

By: Hancock

S.B. No. 2579

A BILL TO BE ENTITLED

AN ACT

relating to health care and insurance fraud; creating a criminal offense; authorizing a civil penalty.

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

SECTION 1. Section 544.0103(e), Government Code, as effective April 1, 2025, is amended to read as follows:

(e) The office of inspector general may:

(1) assess administrative penalties otherwise authorized by law on behalf of the commission or a health and human services agency;

(2) request that the attorney general obtain an injunction to prevent a person from disposing of an asset the office of inspector general identifies as potentially subject to recovery by the office of inspector general due to the person's fraud or abuse;

(3) provide for coordination between the office of inspector general and special investigative units formed by managed care organizations under Subchapter H or entities with which managed care organizations contract under that subchapter;

(3-a) provide for coordination between the office of inspector general and the Texas Department of Insurance, as provided by Section 701.110, Insurance Code, to coordinate health care fraud detection and prevention in the state;

(4) audit the use and effectiveness of state or

1 federal funds, including contract and grant funds, administered by  
2 a person or state agency receiving the funds from a health and human  
3 services agency;

4 (5) conduct investigations relating to the funds  
5 described by Subdivision (4); and

6 (6) recommend policies to:

7 (A) promote the economical and efficient  
8 administration of the funds described by Subdivision (4); and

9 (B) prevent and detect fraud and abuse in the  
10 administration of those funds.

11 SECTION 2. The heading to Subchapter B, Chapter 701,  
12 Insurance Code, is amended to read as follows:

13 SUBCHAPTER B. REPORTING FRAUDULENT INSURANCE ACTS; CIVIL REMEDIES

14 SECTION 3. Subchapter B, Chapter 701, Insurance Code, is  
15 amended by adding Section 701.053 to read as follows:

16 Sec. 701.053. CIVIL REMEDIES. (a) Except as provided by  
17 Subsection (c), a person who violates Section 35A.02(a-1), Penal  
18 Code, is liable to the state for:

19 (1) the amount of a payment made by or the value of a  
20 benefit provided by a health benefit plan issuer, directly or  
21 indirectly, as a result of the violation, including any payment  
22 made to a third party;

23 (2) interest on the amount of the payment or the value  
24 of the benefit described by Subdivision (1) at the prejudgment  
25 interest rate in effect on the day the payment or benefit was  
26 received or paid, for the period from the date the benefit was  
27 received or paid to the date that the state recovers the amount of

the payment or value of the benefit;

(3) a civil penalty of:

(A) not less than \$5,500 and not more than \$15,000 for each violation committed by the person that results in injury to an elderly person, as defined by Section 48.002(a)(1), Human Resources Code, a person with a disability, as defined by Section 48.002(a)(8)(A), Human Resources Code, or a person younger than 18 years of age; or

(B) not less than \$5,500 and not more than \$11,000 for each violation committed by the person that does not result in injury to a person described by Paragraph (A); and

(4) two times the amount of the payment or the value of the benefit described by Subdivision (1).

(b) In determining the amount of the civil penalty described by Subsection (a)(3), the trier of fact shall consider:

(1) whether the person has previously violated Section 35A.02(a-1), Penal Code;

(2) the seriousness of the violation committed by the person, including the nature, circumstances, extent, and gravity of the violation;

(3) whether the health and safety of the public or an individual was threatened by the violation;

(4) whether the person acted in bad faith when the person engaged in the conduct that formed the basis of the violation; and

(5) the amount necessary to deter future violations.

(c) The trier of fact may assess a total of not more than two

times the amount of a payment or the value of a benefit described by Subsection (a)(1) if the trier of fact finds that:

(1) the person reported to the insurance fraud unit of the department all information known to the person about the violation not later than the 30th day after the date on which the person first obtained the information; and

(2) at the time the person furnished all the information to the insurance fraud unit of the department, the insurance fraud unit of the department had not yet begun an investigation under this chapter.

