

## **BILL ANALYSIS**

Senate Research Center  
76R1126 MCK-D

S.B. 512  
By: Madla  
Economic Development  
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As Filed

### **DIGEST**

Currently, a health maintenance organization (HMO) may not bill a patient for health care services not paid by the patient's HMO plan, a process known as balance billing; a violation is a Class B misdemeanor. However, some health care providers that participate in an HMO plan do charge a patient the balance of the bill. S.B. 512 would prohibit hospitals and physicians from billing a patient charges not paid by the patient's HMO plan, and reclassify the prohibition as a third degree felony.

### **PURPOSE**

As proposed, S.B. 512 prohibits balance billing by physicians and hospitals and subjects the providers to actions against their license for the offense.

### **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 18A(g), Article 20A.18A, V.T.C.S., to require all contracts and other agreements between a health maintenance organization (HMO) and a physician or provider to specify that a physician or provider will hold an enrollee harmless for payment of the cost of covered health care services in the event the HMO fails to pay the provider for the full amount charged by the provider for the covered health care services.

SECTION 2. Amends Article 21.79F(b), Insurance Code, to make an offense under this article a felony of the third degree, rather than a Class B misdemeanor.

SECTION 3. Amends Chapter 6, Title 71, V.T.C.S., by adding Article 4496, as follows:

Art. 4496. BALANCE BILLING PROHIBITED. Defines "health care provider." Prohibits a health care provider, except a hospital governed by Section 241.0261, Health and Safety Code, from billing a patient for health care services in violation of Section 18A(g), Article 20A.18A, V.T.C.S. Authorizes a health care provider who violates this article to be disciplined by the appropriate licensing agency.

SECTION 4. Amends Chapter 241B, Health and Safety Code, by adding Section 241.0261, as follows:

Sec. 241.0261. BALANCE BILLING PROHIBITED. Prohibits a hospital from billing a patient for health care services in violation of Section 18A(g), Article 20A.18A, V.T.C.S.

SECTION 5. (a) Effective date: September 1, 1999.

(b)-(d) Makes application of this Act prospective.

SECTION 6. Emergency clause.