

By: Hinojosa of Hidalgo

S.B. No. 1616

A BILL TO BE ENTITLED

AN ACT

relating to certain payment recovery and recoupment efforts under Medicaid and the child health plan program.

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

SECTION 1. Section 544.0502, Government Code, as effective April 1, 2025, is amended by amending Subsection (i) and adding Subsection (j) to read as follows:

(i) The executive commissioner shall adopt rules necessary to implement this section, including rules establishing due process procedures that a managed care organization must follow when engaging in payment recovery efforts as provided by this section. In adopting the rules establishing due process procedures, the executive commissioner shall require that a managed care organization or an organization's contracted entity that engages in payment recovery efforts as provided by this section and Section 544.0503 provide to ~~[a provider required to use electronic visit verification]~~:

(1) a provider required to use electronic visit verification written notice of the organization's intent to recoup overpayments in accordance with Section 544.0503; and

(2) a provider, regardless of whether the provider is required to use electronic visit verification, a minimum of [at least] 60 days after the provider has exhausted all rights to an appeal to cure any defect in a claim, including by submitting

1 necessary documentation for the claim or resubmitting the claim,
2 before the organization may begin efforts to collect overpayments.

3 (j) A managed care organization or the organization's
4 contracted entity that engages in payment recovery efforts under
5 this section or Section 544.0503, in conducting an audit or other
6 review of a claim for equipment, supplies, or services for which the
7 organization granted prior authorization, may not review:

8 (1) the medical necessity determination; or

9 (2) an error in the claim documentation for the
10 previously approved equipment, supplies, or services, if the error
11 was not made by the provider.

12 SECTION 2. Section 544.0504, Government Code, as effective
13 April 1, 2025, is amended to read as follows:

14 Sec. 544.0504. RECOVERY AUDIT CONTRACTORS. To the extent
15 required under Section 1902(a)(42), Social Security Act (42 U.S.C.
16 Section 1396a(a)(42)), the commission shall establish a program
17 under which the commission contracts with one or more recovery
18 audit contractors to identify [~~Medicaid~~] underpayments and
19 overpayments under Medicaid, including under the Medicaid managed
20 care program, and recover the overpayments.

21 SECTION 3. If before implementing any provision of this Act
22 a state agency determines that a waiver or authorization from a
23 federal agency is necessary for implementation of that provision,
24 the agency affected by the provision shall request the waiver or
25 authorization and may delay implementing that provision until the
26 waiver or authorization is granted.

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