SECTION 4. Section [701.102](#), Insurance Code, is amended to read as follows:

Sec. 701.102. INVESTIGATION OF CERTAIN ACTS OF FRAUD. (a) If the commissioner has reason to believe a person has engaged in, is engaging in, has committed, or is about to commit a fraudulent insurance act, the commissioner may conduct any investigation necessary inside or outside this state to:

(1) determine whether the act occurred; or

(2) aid in enforcing laws relating to fraudulent insurance acts, including by providing technical or litigation assistance to other governmental agencies.

(b) In exercising the commissioner's authority under Subsection (a), the commissioner shall prioritize investigating alleged violations of Section [35A.02](#)(a-1), Penal Code.

(c) Except as provided by Section 701.214, the department may retain up to 50 percent of any money recovered as a result of an investigation conducted under Subsection (b). The department shall

1 remit the remaining amount of money to the person or persons harmed  
2 by the offense.

3 SECTION 5. Subchapter C, Chapter 701, Insurance Code, is  
4 amended by adding Section 701.110 to read as follows:

5 Sec. 701.110. FRAUD PREVENTION PARTNERSHIP. (a) The  
6 department shall, in coordination with the Health and Human  
7 Services Commission office of inspector general, establish the  
8 fraud prevention partnership to detect and prevent health care  
9 fraud in this state across the private and public markets.

10 (b) The partnership shall include:

11 (1) a representative of one or more Medicaid managed  
12 care organizations;

13 (2) a representative of one or more health benefit  
14 plan issuers, as defined by Section 1222.0001; and

15 (3) any other appropriate person as determined by the  
16 commissioner and inspector general.

17 SECTION 6. Chapter 701, Insurance Code, is amended by  
18 adding Subchapter E to read as follows:

19 SUBCHAPTER E. ACTION BY PRIVATE PERSON

20 Sec. 701.201. ACTION BY PRIVATE PERSON AUTHORIZED. (a) A  
21 person may bring a civil action for a violation of Section  
22 35A.02(a-1), Penal Code, on behalf of the person and the state. The  
23 action must be brought in the name of the person and of the state.

24 (b) In an action brought under this subchapter, a person who  
25 violates Section 35A.02(a-1), Penal Code, is liable as provided by  
26 Section 701.053.

27 Sec. 701.202. INITIATION OF ACTION. (a) A person bringing

1 an action under this subchapter shall serve a copy of the petition  
2 and a written disclosure of substantially all material evidence and  
3 information the person possesses on the attorney general in  
4 compliance with the Texas Rules of Civil Procedure.

5 (b) A person shall file a petition for an action under this  
6 subchapter in camera and, except as provided by Section 701.203(b)  
7 or (c), the petition must remain under seal until the earlier of:

8 (1) the 180th day after the date the petition is served  
9 on the attorney general; or

10 (2) the date on which the state elects to intervene.

11 (c) A person bringing an action under this subchapter may  
12 not serve process on a defendant until the court orders service of  
13 process.

14 Sec. 701.203. STATE INTERVENTION. (a) The state may elect  
15 to intervene and proceed with an action under this subchapter not  
16 later than the 180th day after the date the attorney general  
17 receives the petition and the material evidence and information  
18 under Section 701.202(a).

19 (b) At the time the state intervenes in an action under this  
20 subchapter, the attorney general may file a motion with the court  
21 requesting that the petition remain under seal for an extended  
22 period.

23 (c) In an action under this subchapter, the state may, for  
24 good cause shown, move the court to extend the 180-day periods  
25 prescribed by Subsection (a) or Section 701.202(b). A motion under  
26 this subsection may be supported by affidavits or other submissions  
27 in camera.

1       Sec. 701.204. CONSENT REQUIRED FOR DISMISSAL. An action  
2 under this subchapter may be dismissed only if the court and the  
3 attorney general consent in writing to the dismissal and state  
4 their reasons for consenting.

5       Sec. 701.205. ANSWER BY DEFENDANT. A defendant is not  
6 required to file in accordance with the Texas Rules of Civil  
7 Procedure an answer to a petition filed under this subchapter until  
8 the petition is unsealed and served on the defendant.

