By: Menéndez   S.B. No. 1811

A BILL TO BE ENTITLED

1   AN ACT

2 relating to the use of extrapolation by a health maintenance

3 organization or an insurer to audit claims.

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

5   SECTION 1. Section 843.010, Insurance Code, as effective

6 April 1, 2025, is amended to read as follows:

7   Sec. 843.010. APPLICABILITY OF CERTAIN PROVISIONS TO

8 GOVERNMENTAL HEALTH BENEFIT PLANS. Sections 843.306(f), 843.322,

9 and 843.363(a)(4) do not apply to coverage under:

10   (1) the child health plan program under Chapter 62,

11 Health and Safety Code, or the health benefits plan for children

12 under Chapter 63, Health and Safety Code; or

13   (2) a Medicaid program, including a Medicaid managed

14 care program operated under Chapter 540 or 540A, Government Code,

15 as applicable.

16   SECTION 2. Subchapter I, Chapter 843, Insurance Code, is

17 amended by adding Section 843.322 to read as follows:

18   Sec. 843.322. USE OF EXTRAPOLATION PROHIBITED. (a) In this

19 section, "extrapolation" means a mathematical process or technique

20 used by a health maintenance organization in the audit of a

21 participating physician or provider to estimate audit results or

22 findings for a larger batch or group of claims not reviewed by the

23 health maintenance organization.

24   (b) A health maintenance organization may not use

1 extrapolation to complete an audit of a participating physician or

2 provider. Any additional payment due a participating physician or

3 provider or any refund due the health maintenance organization must

4 be based on the actual overpayment or underpayment and may not be

5 based on an extrapolation.

6 　　　　SECTION 3.　Subchapter B, Chapter 1301, Insurance Code, is

7 amended by adding Section 1301.0643 to read as follows:

8 　　　　Sec. 1301.0643.　USE OF EXTRAPOLATION PROHIBITED.　(a)　In

9 this section, "extrapolation" means a mathematical process or

10 technique used by an insurer in the audit of a preferred provider to

11 estimate audit results or findings for a larger batch or group of

12 claims not reviewed by the insurer.

13 　　　　(b)　An insurer may not use extrapolation to complete an

14 audit of a preferred provider.　Any additional payment due a

15 preferred provider or any refund due the insurer must be based on

16 the actual overpayment or underpayment and may not be based on an

17 extrapolation.

18 　　　　SECTION 4.　The change in law made by this Act applies only

19 to the audit of a physician or provider under a contract with an

20 insurer or health maintenance organization entered into or renewed

21 on or after the effective date of this Act.

22 　　　　SECTION 5.　This Act takes effect September 1, 2025.