

SUBJECT: Prohibiting HMOs and PPOs from using extrapolation for auditing claims

COMMITTEE: Insurance — favorable, without amendment

VOTE: 8 ayes — Lucio, Oliverson, G. Bonnen, S. Davis, Julie Johnson, Lambert, C. Turner, Vo

1 nay — Paul

WITNESSES: For — William Lawson, Texas Chiropractic Association; (*Registered, but did not testify*: Daniel Chepkaukas, Patient Choice Coalition of Texas; Marshall Kenderdine, Texas Academy of Family Physicians; Mo Jahadi, Texas Chiropractic Association; Kyle Frazier, Texas Coalition for Quality Patient Care; Clayton Stewart, Texas Medical Association; Sandra Fortenberry, Texas Optometric Association; Tucker Frazier, Texas Pain Society; Bonnie Bruce, Texas Society of Anesthesiologists)

Against — None

On — (*Registered, but did not testify*: Debra Diaz-Lara, Texas Department of Insurance)

BACKGROUND: Insurance Code ch. 843 governs health maintenance organizations, and ch. 1301 governs preferred provider benefit plans.

Observers have noted that some health insurance plans conduct an audit of a provider's most recent claims and then extrapolate the audit's findings across the provider's entire claims history. These plans often will seek recoupment of overpayments based on that extrapolation without further review. Observers suggest this is an unjust burden on providers that should be addressed by ensuring insurance plans seek recoupment only on claims that are overpaid.

DIGEST: HB 2151 would prohibit a health maintenance organization (HMO) or insurer from using extrapolation to complete audits of claims submitted by physicians or providers. Any additional payment due a physician or

provider or any refund due an HMO or insurer would have to be based on the actual overpayment or underpayment and could not be based on an extrapolation.

The bill would define "extrapolation" as a mathematical process or technique used by an HMO or insurer to estimate audit results or findings for a larger batch or group of claims not reviewed by the HMO or insurer.

The bill would not apply to coverage under the state child health plan program or the health benefits plan for children. It also would not apply to the state Medicaid program, including a Medicaid managed care program.

The bill would take effect September 1, 2019, and would apply to the audit of a physician or provider under a contract with an insurer or HMO entered into or renewed on or after that date.