

BILL ANALYSIS

C.S.H.B. 3494
By: Shine
Appropriations
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties report frustration with the state workers' compensation system, specifically with regard to the processing of authorizations of payment for medical services and medical bills. C.S.H.B. 3494 seeks to address this frustration by means of a demonstration program for processing these payment authorizations that would connect stakeholders electronically on a single platform and allow real-time communication, claim management, and decision-making.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3494 amends the Labor Code to authorize the State Office of Risk Management (SORM) to develop and implement a demonstration program for processing workers' compensation authorizations of payment for medical services and medical bills in real time if SORM determines that a demonstration program would be cost-effective. The bill requires SORM to make a determination as to whether the demonstration program would be cost-effective not later than January 1, 2018, and if SORM determines the program would be cost-effective to fully implement the demonstration program not later than January 1, 2019. The bill requires the demonstration program to include a secure single platform, Internet-based portal for use by SORM, state agencies, injured employees, and health care providers; the ability to collect, input, and transmit administrative and clinical data; an automated process to streamline requests for authorizations of payment for medical services and peer reviews at the point of care; and return to work best practices for workers' compensation claims. The bill requires the workers' compensation research and evaluation group to assist SORM in identifying and adopting measures for evaluating the demonstration program and requires the evaluation period for the demonstration program to end on June 30, 2020.

C.S.H.B. 3494 requires SORM, if SORM implements a demonstration program, to provide to the risk management board a report not later than December 31, 2020, that evaluates the program, including any effects of the program on administrative cost savings, and recommends whether to use the process implemented under the program on a permanent basis. The bill authorizes the board, if the report indicates that administrative cost savings are achieved by that process, to adopt and use the process on a permanent basis. The bill's provisions expire September 1, 2021.

EFFECTIVE DATE

85R 28454

17.124.579

Substitute Document Number: 85R 26760

On passage, or, if the bill does not receive the necessary vote, September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3494 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter B, Chapter 412, Labor Code, is amended by adding Section 412.0129 to read as follows:

Sec. 412.0129. AUTHORIZATION OF PAYMENT FOR MEDICAL SERVICES AND MEDICAL BILLING REAL-TIME PROCESSING DEMONSTRATION PROGRAM. (a) The office shall develop and implement a demonstration program for processing workers' compensation authorizations of payment for medical services and medical bills in real-time.

(b) The demonstration program described by Subsection (a) must include:

(1) a secure single platform, web-based portal for use by the office, state agencies, injured employees, and health care providers;

(2) the ability to collect, input, and transmit administrative and clinical data, including:

(A) patient information;

(B) provider contracts;

(C) treatment guidelines; and

(D) other information the office considers necessary for processing authorizations and medical bills;

(3) an automated process to streamline requests for authorizations of payment for medical services and peer reviews at the point of care; and

(4) return to work best practices for workers' compensation claims, including complex case management.

(c) The office shall work with the workers' compensation research and evaluation group to identify and adopt measures for evaluating the demonstration program.

(d) The evaluation period for the demonstration program shall end on June 30, 2020.

(e) Not later than December 31, 2020, the office shall provide to the board a report that:

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter B, Chapter 412, Labor Code, is amended by adding Section 412.0129 to read as follows:

Sec. 412.0129. AUTHORIZATION OF PAYMENT FOR MEDICAL SERVICES AND MEDICAL BILLING REAL-TIME PROCESSING DEMONSTRATION PROGRAM. (a) The office may develop and implement a demonstration program for processing workers' compensation authorizations of payment for medical services and medical bills in real time if the office determines that the program would be cost-effective.

(b) The demonstration program described by Subsection (a) must include:

(1) a secure single platform, Internet-based portal for use by the office, state agencies, injured employees, and health care providers;

(2) the ability to collect, input, and transmit administrative and clinical data, including:

(A) patient information;

(B) provider contracts;

(C) treatment guidelines; and

(D) other information the office considers necessary for processing authorizations and medical bills;

(3) an automated process to streamline requests for authorizations of payment for medical services and peer reviews at the point of care; and

(4) return-to-work best practices for workers' compensation claims, including complex case management.

(c) The workers' compensation research and evaluation group shall assist the office in identifying and adopting measures for evaluating the demonstration program.

(d) The evaluation period for the demonstration program shall end on June 30, 2020.

(e) If the office implements a demonstration program under this section, not later than December 31, 2020, the office shall provide to the board a report that:

(1) evaluates the program, including any effects of the program on administrative cost savings; and
(2) recommends whether to use the process implemented under the program on a permanent basis.
(f) If the report of the demonstration program under Subsection (e) indicates that administrative cost savings are achieved by the process implemented under the program, the board may adopt and use the process on a permanent basis.
(g) This section expires September 1, 2021.

SECTION 2. (a) Not later than January 1, 2018, the State Office of Risk Management shall begin developing the demonstration program under Section 412.0129, Labor Code, as added by this Act.

(b) Not later than January 1, 2019, the State Office of Risk Management shall fully implement the demonstration program developed under Section 412.0129, Labor Code, as added by this Act.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.

(1) evaluates the program, including any effects of the program on administrative cost savings; and
(2) recommends whether to use the process implemented under the program on a permanent basis.
(f) If the report of the demonstration program under Subsection (e) indicates that administrative cost savings are achieved by the process implemented under the program, the board may adopt and use the process on a permanent basis.
(g) This section expires September 1, 2021.

SECTION 2. Not later than January 1, 2018, the State Office of Risk Management shall make a determination as to whether the demonstration program described by Section 412.0129, Labor Code, as added by this Act, would be cost-effective.

If the office determines the program would be cost-effective and decides to implement the program, the office shall fully implement the program not later than January 1, 2019.

SECTION 3. Same as introduced version.