

SUBJECT:	Creating a bundled-pricing program for group benefits program plans
COMMITTEE:	Pensions, Investments & Financial Services — favorable, without amendment
VOTE:	6 ayes — Capriglione, Lambert, Bhojani, Bryant, Frazier, Plesa  0 nays  3 absent — Leo-Wilson, VanDeaver, Vo
WITNESSES:	For — Denise Massie, Boon Chapman; Angela Tabat, Boon Chapman Benefit Administrators; George Brown, Texas Medical Management, LLC  Against — None  On — ( <i>Registered, but did not testify</i> : Diana Kongevick, Employees Retirement System)
BACKGROUND:	Some have suggested that paying health care providers separately for each service to a patient could lead to the overprovision of services and increase costs.
DIGEST:	HB 840 would require the board of trustees of the Employees Retirement System of Texas (ERS) to develop a cost-positive bundled-pricing program for health benefit plans provided under the group benefits program. The board of trustees would contract with a third-party administrator to administer the program.  The program would have to be designed to reduce health care costs in the group benefits program by contracting with a health care facility, physician, or health care provider at a consolidated rate for an inpatient or outpatient surgery procedure that was a covered health care or medical service. The consolidated rate would have to include all fees related to the covered surgery procedure.

A participant could have only an inpatient or outpatient surgery procedure under the program and could not be required to pay a deductible or other cost-sharing requirement for a covered procedure. The board of trustees could require a participant in the state consumer-directed health plan to meet the patient's deductible before the plan paid for a covered surgery procedure.

To participate in the bundled-pricing program, a health care facility or provider would have to voluntarily and expressly agree in writing. A health care facility could not directly or indirectly coerce a facility-based provider to participate in the program or accept a lower rate for an inpatient or outpatient surgery procedure or take certain other actions based on the provider's participation or nonparticipation in the program.

The board of trustees, a health benefit plan, or a health benefit plan issuer could not directly or indirectly coerce a health care facility or provider to participate in the program, condition any plan participation on program participation, or penalize a facility or provider for choosing not to participate.

Before scheduling a procedure under the bundled-pricing program, a participating health care facility or provider would have to apply for approval from the program administrator. The approval application would have to include the consolidated rate for the procedure and any other information determined necessary.

In determining whether to approve a procedure under the bundled-pricing program, the program administrator would have to ensure the quality of care, ensure that the procedure's cost would be lower than if performed outside the program, and consider certain other factors specified in the bill.

The board of trustees would ensure that a participating health care facility or provider received payment for a covered surgery procedure within 30 days after the program administrator received a claim including certain

information. The program would have to include the methods by which payments were allocated among a participating health care facility or provider under conditions specified in the bill. A participating health care facility or provider could submit a payment request for unanticipated services required to be provided while performing a procedure.

A participating health care facility or provider would be required to provide a written disclosure to a participant or the participant's representative of the consolidated rate for a procedure provided under the program before scheduling the procedure. The board of trustees would have to publish certain information on the program on the ERS website and could adopt rules as necessary to implement the bill.

The bill would take effect September 1, 2023.