9       Sec. 701.206. STATE DECISION; CONTINUATION OF ACTION. (a)  
10 Not later than the last day of the period prescribed by Section  
11 701.203(a) or an extension of that period as provided by Section  
12 701.203(c), the state shall:

13               (1) proceed with the action; or  
14               (2) notify the court that the state declines to take  
15 over the action.

16       (b) If the state declines to take over an action under this  
17 subchapter, the person bringing the action may proceed without the  
18 state's participation. A person proceeding under this subsection  
19 may recover for a violation for a period of up to six years before  
20 the date the action was filed, or for a period beginning when the  
21 violation occurred until up to three years from the date the state  
22 knows or reasonably should have known facts material to the  
23 violation, whichever of these two periods is longer, regardless of  
24 whether the violation occurred more than six years before the date  
25 the action was filed. Notwithstanding this subsection, a person  
26 proceeding under this subsection may not recover for a violation  
27 that occurred more than 10 years before the date the action was

1 filed.

2 (c) On request by the state, the state is entitled to be  
3 served with copies of all pleadings filed in an action under this  
4 subchapter and be provided at the state's expense with copies of all  
5 deposition transcripts. If the person bringing the action proceeds  
6 without the state's participation, the court, without limiting the  
7 status and right of that person, may permit the state to intervene  
8 at a later date on a showing of good cause.

9 Sec. 701.207. REPRESENTATION OF STATE BY PRIVATE ATTORNEY.  
10 The attorney general may contract with a private attorney to  
11 represent the state in an action under this subchapter with which  
12 the state elects to proceed.

13 Sec. 701.208. INTERVENTION BY OTHER PARTIES PROHIBITED. A  
14 person other than the state may not intervene or bring a related  
15 action based on the facts underlying a pending action under this  
16 subchapter.

17 Sec. 701.209. RIGHTS OF PARTIES IF STATE CONTINUES ACTION.  
18 (a) If the state proceeds with an action under this subchapter, the  
19 state has the primary responsibility for prosecuting the action and  
20 is not bound by an act of the person bringing the action. The person  
21 bringing the action has the right to continue as a party to the  
22 action, subject to the limitations set forth by this section.

23 (b) The state may dismiss an action under this subchapter  
24 notwithstanding the objections of the person bringing the action  
25 if:

26 (1) the attorney general notifies the person that the  
27 state has filed a motion to dismiss; and



1           (2) the court provides the person with an opportunity  
2 for a hearing on the motion.

3           (c) The state may settle an action under this subchapter  
4 with the defendant notwithstanding the objections of the person  
5 bringing the action if the court determines, after a hearing, that  
6 the proposed settlement is fair, adequate, and reasonable under all  
7 the circumstances. On a showing of good cause, the hearing may be  
8 held in camera.

9           (d) On a showing by the state that unrestricted  
10 participation during the course of the litigation by the person  
11 bringing an action under this subchapter would interfere with or  
12 unduly delay the state's prosecution of the action, or would be  
13 repetitious, irrelevant, or for purposes of harassment, the court  
14 may impose limitations on the person's participation, including:

15               (1) limiting the number of witnesses the person may  
16 call;

17               (2) limiting the length of the testimony of witnesses  
18 called by the person;

19               (3) limiting the person's cross-examination of  
20 witnesses; or

21               (4) otherwise limiting the participation by the person  
22 in the litigation.

23           (e) On a showing by a defendant in an action under this  
24 subchapter that unrestricted participation during the course of the  
25 litigation by the person bringing the action would be for purposes  
26 of harassment or would cause the defendant undue burden or  
27 unnecessary expense, the court may limit the participation by the

1 person in the litigation.

2 Sec. 701.210. STAY OF CERTAIN DISCOVERY. (a) On a showing  
3 by the state that certain actions of discovery by the person  
4 bringing an action under this subchapter would interfere with the  
5 state's investigation or prosecution of a criminal or civil matter  
6 arising out of the same facts, the court may stay the discovery for  
7 a period not to exceed 60 days.

