

- SUBJECT:** Contracts in workers' compensation provider networks
- COMMITTEE:** Business and Industry — committee substitute recommended
- VOTE:** 6 ayes — Oliveira, Bohac, Orr, E. Rodriguez, Walle, Workman  
0 nays  
1 absent — Villalba
- WITNESSES:** For — Marci Conlin, Healthsmart Preferred Care II LP; Bruce Singleton, Coventry Workers' Comp Services; (*Registered, but did not testify:* Ron Cobb, American Insurance Association; Cathy Dewitt, Texas Association of Business; Sam McMurry; Debra Mincher, Texas Occupational Therapy Association; Lucinda Saxon, American Association of Preferred Provider Organizations; Joe Woods, Property Casualty Insurers Association of America)  
  
Against — None  
  
On — Debra Diaz-Lara, Texas Department of Insurance; (*Registered, but did not testify:* Amy Lee, Texas Department of Insurance-Division of Workers' Compensation)
- BACKGROUND:** Workers' compensation is a no-fault, state-supervised system established under the Workers' Compensation Act (Labor Code, Title 5, subtitle A) to pay the medical expenses of employees who are injured on the job and to compensate them for lost earnings. Texas employers who carry optional workers' compensation insurance get protection from unlimited legal liability for employees' on-the-job injuries, and workers receive timely compensation without having to sue their employers.  
  
In 2005, the 79th Legislature enacted HB 7 by Solomons, which added ch. 1305 to the Insurance Code. This chapter allows workers' compensation insurance carriers to arrange medical care for injured workers through a network of providers certified by the Texas Department of Insurance (TDI).  
  
TDI-certified provider networks often contract with "specialty networks"

to provide certain types of care, such as laboratory services, radiology, and physical therapy. Specialty networks may also provide administrative and billing services. In exchange for providing access to a larger pool of providers and helping certified networks meet certain adequacy standards, specialty networks access increased numbers of patients, and injured workers have access to a broader range of covered providers.

The development of specialty networks as a commonplace feature within the workers' compensation system has led to an increasing number of disputes between networks over responsibility for provider reimbursement. Areas of uncertainty within network contracts also have interfered on occasion with the TDI-Workers' Compensation Division's ability to collect certain information necessary for comparing networks and distributing appropriate fee guidelines.

**DIGEST:**

CSHB 3152 would revise certain contract terms for certified provider networks, specialty networks, and providers.

CSHB 3152 would require that if a specialty network served as an agent of the health care provider, the contract between them must specify the certified network's contract rate for health care services. It also must specify the actual amount of provider reimbursement after applying the provider agent's fee for providing administrative services.

The bill also would require that if the specialty network was an agent for a health care provider in the certified network, this relationship be disclosed in the specialty network's contract with the certified network.

CSHB 3152 would specify that a contract between a specialty network and either a health care provider or a certified network must comply with all other provisions in Insurance Code, ch. 1305, governing workers' compensation health care networks. A contract between a specialty network and a health care provider that complied with these provisions would reimburse the provider at the contracted rate. Otherwise, the provider would be reimbursed at the certified network's contracted rate.

The bill would prohibit a certified network or specialty network from requiring a health care provider, as a condition of its contract with the certified network, to use that same specialty network as its agent.

The bill would apply to contracts between a health care provider and a

certified network or specialty network that were entered into or renewed on or after the bill's effective date. All contracts between certified networks and specialty networks would be governed by the bill's provisions beginning September 1, 2013.

The bill would take effect September 1, 2013.