

BILL ANALYSIS

Senate Research Center
76R6814 AJA-F

S.B. 890
By: Harris
Economic Development
4/5/1999
As Filed

DIGEST

Currently, health maintenance organizations (HMOs) are regulated by the Texas Department of Insurance (department). Often, in order to provide medical care to their members, HMOs delegate various duties. These duties, which are usually delegated to independent physician groups, can include sharing or delegating management services, contracting, utilization review, and billing and claims payment services. Neither Texas statutes or department rules contain guidelines relating to the delegation of duties between HMOs and these delegated networks. S.B. 890 sets forth requirements for the delegation of duties by an HMO to ensure that the physician network is capable of delivering the delegated services.

PURPOSE

As proposed, S.B. 890 authorizes a health maintenance organization to delegate some of the organization's functions.

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 Chapter 20A, Insurance Code, by adding Section 18B, as follows:

Sec. 18B. DELEGATION OF CERTAIN FUNCTIONS. Defines "delegation agreement" and delegated network." Authorizes a health maintenance organization (HMO) to enter into a delegation agreement with a delegated network by executing a written agreement that contains certain criteria, within a certain time period. Provides that this section does not affect Article 4495, V.T.C.S. (Medical Practice Act), regarding the requirement that medical peer review be confidential and privileged, notwithstanding Subsection (b)(9)(D). Requires an HMO to provide data to each delegated network with which it has a delegated agreement, and to provide the data contains certain information regarding demographic statistics, risk, complaints, and other HMO information in a specific electronic format, monthly. Requires an HMO to notify the network and take other specify action if finding through the monitoring plan that the operation of the network creates a hazard for an enrollee. Requires the network to respond in writing to the HMO finding within a specific period of time. Requires the HMO to work with the network to correct any non-compliance by the network. Requires the HMO to notify the Texas Department of Insurance (department) if the network does not respond or an agreement cannot be reached between the HMO and the network. Authorizes the department to take certain action regarding a request received by the HMO. Provides that documents received under Subsection (i) are confidential. Requires the department to report the results of the Subsection (i) review to a delegated network within a certain period of time. Provides that this report is confidential. Requires a delegated network to respond to the report and to submit a correction plan within a certain period of time. Provides that the response and corrective plan are confidential. Authorizes the department to request the delegated network to take corrective action. Authorizes the department to take certain corrective action against a network, if the network fails to comply with the department's request.

SECTION 2. Effective date: September 1, 1999.
Makes application of this Act prospective.

SECTION 3. Emergency clause.