

## **BILL ANALYSIS**

Senate Research Center  
79R12296 PB-D

C.S.S.B. 698  
By: Van de Putte  
State Affairs  
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Committee Report (Substituted)

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

Although a hospital or other facility may be a network provider under a managed care health benefit plan, physicians and other health care providers, who provide services through such a network facility, may not be contracted with the network. Current Texas law states that these non-contracted providers may bill an enrollee of the health benefit plan for any balance of charges over the allowed amount paid by the health benefit plan, in addition to any required deductibles, copayments, or coinsurance. Often, the enrollee is not aware that the providers are not members of the network to which the facility belongs until the enrollee's balance is billed by the providers, creating a financial hardship to the enrollee.

C.S.S.B. 698 limits the ability of non-contracted providers to balance bill enrollees for charges not paid by the health benefit plan.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 (Section 1456.005, Insurance Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subtitle F, Title 8, Insurance Code, as effective April 1, 2005, by adding Chapter 1456, as follows:

#### **CHAPTER 1456. DISCLOSURE OF PROVIDER STATUS**

Sec. 1456.001. DEFINITIONS. Defines "balance billing," "enrollee," "health care facility," "health care practitioner," "health care provider," and "provider network."

Sec. 1456.002. APPLICABILITY OF CHAPTER. Provides that this chapter applies to any health benefit plan that provides benefits for medical or surgical expenses incurred as a result of a health condition, accident, or sickness, including an individual, group, blanket, or franchise insurance policy or insurance agreement, a group hospital service contract, or an individual or group evidence of coverage that is offered by specific entities or provides health and accident coverage through a risk pool created under Chapter 172 (Texas Political Subdivisions Uniform Group Benefits Program), Local Government Code, notwithstanding Section 172.014 (Application of Certain Laws), Local Government Code, or any other law.

Sec. 1456.003. REQUIRED DISCLOSURE: HEALTH BENEFIT PLAN. (a) Requires each health benefit plan that provides health care through a provider network to provide notice to its enrollees that:

(1) a facility-based physician or other health care practitioner may not be included in the health benefit plan's provider network; and

(2) a health care practitioner described by Subdivision (1) may balance bill the enrollee for amounts not paid by the health benefit plan.

(b) Requires the health benefit plan to provide the disclosure in writing to each enrollee in any materials sent to the enrollee in conjunction with issuance or

renewal of the plan's insurance policy or evidence of coverage, an explanation of payment summary provided to the enrollee, or any other analogous document that describes the enrollee's benefits under the plan.

Sec. 1456.004. **REQUIRED DISCLOSURE: HEALTH CARE FACILITY.** (a) Requires each health care facility that has entered into a contract with a health benefit plan to serve as a provider in the health benefit plan's provider network to provide notice to enrollees receiving health care services at the facility that:

(1) a facility-based physician or other health care practitioner may not be included in the health benefit plan's provider network; and

(2) a health care practitioner described by Subdivision (1) may balance bill the enrollee for amounts not paid by the health benefit plan.

(b) Requires the health care facility to provide the disclosure, in writing, at the time the enrollee is first admitted to the facility or first receives services at the facility.

Sec. 1456.005. **COMMISSIONER RULES; FORM OF DISCLOSURE.** Authorizes the commissioner of insurance, by rule, to prescribe specific requirements for the disclosure required under Sections 1456.003 and 1456.004. Requires the form of the disclosure to include specific information.

SECTION 2. Effective date: upon passage or September 1, 2005.