care agreement, rather than a medical service agreement, is not health or accident insurance or coverage under Title 8 (Health Insurance and Other Health Coverages), Insurance Code, and is not subject to regulation by TDI.

(c) Makes conforming changes to this subsection.

(d) Makes conforming changes to this subsection.

Sec. 117.004. **BILLING INSURER OR HEALTH MAINTENANCE ORGANIZATION PROHIBITED**. Redesignates existing Section 162.254 as Section 117.004 and makes conforming changes.

Sec. 117.005. **INTERFERENCE PROHIBITED**. Redesignates existing Section 162.255 as Section 117.005. (a) Makes conforming and nonsubstantive changes to this subsection.

(b) Makes conforming changes to this subsection.

Sec. 117.006. **REQUIRED DISCLOSURE**. Redesignates existing Section 162.256 as Section 117.006 and makes conforming changes.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2025.