

BILL ANALYSIS

Senate Research Center

C.S.S.B. 890
By: Harris
Economic Development
4/14/1999
Committee Report (Substituted)

DIGEST

Currently, health maintenance organizations (HMOs) are regulated by the Texas Department of Insurance (department). Often, in order to provide medical care to their members, HMOs delegate various duties. These duties, which are usually delegated to independent physician groups, can include sharing or delegating management services, contracting, utilization review, and billing and claims payment services. Neither Texas statutes or department rules contain guidelines relating to the delegation of duties between HMOs and these delegated networks. C.S.S.B. 890 sets forth requirements for the delegation of duties by an HMO to ensure that the physician network is capable of delivering the delegated services.

PURPOSE

As proposed, C.S.S.B. 890 authorizes a health maintenance organization to delegate some of the organization's functions.

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 20A.02, Insurance Code, by adding Subsection (dd) and (ee), to define "delegation agreement" and "delegated network."

SECTION 2. Amends Chapter 20A, Insurance Code, by adding Section 18C, as follows:

Sec. 18C. DELEGATION OF CERTAIN FUNCTIONS TO DELEGATED NETWORKS. Requires a health maintenance organization (HMO) that enters into a delegated network to execute a written agreement with the network. Requires the HMO to file the agreement with the Texas Department of Insurance (department) by a certain date. Sets forth provisions that the agreement must contain. Sets forth information that an HMO must provide to each delegated network with which the HMO has a delegation agreement. Sets forth certain action that an HMO must take if the HMO finds that the monitoring plan, which must be included in the agreement, does not operate in accordance with the agreement or operates in a hazardous condition. Requires a delegated network to respond to a request from the HMO by a certain date. Requires the HMO to cooperate with the network to correct any failure by the network to comply with certain requirements of the department. Requires the HMO to notify the department and request intervention if the HMO does not receive a timely response or the HMO receives a timely response but the HMO and the network are unable to reach an agreement regarding the network's failures. Sets forth action that the department must undertake if the HMO requests intervention, including a review. Requires the department to report to the HMO and the network the results of its review by a certain date, but prohibits the department from reporting information regarding prices, costs of care, or other information not relevant to the monitoring plan. Requires the network to respond to the department's report and submit a corrective plan to the department and HMO by a certain date. Authorizes the network to withhold certain information regarding prices, cost of care, or other information not relevant to the plan. Provides that information required under certain subsections is confidential and is not subject to the open records law, or to a court or department subpoena, except under certain conditions. Authorizes the department to request that the network take corrective action to comply with certain statutory and regulatory requirements of the department. Authorizes the department to take certain action against a network that does not comply with the department's request.

SECTION 2. Effective date: September 1, 1999.

SECTION 3. Expires Articles 20A.02(dd) and (ee) and 20A.18C, Insurance Code, on September 2, 2003, unless continued by the legislature.

SECTION 4. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Adds Subsections (dd) and (ee), Article 20A.02, Insurance Code, to define “delegation agreement” and “delegated network.”

Deletes proposed Section 18B, Chapter 20, Insurance Code, regarding delegation of certain functions.

SECTION 2.

Adds Section 18C, Chapter 20, Insurance Code, regarding delegation of certain functions to delegated networks.

Redesignates proposed SECTIONS 2 as SECTION 3.

SECTION 3.

Redesignates proposed SECTION 3 as SECTION 5.

SECTION 4.

Adds an expiration provision regarding Articles 20A.02(dd) and (ee) and 20A.18C.