

BILL ANALYSIS

Senate Research Center
76R3283 PB-F

S.B. 130
By: Nelson
Economic Development
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As Filed

DIGEST

Currently, health care providers may contract with health insurance plans to give a discounted rate on their services in exchange for being listed as a “preferred provider.” An insurer or independent agent may deliberately mislead providers and doctors by claiming to belong to an exclusive preferred provider arrangement to receive a discount. This bill would hold insurers in violation of an unfair act or deceptive practice under the Insurance Code, if the insurers knowingly mislead a provider into giving them discounts to which the insurers are not entitled.

PURPOSE

As proposed, S.B. 130 holds insurers in violation of an unfair act or deceptive practice under the Insurance Code, if the insurers knowingly mislead a provider into giving them discounts to which the insurers are not entitled.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 3.70-3C, Insurance Code, as added by Chapter 1024, Acts of the 75th Legislature, Regular Session, 1997, by adding Section 7A, as follows:

Sec. 7A. MISREPRESENTATION REGARDING DISCOUNT PROHIBITED. (a) Provides that this section applies to an insurer, an agent of an insurer, and an administrator regulated under Article 21.07-6 of this code.

(b) Prohibits a person to whom this section applies from representing to a physician or health care provider that the person is entitled to a preferred provider discount or other discount in the fees charged by the physician or health care provider for services rendered to an insured under certain conditions.

(c) Prohibits this section from being waived by contract.

(d) Provides that a person violating this section commits an unfair act or deceptive practice in violation of Articles 21.21 and 21.21-2 of this code.

SECTION 2. Emergency clause.

Effective date: upon passage.