

- SUBJECT:** Expanding mediation procedures for certain health benefit claims
- COMMITTEE:** Insurance — committee substitute recommended
- VOTE:** 9 ayes — Phillips, Muñoz, R. Anderson, Gooden, Oliverson, Paul, Sanford, Turner, Vo
- 0 nays
- WITNESSES:** For — Blake Hutson, AARP Texas; Stacey Pogue, Center for Public Policy Priorities; Amanda Martin, Texas Association of Business; Jamie Dudensing, Texas Association of Health Plans; David Teuscher, Texas Medical Association; (*Registered, but did not testify*: Shelby Massey, American Heart Association; Patricia Kolodzey, Blue Cross Blue Shield of Texas; Gyl Switzer, Mental Health America of Texas; Greg Hansch, National Alliance on Mental Illness (NAMI) Texas; Will Francis, National Association of Social Workers-Texas Chapter; Adriana Kohler, Texans Care for Children; Lee Manross, Texas Association of Health Underwriters; Jennifer Cawley, Texas Association of Life and Health Insurers; Ann Fickel, Texas Classroom Teachers Association; Michael Grimes, Texas College of Emergency Physicians; Craig Holzheaser, Texas EMS Alliance; Sara Gonzalez, Texas Hospital Association; Joshua Houston, Texas Impact; Kathy Hutto, Texas Occupational Therapy Association; Rachael Reed, Texas Ophthalmological Association; Bobby Hillert, Texas Orthopaedic Association; Jenna Courtney, Texas Radiological Society; Brock Gregg, Texas Retired Teachers Association; Price Ashley, Texas Society of Pathologists; Dwight Harris, Texas AFT)
- Against — None
- On — Jill Sluder, Texas Ambulatory Surgery Center Society; Rick Morris, Texas Attorney Mediators Coalition; (*Registered, but did not testify*: Doug Danzeiser, Beverly Rosendahl, and Jamie Walker, Texas Department of Insurance; Katrina Daniel, Teacher Retirement System)
- BACKGROUND:** Insurance Code, ch. 1467 establishes mandatory mediation of certain

settlements of an out-of-network health benefit claim. An individual qualifies for mediation if he or she receives benefits through a preferred provider benefit plan or a plan under the Texas Employees Group Benefits Act. An enrollee can request mediation if:

- the bill is \$500 after copayments, deductibles, and coinsurance; and
- the claim is for a medical service or supply provided by a facility-based physician in a hospital that is a preferred provider or that has a contract with the administrator of the health benefit plan.

Facility-based physicians include radiologists, anesthesiologists, pathologists, emergency department physicians, neonatologists, or assistant surgeons.

If an enrollee requests mediation, the physician, or a representative, and the insurer or administrator must participate in the mediation.

DIGEST:

CSHB 1566 would expand mandatory mediation procedures for settlements to certain out-of-network health benefit claims. An individual would qualify for mediation if he or she received benefits through the Teacher Retirement System of Texas (TRS), including TRS-Care and TRS-ActiveCare. Mediation could be requested for a claim for emergency care or a health care service or supply provided by a physician, health care practitioner, facility or other health care provider. Facilities under this provision would include a licensed ambulatory surgical center, birthing center, hospital, or a freestanding emergency medical care facility.

The bill also would require facility-based providers and emergency care providers to include certain information in a bill for an out-of-network health benefit claim eligible for mediation. The bill would have to contain a plain-language explanation of the mediation process, a statement on the possibility of reduced out-of-pocket expenses, and certain contact information for the Texas Department of Insurance. This language requirement also would apply to an explanation of benefits sent to an enrollee by an insurer or administrator.

The bill also would repeal the requirement that a mediator report bad faith mediation to the commissioner of the Texas Medical Board.

The bill would take effect September 1, 2017, and would apply only to a claim for health care, medical services, or supplies provided on or after January 1, 2018.

**SUPPORTERS
SAY:**

CSHB 1566 would allow more consumers to use mediation to reduce the costs of unexpected medical bills. Mediation has proven to be an effective tool, reducing the amount of an average balance bill from \$1,150 to \$180. However, several health care facilities, insurance providers, and health plans do not currently qualify for mandatory mediation services. This expansion is needed to reduce the burden of health care costs on Texans.

The bill also would better inform consumers of the mediation procedures by adding certain disclosure language to medical bills sent to enrollees.

The bill would not need to address insurance companies because current law already requires a health benefit plan to provide an estimate of payments that will be made for a procedure within 10 days of an enrollee's request.

**OPPONENTS
SAY:**

While CSHB 1566 seeks to better inform patients of potential bills, it would not go far enough to expand requirements for more transparent billing information to insurance companies, which ultimately determine the amount of expenses covered. The bill would place those requirements only on insurance providers, so consumer still could receive surprise medical bills.

NOTES:

A companion bill, SB 507 by Hancock, was substituted and reported favorably from the House Committee on Insurance on May 2.