

SUBJECT: Requiring accreditation for workers' compensation health care networks

COMMITTEE: Business and Industry — committee substitute recommended

VOTE: 5 ayes — Darby, Bailey, Bohac, Castro, Zedler

1 nay — Giddings

1 present not voting — Elkins

2 absent — Martinez, Solomons

WITNESSES: For — None

Against — Joe Woods, Property Casualty Insurers Association of America; (*Registered, but did not testify*: Ron Cobb, American Insurance Association; Jonathan Sibley, Association of Fire and Casualty Companies)

On — Margaret Lazaretti, Texas Department of Insurance

BACKGROUND: In 2005, the 79th Legislature enacted major workers' compensation reforms through HB 7 by Solomons. Among its many provisions, HB 7 created workers' compensation health care networks to provide health care services to injured employees. The networks must be established by, or under contract with, an insurance carrier and certified in accordance with Insurance Code, ch. 1305 and commissioner rules.

DIGEST: CSHB 1285 would direct an insurance carrier that established or contracted with a certified network under the Texas Workers' Compensation Act to present satisfactory evidence to the commissioner of insurance that the network was accredited by the Utilization Review Accreditation Commission (URAC) or by a similar national organization recognized by the commissioner.

The bill would take effect September 1, 2007, and would require an insurance carrier that established or contracted with a workers' compensation health care network to comply not later than January 1, 2008.

**SUPPORTERS
SAY:**

CSHB 1285 would require a workers' compensation carrier that established or contracted with a certified network to provide health care services to injured workers to demonstrate to the commissioner that the network was URAC-accredited or accredited by a similar national organization. URAC is an independent, nonprofit organization known as a leader in promoting health care quality through its accreditation and certification programs. In its fourteenth year, URAC has become the largest accrediting entity for health care.

URAC enables all stakeholders to be represented in establishing quality measures for health care entities, including workers compensation networks. URAC has accredited more than 100 networks since 1995, and in some states, URAC has taken the place of government oversight. By requiring accreditation of certified networks, whether through URAC or a similar organization, CSHB 1285 would ensure that injured employees had access to quality medical care, provider competency, and utilization management.

**OPPONENTS
SAY:**

URAC accreditation is commendable, but it should remain voluntary as it is now by rule. In 12 years, URAC has accredited nationally more than 100 networks of health care providers for workers' compensation, an average of eight a year. At this pace, it is possible that URAC would be unable to accredit all the state's existing workers' compensation networks by January 1, 2008. When HB 7 was enacted last session, stakeholders were optimistic about the possibility of rate reductions it could generate. Those rate predictions, however, were based on at least 75 percent of all employees being in networks. CSHB 1285 could work against this goal by making it more difficult for some of these networks to obtain accreditation.