

## BILL ANALYSIS

Senate Research Center

H.B. 522  
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State Affairs  
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Engrossed

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

Health plans maintain and provide information regarding enrollee eligibility information. This information is increasingly available to participating providers and enrollees by telephone, electronically, or by an Internet website portal. However, there are no statutory requirements that a health plan update this information in a timely manner, potentially leading to unexpected, out-of-pocket costs for enrollees. Increasing the availability and accuracy of this health care information may be in the best interest of the health plans, providers, and enrollees.

Additionally, most health plans issue enrollee information cards that refer to the card holder's eligibility standards and coverage levels. Creating a pilot program regarding these cards may help to spread their use to other health plans.

H.B. 522 requires the commissioner of insurance to appoint certain persons to the technical advisory committee on electronic data exchange. This bill requires that committee to establish the standards by which health plans and providers will expand their use of up-to-date electronic data systems to accurately determine the eligibility and coverage levels of enrollees. Additionally, this bill requires an identification card pilot program to commence not later than September 1, 2008.

### RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 (Sections 1660.004 and 1660.102, Insurance Code) of this bill.

### SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 8, Insurance Code, by adding Subtitle J, as follows:

#### SUBTITLE J. HEALTH INFORMATION TECHNOLOGY

#### CHAPTER 1660. ELECTRONIC DATA EXCHANGE

#### SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1660.001. FINDINGS AND PURPOSE. (a) Provides that the legislature finds that patients deserve accurate, instantaneous information about coverage and financial responsibility to make well-informed decisions about their treatment and spending.

(b) Provides that the legislature finds that the ability of health benefit plan issuers and administrators (issuers and administrators) to exchange eligibility and benefit information with physicians, health care providers, hospitals, and patients will ensure a more efficient and effective health care delivery system.

(c) Provides that the legislature finds that electronic access to eligibility information will reduce the amount of time and resources spent on administrative functions, prevent abuse and fraud, streamline and simplify processing of insurance claims, and increase transparency in premium cost and health care cost.

(d) Provides that the legislature finds that patients often request information about their health care coverage from their health care providers (providers) and

that providers therefore need access to real-time information about their patients' eligibility to receive health care under, the coverage of health care under, and the benefits associated with the health benefit plan.

(e) Provides that the legislature finds that adoption of technology by insurers, health maintenance organizations (HMOs), and providers to facilitate use of electronic data exchange standards currently available will make coverage and health care electronic transactions more predictable, reliable, and consistent.

Sec. 1660.002. DEFINITIONS. Defines "administrator," "advisory committee," "enrollee," "health benefit plan," and "transaction standards."

Sec. 1660.003. APPLICABILITY. (a) Provides that this chapter applies only to certain health benefit plans that provide benefits for medical or surgical expenses incurred as a result of a health condition, accident, or sickness.

(b) Provides that this chapter does not apply to a Medicaid managed care program operated under Chapter 533 (Implementation of Medicaid Managed Care Program), Government Code, a Medicaid program operated under Chapter 32 (Medical Assistance Program), Human Resources Code, or the state child health plan or any similar plan operated under Chapter 62 (Child Health Plan for Certain Low-Income Children) or 63 (Health Benefits Plan for Certain Children), Health and Safety Code.

Sec. 1660.004. GENERAL RULEMAKING. Authorizes the commissioner of insurance (commissioner) to adopt rules as necessary to implement this chapter, including rules requiring the implementation and provision of the technology recommended by the advisory council.

[Reserves Sections 1660.005-1660.050 for expansion.]

#### SUBCHAPTER B. ADVISORY COMMITTEE

Sec. 1660.051. ADVISORY COMMITTEE; COMPOSITION. (a) Requires the commissioner to appoint a technical advisory committee on electronic data exchange (advisory committee).

(b) Sets forth the composition of the committee.

(c) Provides that members of the advisory committee (committee members) serve without compensation.

Sec. 1660.052. APPLICABILITY OF CERTAIN LAWS. Provides that Section 39.003(a) (regarding the amount of public representation on an advisory body), and Chapter 2110 (State Agency Advisory Committees), Government Code, do not apply to the advisory committee.

Sec. 1660.053. ADVISORY COMMITTEE POWERS AND DUTIES. Requires the advisory committee to advise the commissioner on technical aspects of using transaction standards and rules of the Council for Affordable Quality Health Care Committee on Operating Rules for Information Exchange (council) to require issuers and administrators to provide access to information technology that will enable physicians and other providers to generate a request for eligibility information that is compliant with the transactions standards at the point of service.

Sec. 1660.054. DATA ELEMENTS. (a) Requires the advisory committee to advise the commissioner on data elements required to be made available by issuers and administrators. Requires the committee to use the framework adopted by the council to the extent possible.

- (b) Requires the advisory committee to consider inclusion of certain data elements in the required information.

Sec. 1660.055. RECOMMENDATIONS REGARDING ADOPTION OF CERTAIN TECHNOLOGIES; REPORT. (a) Requires the advisory committee to make recommendations regarding the use of certain technologies by issuers and administrators to facilitate the generation of a request for eligibility information that is compliant with council rules and standards, to ensure that such a recommendation does not endorse or otherwise confine issuers and administrators to any single product or vendor, and to recommend time frames for implementation of the recommendations.

- (b) Requires the advisory committee to recommend specific provisions that could be included in a Texas Department of Insurance (TDI)-issued request for information relating to electronic data exchange, to provide those recommendations to the commissioner not later than four months after the date on which the committee is appointed, and to issue a final report to the commissioner containing the committee's recommendations for implementation by September 1, 2009.

[Reserves Sections 1660.056-1660.100 for expansion.]

#### SUBCHAPTER C. IDENTIFICATION CARD PILOT PROGRAM

Sec. 1660.101. PILOT PROGRAM. (a) Requires the commissioner to designate a county or counties for initial participation in an identification card pilot program (pilot program) to begin not later than September 1, 2008.

- (b) Requires the commissioner to require the issuer that is offered in the designated county or counties to issue identification cards to comply with commissioner rules to each enrollee of the plan.

- (c) Authorizes the commissioner to implement the pilot program before, during, or simultaneously with the appointment and formation of the advisory committee.

Sec. 1660.102. PILOT PROGRAM RULES. (a) Requires the commissioner to adopt certain rules as necessary to implement the pilot program.

- (b) Authorizes the commissioner to consider the recommendations of the advisory committee or any information provided in response to a TDI-issued request for certain information relating to electronic data exchange.

- (c) Requires the commissioner to consider the requirements of any federal program requiring issuers and administrators to provide point-of-service access to physicians and other providers regarding eligibility information before adopting rules to implement this section.

Sec. 1660.103. REQUESTS FOR INFORMATION. Authorizes the commissioner to issue requests for information as needed to implement the pilot program.

Sec. 1660.104. HEALTH BENEFIT PLAN ISSUER COMPLIANCE. (a) Requires each issuer that offers a health benefit plan in a designated county or designated counties to comply with this subchapter and rules adopted under this subchapter.

- (b) Authorizes the commissioner to require an issuer to submit its procedures for implementations of the requirements of this subchapter to TDI in the form prescribed by the commissioner to ensure timely compliance with said requirements.

SECTION 2. Effective date: upon passage or September 1, 2007.