8 (b) The court shall hear a motion to stay discovery under  
9 this section in camera.

10 (c) The court may extend the period prescribed by Subsection  
11 (a) on a further showing in camera that the state has pursued the  
12 criminal or civil investigation or proceedings with reasonable  
13 diligence and that any proposed discovery in the civil action will  
14 interfere with the ongoing criminal or civil investigation or  
15 proceedings.

16 Sec. 701.211. PURSUIT OF ALTERNATE REMEDY BY STATE. (a)  
17 Notwithstanding Section 701.201, the state may elect to pursue the  
18 state's claim through any alternate remedy available to the state,  
19 including any administrative proceeding to determine an  
20 administrative penalty. If an alternate remedy is pursued in  
21 another proceeding, the person bringing an action under this  
22 subchapter has the same rights in the other proceeding as the person  
23 would have had if the action had continued under this subchapter.

24 (b) A finding of fact or conclusion of law made in the other  
25 proceeding that has become final is conclusive on all parties to an  
26 action under this subchapter. For purposes of this subsection, a  
27 finding or conclusion is final if:

1           (1) the finding or conclusion has been finally  
2 determined on appeal to the appropriate court;

3           (2) no appeal has been filed with respect to the  
4 finding or conclusion and all time for filing an appeal has expired;  
5 or

6           (3) the finding or conclusion is not subject to  
7 judicial review.

8           Sec. 701.212. AWARD TO PRIVATE CLAIMANT. (a) If the state  
9 proceeds with an action under this subchapter, the person bringing  
10 the action is entitled, except as provided by Subsection (c), to  
11 receive at least 15 percent but not more than 25 percent of the  
12 proceeds of the action, depending on the extent to which the person  
13 substantially contributed to the prosecution of the action.

14           (b) If the state does not proceed with an action under this  
15 subchapter, the person bringing the action is entitled, except as  
16 provided by Subsection (c), to receive at least 25 percent but not  
17 more than 30 percent of the proceeds of the action. The entitlement  
18 of a person under this subsection is not affected by any subsequent  
19 intervention in the action by the state in accordance with Section  
20 701.206(c).

21           (c) If the court finds that an action under this subchapter  
22 is based primarily on disclosures of specific information, other  
23 than information provided by the person bringing the action,  
24 relating to allegations or transactions in a Texas or federal  
25 criminal or civil hearing, in a Texas or federal legislative or  
26 administrative report, hearing, audit, or investigation, or from  
27 the news media, the court may award the amount the court considers

appropriate but not more than 10 percent of the proceeds of the action. The court shall consider the significance of the information and the role of the person bringing the action in advancing the case to litigation.

(d) A payment to a person under this section shall be made from the proceeds of the action. A person receiving a payment under this section is also entitled to receive from the defendant an amount for reasonable expenses, reasonable attorney's fees, and costs that the court finds to have been necessarily incurred. The court's determination of expenses, fees, and costs to be awarded under this subsection shall be made only after the defendant has been found liable in the action or the claim is settled.

(e) In this section, "proceeds of the action" includes proceeds of a settlement of the action.

Sec. 701.213. REDUCTION OF AWARD. (a) If the court finds that an action under this subchapter was brought by a person who planned and initiated the violation on which the action was brought, the court may, to the extent the court considers appropriate, reduce the share of the proceeds of the action the person would otherwise receive under Section 701.212, taking into account the person's role in advancing the case to litigation and any relevant circumstances pertaining to the violation.

(b) If the person bringing an action under this subchapter is convicted of criminal conduct arising from the person's role in the violation, the court shall dismiss the person from the civil action and the person may not receive any share of the proceeds of the action. A dismissal under this subsection does not prejudice

1 the right of the state to continue the action.

2 Sec. 701.214. AWARD TO DEPARTMENT. (a) If the state  
3 proceeds with an action under this subchapter, the department is  
4 entitled to receive at least 15 percent but not more than 25 percent  
5 of the proceeds of the action, depending on the extent to which the  
6 department substantially contributed to the prosecution of the  
7 action.

