

BILL ANALYSIS

Senate Research Center

S.B. 1571
By: Nelson
Business & Commerce
4/9/2001
As Filed

DIGEST AND PURPOSE

Currently, most managed care plans require the same information, but each plan places it in a different format and requires a physician to use the plan's specific form. As proposed, S.B. 1571 establishes the Health Services Contract Panel to create standardized forms and contracts between the plan and the provider.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Health Services Contract Panel in SECTION 1 (Article 20D.05, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title I, Insurance Code, by adding Chapter 20D, as follows:

Art. 20D.01. Short Title. Authorizes this Act to be cited as the Health Services Contract Panel Act.

Art. 20D.02. Provides that the Health Services Contract Panel (panel) is hereby created to draft and revise contract forms capable of standardization for use by insurers, health maintenance organizations and health plans regulated under this code when they contract with physicians and health care providers. Requires that contracts and revisions conform to all applicable state laws and rules. Requires the panel to establish standardized contract addends, and guidelines for their use with the adopted form contract. Requires that any addenda not nullify or waive any provision of the form contract.

Art. 20D.03. Provides that the panel established herein is administratively attached to the Texas Department of Insurance. Requires the Texas Department of Insurance (department), at the request of the panel, to provide administrative assistance to the panel; and the department and the panel to coordinate administrative responsibilities in order to avoid unnecessary duplication of facilities and services. Requires the department at the request of the panel, to submit the panel's budget request to the legislature. Requires the panel to be subject, except where inconsistent, to the rules and procedures of the department.

Art. 20D.04. (a) Provides that the panel is composed of nine members, selected by the Lieutenant governor and the speaker of the house.

(b) Requires the lieutenant governor and the speaker of the house to select members according to certain criteria.

(h) Requires appointments to the panel to be made without regard to the race, color, disability, sex, religion, age or national origin of the appointee.

(i)(1) Provides that members of the panel serve staggered six year terms.

(2) Requires a vacancy occurring during a member's term, to be filled by the Lieutenant governor and speaker of the house to appoint a person to fill the vacancy.

(c) Provides that members of the panel are not entitled to compensation for their services, but each panelist is entitled to reimbursement of any necessary expense incurred in the performance of the members duties on the panel including necessary travel expenses.

(d) Requires meetings of the panel to be held at the call of the chair or on petition of at least three members of the panel.

(e) Requires that at the first meeting of the panel each year after its members assume their positions, the panelists select one of the panel members to serve as presiding chair and one of the panel members to service as vice chair and each officer to serve for a term of one year. Requires the chair to preside at meetings of the panel, and the vice chair to preside in the absence of the chair.

(h) Requires employees of the Texas Department of Insurance to serve as staff for the panel.

Art 20D.05. (a) Authorizes the panel, in the best interest of the public, and in consultation with the commissioner of insurance, to adopt rules requiring insurers, health maintenance organizations, and health plans to use contract forms which have been adopted by the Health Services Contracting Panel.

(b) Requires that notwithstanding Subsection (a) of this article, the panel not prohibit a physician or health care provider from using a contract form or forms which have been prepared by an attorney for the physician or health care provider and which are required by physician or the health care provider.

Art. 20D.06. Prohibits an insurer, health maintenance organization, or a health plan from taking certain actions.

Art. 20D.07. (a) Provides that a violation of a provision of this chapter by an insurer, health maintenance organization or a health plan is a violation of Articles 21.21 and 21.21A with such remedies as are available under such articles.

(b) Authorizes the commissioner of insurance to suspend or revoke a license or authority to engage in the business of insurance under this code, when the commissioner has determined that the insurer, health maintenance organization, or health care plan failed to use a contract form as required by the panel pursuant to this chapter.

(c) Provides that the provisions of this article are cumulative of any other remedies available by law or rule.

SECTION 2. Requires that not later than January 1, 2002, the panel adopt rules required by this chapter.

SECTION 3. Requires an insurer, health maintenance organization, or health plan to use the standard form contract for any contract signed or renewed on or after September 1, 2002.

SECTION 4. Effective date: upon passage or September 1, 2001.