

SUBJECT: Amending provisions related to payment recovery efforts by MCOs

COMMITTEE: Human Services — committee substitute recommended

VOTE: 6 ayes — Frank, Rose, Campos, Klick, Manuel, Ramos

2 nays — Hull, Noble

1 absent — Shaheen

WITNESSES: For — Adrienne Ryholt, Texas Medical Equipment Providers Association
(*Registered, but did not testify*: Isabel Casas, Texas Council of Community Centers)

Against — (*Registered, but did not testify*: Jessica Lynch, Texas Association of Health Plans)

BACKGROUND: Concerns have been raised that Medicaid or Children’s Health Insurance Plan (CHIP) managed care organizations can give prior authorization for a service but later deny coverage based on a lack of medical necessity.

DIGEST: CSHB 5018 would specify that a Medicaid or Children’s Health Insurance Plan (CHIP) managed care organization would be required to give any provider, rather than a provider required to use electronic visit verification, at least 60 days after the provider had exhausted all rights to an appeal to cure any defect in a claim. Submitting necessary documentation for the claim or resubmitting the claim before the organization could begin efforts to collect overpayments would be included in the rights to an appeal.

In conducting an audit or other review of a claim for which the organization granted prior authorization, a managed care organization that engaged in payment recovery efforts could not review the medical necessity determination or an error made in the claim documentation if the provider did not make the error.

If a state agency determined that a waiver or authorization from a federal agency was necessary to implement the bill, the agency would be required to request the waiver and could delay implementation until the waiver or authorization was granted.

The bill would take effect September 1, 2023.

NOTES:

According to the Legislative Budget Board, the fiscal implications of CSHB 5018 cannot be determined because of the unknown impact on administrative costs and the collection of overpayments.