8 (b) In this section, "proceeds of the action" includes  
9 proceeds of a settlement of the action.

10 Sec. 701.215. AWARD TO INJURED INSURER. If the person  
11 bringing an action under this subchapter is not an insurer harmed by  
12 the violation that is the subject of the action, the insurer is  
13 entitled to any money remaining after all awards and costs are  
14 distributed as provided by this subchapter, including, in an action  
15 where the state proceeds, reasonable expenses, reasonable  
16 attorney's fees, and costs to the state that the court finds to have  
17 been necessarily incurred.

18 Sec. 701.216. AWARD TO DEFENDANT FOR FRIVOLOUS ACTION.  
19 Chapter 105, Civil Practice and Remedies Code, applies to an action  
20 under this subchapter with which the state proceeds.

21 Sec. 701.217. CERTAIN ACTIONS BARRED. (a) A person may not  
22 bring an action under this subchapter that is based on allegations  
23 or transactions that are the subject of a civil action or an  
24 administrative penalty proceeding in which the state is already a  
25 party.

26 (b) The court shall dismiss an action or claim under this  
27 subchapter, unless opposed by the attorney general, if

1 substantially the same allegations or transactions as alleged in  
2 the action or claim were publicly disclosed in a Texas or federal  
3 criminal or civil hearing in which the state or an agent of the  
4 state is a party, in a legislative or administrative report of this  
5 state, or other hearing, audit, or investigation in this state, or  
6 from the news media, unless the person bringing the action is an  
7 original source of the information. In this subsection, "original  
8 source" means an individual who:

9 (1) before a public disclosure described by this  
10 subsection, has voluntarily disclosed to the state the information  
11 on which allegations or transactions in a claim are based; or

12 (2) has knowledge that is independent of and  
13 materially adds to the publicly disclosed allegations or  
14 transactions and who has voluntarily provided the information to  
15 the state before filing an action under this subchapter.

16 Sec. 701.218. STATE NOT LIABLE FOR CERTAIN EXPENSES. The  
17 state is not liable for expenses that a person incurs in bringing an  
18 action under this subchapter.

19 Sec. 701.219. RETALIATION AGAINST PERSON PROHIBITED. (a)  
20 A person, including an employee, contractor, or agent, who is  
21 discharged, demoted, suspended, threatened, harassed, or in any  
22 other manner discriminated against in the terms or conditions of  
23 employment because of a lawful act taken by the person or associated  
24 others in furtherance of an action under this subchapter, including  
25 investigation for, initiation of, testimony for, or assistance in  
26 an action filed or to be filed under this subchapter, or other  
27 efforts taken by the person to stop one or more violations is

1 entitled to:

2 (1) reinstatement with the same seniority status the  
3 person would have had but for the discrimination; and

4 (2) not less than two times the amount of back pay,  
5 interest on the back pay, and compensation for any special damages  
6 sustained as a result of the discrimination, including litigation  
7 costs and reasonable attorney's fees.

8 (b) A person may bring an action under this section in the  
9 appropriate district court not later than the third anniversary of  
10 the date on which the cause of action accrues. For purposes of this  
11 subsection, the cause of action accrues on the date the retaliation  
12 occurs.

13 Sec. 701.220. SOVEREIGN IMMUNITY NOT WAIVED. Except as  
14 provided by Section 701.216, this subchapter does not waive  
15 sovereign immunity.

16 Sec. 701.221. ATTORNEY GENERAL COMPENSATION. The attorney  
17 general may retain a reasonable portion of the amount recovered  
18 under this subchapter, not to exceed amounts specified in the  
19 General Appropriations Act, for the administration of this  
20 subchapter.

