

# PROCLAMATION

BY THE

## Governor of the State of Texas

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TO ALL TO WHOM THESE PRESENTS SHALL COME:

Pursuant to Article IV, Section 14, of the Texas Constitution, I, Rick Perry, Governor of Texas, do hereby disapprove of and veto House Bill No. 1862 passed by the Seventy-Seventh Texas Legislature, Regular Session, because of the following objections:

House Bill No. 1862 would erode the ability of a health plan to agree, through contract or otherwise, to settle contract disputes through alternative dispute resolution or binding arbitration. By eliminating the ability to include an alternative dispute resolution clause, this bill is likely to send more disputes to the courthouse for resolution, further delaying the payment of claims, driving up the cost of health insurance premiums, and increasing the number of uninsured Texans.

During the 76th Legislature, the legislature enacted measures requiring the prompt payment of physicians and health care providers by health plans, and created an unprecedented process enabling physicians to jointly negotiate with health plans. Joint negotiation was enacted, with my support, to strengthen the bargaining position of physicians with health plans to rectify through contract many of the issues that House Bill No. 1862 now seeks to address through statute. Final rules implementing these measures have only recently been adopted and deserve greater opportunity to achieve their intended results.

Other measures enacted during the most recent legislative session will also improve the implementation of and compliance with existing prompt pay laws. House Bill No. 2828 will tighten regulations and empower the Texas Department of Insurance to address delegated networks, which often serve as payment intermediaries between health plans and physicians or other health care providers.

However, unless significant improvements are soon realized and health plans demonstrate a strong commitment to prompt pay laws and to honoring their contractual relationships with physicians and health care providers, Texas may have to adopt stronger laws than those proposed in House Bill No. 1862.

To ensure compliance with our prompt pay laws, I am directing the Texas Department of Insurance to be more aggressive in assisting physicians and health care providers in claims disputes. The department will quickly reopen and strengthen existing prompt pay rules. Additionally, the department will continue its ombudsman program and seek feedback from health plans, physicians, and health care providers about additional measures that can be taken to expedite claims payment by health plans.

The department will present a report on these efforts in addition to recommendations for necessary action prior to the beginning of the next session.

Since the Legislature by its adjournment has prevented the return of this bill, I am filing these objections in the office of the Secretary of State and giving notice thereof by this public proclamation according to the aforementioned constitutional provision.



IN TESTIMONY WHEREOF, I have signed my name officially and caused the Seal of the State to be affixed hereto at Austin, this 17th day of June, 2001.

*Rick Perry*

Rick Perry  
Governor of Texas

ATTESTED BY:

*Henry Cuellar*  
Henry Cuellar, Ph.D.  
Secretary of State

June 17, 2001  
Austin, Texas

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
10:20 P.M. O'CLOCK

JUN 17 2001

Secretary of State