

## **BILL ANALYSIS**

Senate Research Center  
85R2857 KKR-D

S.B. 2211  
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### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Most Texas stakeholders in the Texas workers' compensation system will agree that our system is fraught with administrative hassles and burdens. The current system is fragmented with revenue cycle issues causing inefficiencies.

The State Office of Risk Management (SORM), acting as the workers' compensation carrier for our state employees, faces the same struggles that insurance carriers across the state face. The built-in frustration with current revenue cycle management and difficulty in communicating effectively with medical providers have resulted in the model we have now, where all billing and medical decisions are made retrospectively.

S.B. 2211 assists SORM by transforming the delivery of healthcare services by implementing an innovative model for stakeholder communications which includes real time claim management, authorization, and payment of medical transactions at the point of care. The goals of S.B. 2211 include timely return to work, improved health outcomes, prevention of fraud/waste/abuse, and the reduction of administrative and medical costs. This model, proven in other markets, is quite simple—connect all stakeholders electronically on one database/platform to allow real-time communication, claim management, and decision making.

The evaluation period will end on June 30, 2020, resulting in a report evaluating the program, including any effects of the program on administrative cost savings, and a recommendation whether to implement the program on a permanent basis.

As proposed, S.B. 2211 amends current law relating to a demonstration program for real-time processing of workers' compensation authorizations of payment for medical services and medical bills.

### **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 Subchapter B, Chapter 412, Labor Code, by adding Section 412.0129, as follows:

Sec. 412.0129. AUTHORIZATION OF PAYMENT FOR MEDICAL SERVICES AND MEDICAL BILLING REAL-TIME PROCESSING DEMONSTRATION PROGRAM.

(a) Requires the State Office of Risk Management (SORM) to develop and implement a demonstration program (program) for processing workers' compensation authorizations of payment for medical services and medical bills in real-time.

(b) Requires that the program described by Subsection (a) include certain features.

(c) Requires SORM to work with the workers' compensation research and evaluation group to identify and adopt measures for evaluating the program.

(d) Requires that the evaluation period for the program end on June 30, 2020.

(e) Requires SORM, not later than December 31, 2020, to provide to the risk management board (board) a report that evaluates the program, including any effects of the program on administrative cost savings and recommends whether to use the process implemented under the program on a permanent basis.

(f) Authorizes the board, if the report of the program under Subsection (e) indicates that administrative cost savings are achieved by the process implemented under the program, to adopt and use the process on a permanent basis.

(g) Provides that this section expires September 1, 2021.

SECTION 2. (a) Requires SORM, not later than January 1, 2018, to begin developing the program under Section 412.0129, Labor Code, as added by this Act.

(b) Requires SORM, not later than January 1, 2019, to fully implement the program developed under Section 412.0129, Labor Code, as added by this Act.

SECTION 3. Effective date: upon passage or September 1, 2017.