21 SECTION 7. Section 35A.01, Penal Code, is amended by adding  
22 Subdivisions (2-a), (2-b), and (2-c) and amending Subdivision (9)  
23 to read as follows:

24 (2-a) "Health benefit claim" means a written or  
25 electronically submitted request or demand that:

26 (A) is submitted by a person who provides or  
27 purports to provide a service or product to an individual covered

1 under a health benefit plan or by that person's agent and identifies  
2 a service or product provided or purported to have been provided to  
3 the covered individual as reimbursable under the health benefit  
4 plan, without regard to whether the money that is requested or  
5 demanded is paid and without regard to whether the individual was  
6 eligible for benefits under the health benefit plan; or

7 (B) states the income earned or expense incurred  
8 by a person in providing a service or product to an individual  
9 covered by a health benefit plan and is used to determine a rate of  
10 payment under the plan.

11 (2-b) "Health benefit plan" means a health insurance  
12 policy, a health care plan, as defined by Section 843.002,  
13 Insurance Code, or another agreement, contract, or evidence of  
14 coverage under which a person undertakes to provide, arrange for,  
15 pay for, or reimburse any part of the cost of health care services.

16 (2-c) "Health benefit plan issuer" means a person who  
17 is authorized or otherwise permitted by law to issue a health  
18 insurance policy, to arrange for or provide a health care plan, as  
19 defined by Section 843.002, Insurance Code, or to otherwise provide  
20 health benefit plan coverage.

21 (9) "Service" includes care or treatment of a health  
22 care recipient or an individual covered under a health benefit  
23 plan.

24 SECTION 8. Section 35A.02, Penal Code, is amended by adding  
25 Subsection (a-1) and amending Subsections (b) and (d) to read as  
26 follows:

27 (a-1) A person commits an offense if the person:



1           (1) knowingly makes or causes to be made a false  
2 statement or misrepresentation of a material fact to permit a  
3 person to receive from a health benefit plan issuer a benefit or  
4 payment that is not authorized or that is greater than the benefit  
5 or payment that is authorized;

6           (2) knowingly conceals or fails to disclose  
7 information that permits a person to receive from a health benefit  
8 plan issuer a benefit or payment that is not authorized or that is  
9 greater than the benefit or payment that is authorized;

10          (3) knowingly makes or causes to be made a health  
11 benefit claim to a health benefit plan issuer for:

12           (A) a service or product that has not been  
13 approved or acquiesced in by a treating physician or health care  
14 practitioner;

15           (B) a service or product that is substantially  
16 inadequate or inappropriate when compared to generally recognized  
17 standards within the particular discipline or within the health  
18 care industry; or

19           (C) a product that has been adulterated, debased,  
20 or mislabeled or that is otherwise inappropriate; or

21          (4) knowingly enters into an agreement, combination,  
22 or conspiracy to defraud a health benefit plan issuer by obtaining  
23 or aiding another person in obtaining an unauthorized payment or  
24 benefit from a health benefit plan issuer.

25          (b) An offense under this section is:

26           (1) a Class C misdemeanor if the amount of any payment  
27 or the value of any monetary or in-kind benefit provided or claim

1 for payment made under a health care program, or the amount of a  
2 payment made by or the value of a benefit provided by or claim for  
3 payment made to a health benefit plan issuer, directly or  
4 indirectly, as a result of the conduct is less than \$100;

5 (2) a Class B misdemeanor if the amount of any payment  
6 or the value of any monetary or in-kind benefit provided or claim  
7 for payment made under a health care program, or the amount of a  
8 payment made by or the value of a benefit provided by or claim for  
9 payment made to a health benefit plan issuer, directly or  
10 indirectly, as a result of the conduct is \$100 or more but less than  
11 \$750;

12 (3) a Class A misdemeanor if the amount of any payment  
13 or the value of any monetary or in-kind benefit provided or claim  
14 for payment made under a health care program, or the amount of a  
15 payment made by or the value of a benefit provided by or claim for  
16 payment made to a health benefit plan issuer, directly or  
17 indirectly, as a result of the conduct is \$750 or more but less than  
18 \$2,500;

19 (4) a state jail felony if:

20 (A) the amount of any payment or the value of any  
21 monetary or in-kind benefit provided or claim for payment made  
22 under a health care program, or the amount of a payment made by or  
23 the value of a benefit provided by or claim for payment made to a  
24 health benefit plan issuer, directly or indirectly, as a result of  
25 the conduct is \$2,500 or more but less than \$30,000;

