

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 1248  
By: Nelson  
Human Services  
4/1/1999  
Committee Report (Substituted)

### **DIGEST**

The Texas Performance Review has called for the strengthening of data exchanges between health insurers, health maintenance organizations, and third party claims administrators and the Medicaid program to increase third party reimbursements. The Texas Department of Health (department) spent more than \$5.2 billion in federal and state Medicaid funds for medical services provided to certain low-income clients. Texas is required by federal law to make the Medicaid program the “payer of last resort” for persons who have other health plan coverage. This means that Medicaid should not pay the claim if any other health care insurance plan is liable for a claim. C.S.S.B. 1248 would require the department, not later than September 1, 2000, to submit a report to the legislature relating to third-party Medicaid recoveries made by the department, and an insurer to maintain a file system which contains certain information about each subscriber or policyholder and their dependents.

### **PURPOSE**

As proposed, C.S.S.B. 1248 regulates and provides penalties for Medicaid third-party recoveries.

### **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 Section 32.042, Human Resources Code, to require an insurer to maintain a file system that contains the name, address, including claim submission address, group policy number, employer’s mailing address, social security number, and date of birth of each subscriber or policyholder covered by the insurer and the name, address, including claim submission address, and date of birth of each dependent of each subscriber or policyholder covered by the insurer. Provides that a plan administrator, rather than third-party administrator, is subject to this subsection to the extent the information described in this subsection is made available to the plan administrator, rather than third-party administrator, from the plan. Prohibits an insurer from being required to provide information in response to a request under this section more than once every six months, rather than during a calendar year. Requires the Texas Department of Human Services (department) to enter into an agreement to reimburse an insurer for necessary and reasonable costs incurred in providing information requested under this section. Requires the procedures agreed to under this subsection to state the time and manner the procedures take effect. Provides that this section applies to a plan administrator in the same manner and to the same extent as an insurer if the plan administrator has the information necessary to comply with the applicable requirement. Defines “plan administrator” and “insurer.” Deletes text regarding a third party administrator being subjected to this section. Makes conforming changes.

SECTION 2. Amends Chapter 32B, Human Resources Code, by adding Section 32.0421, as follows:

Sec. 32.0421. ADMINISTRATIVE PENALTY FOR FAILURE TO PROVIDE INFORMATION. Authorizes the department to impose an administrative penalty on a person who does not comply with a request for information made under Section 32.042(b). Prohibits the amount of the penalty from exceeding \$10,000 for each day of noncompliance that occurs after the 180th day after the date of the request. Sets forth the basis for the amount of the penalty. Authorizes the enforcement of the penalty to be stayed during the time the order is under judicial review, if the person pays the penalty to the clerk of the court or files a supersedeas bond with the court in the amount of the penalty. Authorizes a person who cannot afford to pay a penalty or file a bond to stay the enforcement by filing an affidavit in a certain manner. Authorizes the attorney

general to sue to collect the penalty. Provides that a proceeding to impose the penalty is considered to be a contested case under Chapter 2001, Government Code.

SECTION 3. Requires the department, not later than September 1, 2000, to submit a report to the legislature relating to third-party Medicaid recoveries made by the department. Sets forth the required information required to be include in the report.

SECTION 4. Effective date: September 1, 1999.

SECTION 5. Emergency clause.

#### **SUMMARY OF COMMITTEE CHANGES**

##### SECTION 1.

Amends Section 32.042, Human Resources Code, to provide that a plan administrator, rather than third-party administrator, is subject to this subsection to the extent the information described in this subsection is made available to the plan administrator, rather than third-party administrator, from the plan. Provides that this section applies to a plan administrator in the same manner and to the same extent as an insurer if the plan administrator has the information necessary to comply with the applicable requirement. Deletes text regarding a third-party administrator being subject to this subsection to the extent the information described in this subsection is made available to the third-party administrator from the plan. Deletes text providing that this section applies to a plan administrator in the same manner and to the same extent as an insurer.