BILL ANALYSIS

Senate Research Center

H.B. 3603
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Engrossed

DIGEST

Currently, health care fraud and abuse drains up to $100 billion annually from the national health care system, and private sector health benefit programs are not immune to this problem. H.B. 3603 sets forth requirements for the Texas Department of Insurance's insurance fraud unit and insurers allowed to do business in Texas, regarding investigations.

PURPOSE

As proposed, H.B. 3603 sets forth requirements for the Texas Department of Insurance's insurance fraud unit and insurers allowed to do business in Texas, regarding investigations.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 1.10D, Insurance Code, by adding Section 1A, as follows:

> Sec. 1A. STATEMENT OF PUBLIC POLICY. Provides that the legislature finds and declares that the potential for abuse and illegal activities exists in the business of insurance. Provides that there are several agencies who are responsible for investigating and prosecuting fraudulent activity. Sets forth the intentions of this article.

SECTION 2. Amends Article 1.10D, Insurance Code, by adding Section 2A, as follows:

> Sec. 2A. INSURER ANTIFRAUD INVESTIGATIVE REPORTS. Requires the insurance fraud unit (unit) to take certain actions regarding all submitted insurer antifraud reports. Requires the unit to report annually in writing the number of completed cases and recommendations for new regulatory and statutory responses to the fraudulent activities the unit encounters.

SECTION 3. Amends Section 6, Article 1.10D, Insurance Code, by amending Subsection (a) and adding Subsection (e), to add certain entities to the list of entities which can be provided with reports or information to provide that a person is not subject to certain liability. Requires certain information to not be subject to public disclosure. Sets forth the authorized use of such information. Requires an insurer to exercise reasonable care concerning the accuracy of certain information.

SECTION 4. Amends Article 1.10D, Insurance Code, by adding Section 8, as follows:

> Sec. 8. NOTICE OF COMPLAINT TO HEALTH CARE PROVIDER REGULATORY BODY. Requires the unit to forward certain information regarding a complaint, to certain entities.

SECTION 5. Amends Chapter 3, Insurance Code, by adding Subchapter K, as follows:

> SUBCHAPTER K. INSURER ANTIFRAUD PROGRAMS
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> Art. 3.97-1. DEFINITIONS. Defines "health care provider" and "insurer."
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> Art. 3.97-2. NOTICE OF PENALTY FOR FALSE OR FRAUDULENT CLAIMS; DISPLAY ON FORMS. Sets forth a required statement and notice which an insurer is required to provide

to certain claimants, under certain conditions. Provides that the absence of such a notice on certain documents shall not constitute grounds against a criminal indictment regarding insurance fraud. Prohibits this section from applying to certain reinsurance transactions.

Art. 3.97-3. INSURER ANTIFRAUD PLANS. Requires every insurer allowed to do business in Texas to adopt an antifraud plan and file it with the unit. Requires the insurer to file annually thereafter any changes in its plan, and sets forth plan requirements.

SECTION 6. Amends Title 1, Health and Safety Code, by adding Section 2.001, as follows:

Sec. 2.001. PUBLIC POLICY. Establishes that Texas aggressively confronts the problem of health care fraud by facilitating the detection and prevention of fraud at its source.

SECTION 7. Amends Title 1, Health and Safety Code, by adding Section 2.002, as follows:

Sec. 2.002. DEFINITIONS. Defines "insurer," "health maintenance organization," and "health care provider."

SECTION 8. Amends Title 1, Health and Safety Code, by adding Section 2.003, as follows:

Sec. 2.003. UNPROFESSIONAL CONDUCT. Sets forth grounds for disciplinary actions and actions which constitute unprofessional conduct by a provider. Provides that a violation of this provision justifies suspension or revocation of a provider's license. Provides that the first and second convictions need not occur in the same jurisdiction for the imposition of revocation. Authorizes certain regulators of health care providers to probate a suspension or revocation if such action is in the public interest. Requires any determination to provide the reasons for, and conditions of, the probation.

SECTION 9. Amends Chapter 5A, Insurance Code, by adding Article 5.06-7, as follows:

Art. 5.06-7. SETTLEMENT OF CLAIM; REQUIRED STATEMENT OF FACTS. Defines "insurer." Prohibits an insurer from requiring a third party claimant to give a certain statement regarding a motor vehicle insurance claim, under certain conditions. Provides that this article does not apply if the insured is unable to give a statement for a reason outside the insurer's control.

SECTION 10. Makes application of Article 5.06-7, Insurance Code, as added by this Act, prospective.

SECTION 11. Effective date: September 1, 1999.

SECTION 12. Emergency clause.