26 (B) the offense is committed under Subsection  
27 (a)(11); or

1 (C) it is shown on the trial of the offense that  
2 the amount of the payment or value of the benefit described by this  
3 subsection cannot be reasonably ascertained;

4 (5) a felony of the third degree if:

5 (A) the amount of any payment or the value of any  
6 monetary or in-kind benefit provided or claim for payment made  
7 under a health care program, or the amount of a payment made by or  
8 the value of a benefit provided by or claim for payment made to a  
9 health benefit plan issuer, directly or indirectly, as a result of  
10 the conduct is \$30,000 or more but less than \$150,000; or

11 (B) it is shown on the trial of the offense that  
12 the defendant submitted more than 25 but fewer than 50 fraudulent  
13 claims under a health care program or to a health benefit plan  
14 issuer, as applicable, and the submission of each claim constitutes  
15 conduct prohibited by Subsection (a) or (a-1), as applicable;

16 (6) a felony of the second degree if:

17 (A) the amount of any payment or the value of any  
18 monetary or in-kind benefit provided or claim for payment made  
19 under a health care program, or the amount of a payment made by or  
20 the value of a benefit provided by or claim for payment made to a  
21 health benefit plan issuer, directly or indirectly, as a result of  
22 the conduct is \$150,000 or more but less than \$300,000; or

23 (B) it is shown on the trial of the offense that  
24 the defendant submitted 50 or more fraudulent claims under a health  
25 care program or to a health benefit plan issuer, as applicable, and  
26 the submission of each claim constitutes conduct prohibited by  
27 Subsection (a) or (a-1), as applicable; or

1           (7) a felony of the first degree if the amount of any  
2 payment or the value of any monetary or in-kind benefit provided or  
3 claim for payment made under a health care program, or the amount of  
4 a payment made by or the value of a benefit provided by or claim for  
5 payment made to a health benefit plan issuer, directly or  
6 indirectly, as a result of the conduct is \$300,000 or more.

7           (d) When multiple payments or monetary or in-kind benefits  
8 are provided under one or more health care programs or by one or  
9 more health benefit plan issuers as a result of one scheme or  
10 continuing course of conduct, the conduct may be considered as one  
11 offense and the amounts of the payments or monetary or in-kind  
12 benefits aggregated in determining the grade of the offense.

13           SECTION 9. Section 3(a)(3), Article 37.07, Code of Criminal  
14 Procedure, is amended to read as follows:

15           (3) Regardless of the plea and whether the punishment  
16 is assessed by the judge or the jury, during the punishment phase of  
17 the trial of an offense under Section 35A.02, Penal Code, subject to  
18 the applicable rules of evidence, the state and the defendant may  
19 offer evidence not offered during the guilt or innocence phase of  
20 the trial concerning the total pecuniary loss to the affected  
21 health care program or health benefit plan issuer, as applicable,  
22 caused by the defendant's conduct or, if applicable, the scheme or  
23 continuing course of conduct of which the defendant's conduct is  
24 part. Evidence may be offered in summary form concerning the total  
25 pecuniary loss to the affected health care program or health  
26 benefit plan issuer, as applicable. Testimony regarding the total  
27 pecuniary loss to the affected health care program or health

1 benefit plan issuer, as applicable, is subject to  
2 cross-examination. Evidence offered under this subdivision may be  
3 considered by the judge or jury in ordering or recommending the  
4 amount of any restitution to be made to the affected health care  
5 program or health benefit plan issuer, as applicable, or the  
6 appropriate punishment for the defendant.

7       SECTION 10. The change in law made by this Act applies only  
8 to an offense committed on or after the effective date of this Act.  
9 An offense committed before the effective date of this Act is  
10 governed by the law in effect at the time the offense was committed,  
11 and the former law is continued in effect for that purpose. For  
12 purposes of this section, an offense was committed before the  
13 effective date of this Act if any element of the offense occurred  
14 before that date.

15       SECTION 11. This Act takes effect September 1, 2025.