BILL ANALYSIS

Senate Research Center
77R5897 PB-F

S.B. 594
By: Harris
Business & Commerce
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As Filed

DIGEST AND PURPOSE

Currently, hospitals and other health care providers are receiving an increasing number of denials and reductions in payments based on utilization review determinations that are made after preauthorization for treatment or services has been obtained from the health benefit plan carrier (payor). As proposed, S.B. 594 prohibits the reduction in or denial of payment by the payor if preauthorization for health care services or a particular number of inpatient days has been done. It also redefines utilization review to include retrospective reviews.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2(20), Article 21.58A, Insurance Code, to redefine "utilization review."

SECTION 2. Amends Section 4, Article 21.58A, Insurance Code, by adding Subsection (p), to prohibit a utilization review agent, through a retrospective review, to reduce or deny payment or the number of days of inpatient care for which a health insurance policy or health benefit plan provides benefits if the services received by the enrollee were preauthorized by the payor under the health insurance policy or benefit plan. Sets forth the conditions under which this subsection does not apply.

SECTION 3. Repealer: Section 11 (Claims Reviews of Medical Necessity), Article 21.58A, Insurance Code.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: September 1, 2001.