

SUBJECT: Prohibiting denial of payment for certain preauthorized health services

COMMITTEE: Insurance — committee substitute recommended

VOTE: 7 ayes — Lucio, Oliverson, S. Davis, Julie Johnson, Lambert, C. Turner, Vo

0 nays

2 absent — G. Bonnen, Paul

WITNESSES: For — Krista Armstrong, Advanced Orthopaedics and Sports Medicine; (*Registered, but did not testify:* Tucker Frazier, Kyle Frazier Consulting; Daniel Chepkaskas and Kyle Frazier, Patient Choice Coalition of Texas; Bradford Shields, Texas Federation of Drug Stores, Texas Society of Health-System Pharmacists; Courtney Hoffman, Texas Association for Behavior Analysis PPG; Clayton Stewart, Texas Medical Association; Bobby Hillert, Texas Orthopaedic Association; Bonnie Bruce, Texas Society of Anesthesiologists)

Against — None

On — (*Registered, but did not testify:* Jamie Walker, Texas Department of Insurance)

BACKGROUND: Insurance Code ch. 1217 governs the standard request form required by the Texas Department of Insurance for prior authorization of health care services.

Observers suggest that some health insurance providers may give prior authorization for treatment, then deny payment after a patient receives care, leaving patients responsible for all or part of the treatment cost.

DIGEST: CSHB 1273 would prohibit a health benefit plan issuer from denying or reducing payment to health providers for previously authorized health care services based on medical necessity or appropriateness of care unless the

health provider materially misrepresented the proposed services or substantially failed to perform the proposed services.

The bill would not apply to a denial, recoupment, or suspension of or reduction in a payment to physicians or health providers made by a managed care organization under the direction of the Health and Human Services Commission's office of the inspector general. If fraud and abuse in Medicaid or the Children's Health Insurance Program were detected, the bill also would not apply to a recovery by a managed care organization

The bill would not limit a physician or health provider's liability in a civil action alleging Medicaid fraud or for a violation of state or federal law governing Medicaid or benefits under the Children's Health Insurance Program.

The bill would take effect September 1, 2019.