

SUBJECT: Revising provisions related to third-party payments for Medicaid enrollees

COMMITTEE: Human Services — committee substitute recommended

VOTE: 9 ayes — Frank, Rose, Campos, Hull, Klick, Manuel, Noble, Ramos, Shaheen

0 nays

WITNESSES: For — (*Registered, but did not testify*: Stacy Wilson, Children’s Hospital Association of Texas; Leela Rice, Texas Council of Community Centers)

Against — None

On — (*Registered, but did not testify*: Susan Biles, HHSC Office of the Inspector General)

BACKGROUND: Some have suggested that the state Medicaid program should align with new federal regulations related to third-party payments for services provided to Medicaid enrollees.

DIGEST: CSHB 3119 would revise provisions related to third-party payments for Medicaid enrollees. Third-party insurers that required prior authorization for an item or service would have to treat an authorization from the Medicaid program that the service would be covered under Medicaid as if that authorization was a prior authorization made by the third party insurer.

Third-party insurers would be required to respond to claim inquiries from Medicaid within 60 days of receiving an inquiry. An insurer could not deny a claim based on the failure to obtain prior authorization for the item or service for which the claim was being submitted if:

- the claim had been submitted within three years of the date the service was delivered; and
- the state had enforced its right to the claim within six years of

the date the claim had been submitted to the third party.

The bill would identify the third-party insurers that were subject to its provisions and would also identify benefit plans for which the provisions would not apply.

The bill would allow the commission to impose a penalty on a third-party insurer that did not comply with the bill's requirements.

If a state agency determined that a waiver or authorization from a federal agency was necessary for implementation of a provision in the bill, the agency would be required to request the waiver or authorization and implementation of that provision could be delayed until it had been received.

The bill would take effect September 1, 2023.