

BILL ANALYSIS

Senate Research Center
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S.B. 1832
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Markup practices for pathology services occur when a physician ordering the services bills the services at a higher rate to a patient or health plan in order to accrue a hidden profit for the service through billing the patient or third-party payor. Such practices have been deemed unethical under the explicit policies of the American Medical Association and are contrary to their specific coding guidelines. Pathologists who wish to deter such practices have little ability to do so, as current law requires that they bill their services through the referring physician.

As proposed, S.B. 1832 authorizes pathologists to directly bill health plans for their services, thereby avoiding such a markup.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the appropriate regulatory agencies of this state that issue licenses or certificates to the appropriate health care professionals in SECTION 2 (Section 182.002, Health and Safety Code) and SECTION 5 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends the heading of Subtitle I, Title 2, Health and Safety Code, to read as follows:

SUBTITLE I. MEDICAL RECORDS AND BILLING

SECTION 2. Amends Subtitle I, Title 2, Health and Safety Code, by adding Chapter 182, as follows:

CHAPTER 182. BILLING OF ANATOMIC PATHOLOGY SERVICES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 182.001. DEFINITIONS. Defines “anatomic pathology services,” “clinical laboratory,” “licensed practitioner,” “physician,” and “referring laboratory.”

Sec. 182.002. RULES. Authorizes the appropriate regulatory agency of this state that issues a license or certificate to a licensed practitioner to adopt rules necessary to implement this chapter.

[Reserves Sections 182.003-182.050 for expansion.]

SUBCHAPTER B. FEES OR CLAIMS FOR SERVICES

Sec. 182.051. LIMITATIONS ON BILLING SERVICES. Authorities a clinical laboratory or physician who provides anatomic pathology services for a patient in this state to present or cause to be presented a bill or demand for payment for the services provided by the laboratory or physician only to certain entities set forth in this section. Defines “nonprofit health clinic.”

Sec. 182.052. BILLING FOR SERVICES NOT PERFORMED OR SUPERVISED PROHIBITED. Prohibits a licensed practitioner from directly or indirectly charging a

bill, or otherwise soliciting payment for anatomic pathology services, except as provided by Section 182.053 and subject to Section 182.051, unless they were performed personally by the licensed practitioner or under the licensed practitioner's direct supervision, in accordance with Section 353, Public Health Service Act (42 U.S.C. Section 263a).

Sec. 182.053. REIMBURSEMENT; ASSIGNMENT OF BENEFITS. (a) Prohibits a patient, insurer, third-party payor, hospital, public health clinic, or nonprofit health clinic from being required to reimburse a licensed practitioner or clinical laboratory for a charge, bill, or demand for payment made or submitted in violation of this chapter. Provides that nothing in this chapter requires an assignment of benefits for anatomic pathology services.

Sec. 182.054. BILLING OF REFERRING LABORATORY. Provides that this chapter does not prohibit billing a referring laboratory for anatomic pathology services in circumstances in which a specimen must be sent to another specialist.

[Reserves Sections 182.055-182.100 for expansion.]

SUBCHAPTER C. ENFORCEMENT

Sec. 182.101. DISCIPLINARY ACTION. Provides that a licensed practitioner who violates this chapter or a rule adopted under this chapter by the appropriate regulatory agency of this state is subject to disciplinary action by that agency under applicable law, including revocation, suspension, or nonrenewal of the practitioner's license.

SECTION 3. Amends Section 161.061, Health and Safety Code, by adding Subsection (c) to require an agreement described by this section (Laboratory Information Required) to comply with Chapter 182, if applicable.

SECTION 4. Provides that Chapter 182, Health and Safety Code, as added by this Act, applies only to anatomic pathology services performed on or after this Act's effective date.

SECTION 5. Authorizes the appropriate regulatory agencies to adopt rules necessary to implement Chapter 182, Health and Safety Code, as added by this Act.

SECTION 6. Effective date: September 1, 2007.