

SUBJECT: Billing disclosure for diagnostic imaging services

COMMITTEE: Public Health — committee substitute recommended

VOTE: 6 ayes — Kolkhorst, Coleman, Gonzales, Hopson, McReynolds, Zerwas
2 nays — J. Davis, Truitt
3 absent — Naishtat, S. King, Laubenberg

WITNESSES: For — Richard Strax, Texas Radiological Society; (*Registered, but did not testify*: Charles Bailey, Texas Hospital Association; Kandice Sanaie, Texas Association of Business; Lynda Woolbert, Coalition for Nurses in Advanced Practice)

Against — Christopher Ruud, Texas Society of Medical Oncology; (*Registered, but did not testify*: Michael Bay; Delbert Chumley, Kern Deschner, Stephen Utts Texas Society of Gastroenterology and Endoscopy; Patrick Reinhart, the San Antonio Orthopaedic Group, LLP; John Secor)

DIGEST: CSHB 2279 would add Occupations Code, ch. 116 to define and create standards for billing of diagnostic imaging services.

The bill would require a health care provider who did not directly supervise or perform the professional component of a diagnostic imaging service for a patient to disclose in the bill or itemized statement to a patient, insurer, or other third party payor:

- the name and address of the health care provider that provided the professional component of the diagnostic imaging service; and
- the net amount paid or to be paid for each professional component of the diagnostic imaging service provided to the patient by the health care provider.

A licensing authority with jurisdiction over a health care provider who could request or provide diagnostic imaging services could revoke, suspend, or refuse to renew the license of health care provider who violated this provision.

“Professional component of diagnostic imaging services” would be defined as the component of a medical imaging procedure that involves an interpretation to be performed by a health care provider, including the interpretation of a radiograph or the images produced by diagnostic imaging services. It would also include the cost associated with work performed by a health care provider, practice expenses, and medical liability associated with the interpretation of a diagnostic imaging service.

The bill would take effect September 1, 2009, and would apply only to applicable diagnostic imaging services conducted on or after that date.

**SUPPORTERS
SAY:**

CSHB 2279 would provide transparency in the billing process for the performance of advanced diagnostic imaging services, such as MRIs and CAT scans. The bill would require that all costs associated with a diagnostic imaging service, including interpreting the image and practice expenses, to be disclosed in the bill to patients and insurance providers. This would demystify the bill for consumers and insurers and allow them to know the true cost of the imaging service and who is charging for those services. This is especially important as fees for related health costs are commonly bundled together into a single fee. The bill is patterned after a similar bill enacted by the 80th Legislature, SB 1832 by Duncan, that required billing disclosures for anatomic pathology services.

By providing transparency to the process, the bill would reveal the increasingly common practice of “mark-up billing.” Mark-up billing occurs when a health care provider is paid a set amount by an insurance plan for the performance of a service but refers the performance of these services to a radiologist or a laboratory. The physician reimburses the radiologist or laboratory at a lower rate than the one paid by the insurance plan, and the referring physician keeps the difference. Physicians often employ this practice without revealing it in their bills or itemized statements, which is unethical. The bill would require physicians who practiced mark-up billing to do so in the open and would limit the ability of some physicians to charge for services that they had not truly provided.

The bill would not change how a diagnostic scan was performed, who might interpret the image, or the cost associated with the service. It simply would provide transparency so consumers and insurance providers understood the cost for these expensive services.

OPPONENTS
SAY:

This bill would be an unnecessary intrusion by the state into a physician's private practice. The current practice is well established and does not need to be changed.

OTHER
OPPONENTS
SAY:

While requiring greater transparency for diagnostic imaging services would be an improvement on current practice, CSHB 2279 would not go far enough. This bill would require only that billing statements be transparent and disclose information on individuals or entities involved in performing the service. While patients may be curious about the various costs and providers attached to diagnostic imaging services, an insured patient who did not incur extra costs as a result of mark-up billing would be unlikely to object to the practice or report it to the TMB. Instead of merely requiring transparency in billing, Texas should follow the lead of other states in banning the practice of mark-up billing altogether.