

- SUBJECT:** Changing late claim payment penalties for HMOs and PPOs
- COMMITTEE:** Insurance — favorable, without amendment
- VOTE:** 7 ayes — Lucio, Oliverson, G. Bonnen, S. Davis, Julie Johnson, C. Turner, Vo
- 2 nays — Lambert, Paul
- WITNESSES:** For — Rhonda Sandel, Gryphon Healthcare; Steve Bresnen and Jason Ray, Texas Association of Freestanding Emergency Centers; (*Registered, but did not testify*: Jeffery Addicks, Hospitality Health ER; James Mathis, Texas Ambulance Association; Jan Friese, Texas Counseling Association; Sandy Dunn; Olubusayo Obayan; Ninza Sanchez;)
- Against — Jamie Dudensing, Texas Association of Health Plans; (*Registered, but did not testify*: Jessica Boston, Texas Association of Business)
- On — Jamie Walker, Texas Department of Insurance
- BACKGROUND:** Insurance Code sec. 843.351 requires health maintenance organizations (HMOs) to promptly pay an out-of-network physician or provider for emergency care provided to an HMO enrollee. Sec. 843.342 establishes that if an HMO fails to pay a submitted claim before the payment deadline, the HMO must pay the provider the contracted rate owed on the claim plus a penalty.
- Sec. 1301.069 requires a preferred provider benefit plan to promptly pay an out-of-network physician or provider for emergency care provided to a person insured under the plan. Sec. 1301.137 establishes that if an insurer fails to pay a submitted claim before the payment deadline, the insurer must pay the preferred provider the contracted rate owed on the claim plus a penalty.
- DIGEST:** HB 1914 would specify that for the purposes of calculating a penalty for

health maintenance organizations and preferred provider benefit plans that failed to pay claims submitted by out-of-network emergency care providers before the payment deadline, the contracted rate would be the usual and customary rate for the services in the geographic area in which the service was provided.

The bill would take effect September 1, 2019, and would apply only to a claim filed on or after that date.

**SUPPORTERS
SAY:**

HB 1914 would close a loophole for penalties imposed on health insurance companies that fail to promptly pay emergency care claims to providers. Penalties for late payments currently are calculated based on the contract rate for in-network claims. Aligning this calculation with the usual and customary rate for out-of-network services would increase accountability of health insurance companies and ensure providers were fairly compensated. Clarifying that penalties for delayed payments applied to out-of-network emergency care also would help reduce mediations and lawsuits concerning unpaid claims.

**OPPONENTS
SAY:**

HB 1914 would unnecessarily expand health insurance companies' penalty requirements for late payments to out-of-network emergency care services. Using the usual and customary rate for late claim payments could incentivize providers to increase their health care service charges.