

BILL ANALYSIS

Senate Research Center

S.B. 641
By: Harris
Economic Development
3-17-97
As Filed

DIGEST

Currently, numerous managed care organizations utilize various "withhold pools" and "risk/bonus arrangements" that create a system of incentives and penalties for providers. If the physicians and providers stay within certain claims targets, they are financially rewarded, or otherwise penalized. Thus, one patient with excessive claims during a single period may have a significant adverse effect on a provider's income. S.B. 641 provides for certain disciplinary actions for physicians who accept financial incentives which act directly or indirectly as inducements to limit medically necessary services.

PURPOSE

As proposed, S.B. 641 provides for certain disciplinary actions for physicians who accept financial incentives.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 3.08, Article 4495b, V.T.C.S.(Medical Practice Act), to provide that the Texas State Board of Medical Examiners (board) may take disciplinary actions against persons applying for a medical license for accepting a payment or other financial incentives intended to induce a physician to limit medically necessary services to a patient, subject to Subsection (b). Provides that Subsection (a)(4)(J) of this section does not prohibit a physician from entering into an agreement under which the physician is compensated under a capitated method of compensation. Provides that a capitated method of compensation is a method of compensation under which a physician is paid an amount of money for a patient without regard to the services actually provided to the patient, in exchange for which the physician arranges specified services during a specific period of time.

SECTION 2. Amends Section 3.07(f), 4495b, V.T.C.S., to require it to be unlawful for any person to do any act in Subsection (a)(1) of Section 3.08 of this Act.

SECTION 3. Effective date: September 1, 1997.

SECTION 4. Emergency clause.