

BILL ANALYSIS

C.S.H.B. 1445
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The comptroller of public accounts recently determined that the preparation of a medical insurance claim, prior to claim submission, is an inherent part of the insurance claim process and that medical billing services to prepare a claim for filing therefore constitute insurance claims adjusting or claims processing, which means they are taxable insurance services. As a result of this determination, the comptroller adopted a rule scheduled to go into effect later this year subjecting medical billing services to taxation. There have been calls for the legislature to act before that rule goes into effect and expressly exempt these services from the sales and use tax. C.S.H.B. 1445 seeks to answer those calls and exclude both medical and dental billing services performed before the submission of a claim, including a claim under certain government-funded programs, from the insurance services subject to taxation.

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. 1445 amends the Tax Code to exclude from the insurance services subject to the sales and use tax a medical or dental billing service, as defined by the bill, that is performed before the original submission of one of the following claims:

- a medical or dental insurance claim related to health or dental coverage; or
- a claim related to health or dental coverage made to a medical assistance program funded by the federal government, a state government, or both.

EFFECTIVE DATE

January 1, 2022.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1445 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute adds the following services to those that are excluded from the taxable insurance services:

- a dental billing service performed before the original submission of a related insurance claim; and
- a medical or dental billing service performed before the original submission of a related claim made to an applicable medical assistance program.