

AN ACT

relating to billing and reimbursement for certain medical equipment, devices, and supplies provided to Medicare enrollees; creating a criminal offense.

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

SECTION 1. Subtitle C, Title 5, Insurance Code, is amended by adding Chapter 566 to read as follows:

CHAPTER 566. BILLING FOR CERTAIN MEDICAL EQUIPMENT, DEVICES, AND SUPPLIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 566.001. DEFINITIONS. In this chapter:

(1) "Assignment" means an agreement in which a supplier agrees to accept the Medicare-approved amount as payment for medical equipment or a medical device or supply.

(2) "Durable medical equipment" means medical equipment that:

(A) can withstand repeated use;

(B) is expected to last at least three years;

(C) is primarily and customarily used to serve a medical purpose;

(D) is generally not useful in the absence of an illness or injury; and

(E) is appropriate for use in the home.

(3) "Enrollee" means an individual enrolled in

1 Medicare.

2 (4) "Medicare" means the health benefit coverage
3 provided under the Health Insurance for the Aged Act (42 U.S.C.
4 Section 1395 et seq.).

5 (5) "Nonparticipating supplier" means an entity or
6 person who:

7 (A) provides Medicare-covered durable medical
8 equipment, orthotic devices or supplies, or prosthetic devices or
9 supplies to Medicare enrollees; and

10 (B) is not enrolled in Medicare as a
11 participating supplier.

12 (6) "Orthotic device or supply" means:

13 (A) a custom-fitted or custom-fabricated medical
14 device designed to correct a deformity, improve function, or
15 relieve symptoms of a disease; or

16 (B) a medical supply related to a device
17 described by Paragraph (A).

18 (7) "Prosthetic device or supply" means:

19 (A) an artificial medical device designed to
20 replace all or part of a limb or internal organ; or

21 (B) a medical supply related to a device
22 described by Paragraph (A).

23 SUBCHAPTER B. REGULATION OF CERTAIN BILLING PRACTICES

24 Sec. 566.051. LIMITATIONS ON BILLING; NOTICE. (a) A
25 nonparticipating supplier may not charge an enrollee more than 115
26 percent of the Medicare-approved amount for durable medical
27 equipment, orthotic devices or supplies, or prosthetic devices or

supplies covered under Medicare for which the supplier has not accepted written assignment unless:

(1) before the enrollee is billed, the enrollee agrees in writing to pay the additional amount; and

(2) before receiving the durable medical equipment, orthotic device or supply, or prosthetic device or supply, the enrollee:

(A) enters into a rental payment plan; or

(B) pays the additional amount in full.

(b) A written agreement between a nonparticipating supplier and enrollee under this section must provide notice to the enrollee that:

(1) Medicare will reimburse 80 percent of the Medicare-approved amount for durable medical equipment, orthotic devices or supplies, or prosthetic devices or supplies covered under Medicare; and

(2) a Medicare supplement benefit plan issuer is not required to reimburse the nonparticipating supplier or enrollee for the amount by which the charge exceeds 115 percent of the Medicare-approved amount.

SUBCHAPTER C. ENFORCEMENT

Sec. 566.101. APPLICATION OF DECEPTIVE TRADE PRACTICES LAW.

A nonparticipating supplier who violates this chapter engages in a false, misleading, or deceptive act or practice under Section [17.46](#), Business & Commerce Code.

Sec. 566.102. CRIMINAL OFFENSE. (a) A nonparticipating supplier who intentionally violates this chapter commits an

1 offense.

2 (b) An offense under this section is a misdemeanor
3 punishable by a fine of not less than \$500 or more than \$1,000.

4 (c) Notwithstanding any other law, an offense under this
5 section may be prosecuted in:

6 (1) Travis County; or

7 (2) a county in which prosecution is authorized under
8 the Code of Criminal Procedure.

9 SECTION 2. Subchapter B, Chapter 1652, Insurance Code, is
10 amended by adding Section 1652.059 to read as follows:

11 Sec. 1652.059. REIMBURSEMENT FOR CERTAIN MEDICAL
12 EQUIPMENT, DEVICES, AND SUPPLIES. (a) In this section, terms
13 defined by Section 566.001 have the meanings assigned by that
14 section.

15 (b) A Medicare supplement benefit plan issuer is not
16 required to reimburse an enrollee or nonparticipating supplier for
17 the amount by which a charge for durable medical equipment,
18 orthotic devices or supplies, or prosthetic devices or supplies
19 exceeds 115 percent of the Medicare-allowed amount for the
20 equipment, device, or supply.

21 (c) This section does not prohibit a Medicare supplement
22 benefit plan issuer and a nonparticipating supplier from
23 negotiating a level and type of reimbursement for durable medical
24 equipment or orthotic or prosthetic devices or supplies.

25 SECTION 3. Chapter 566, Insurance Code, as added by this
26 Act, applies only to durable medical equipment or orthotic or
27 prosthetic devices or supplies sold on or after the effective date

S.B. No. 1330

1 of this Act.

2 SECTION 4. This Act takes effect September 1, 2025.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1330 passed the Senate on April 1, 2025, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1330 passed the House on May 24, 2025, by the following vote: Yeas 133, Nays 0, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor