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AN ACT

relating to contracts between health care providers and certain health benefit plan issuers.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter I, Chapter 843, Insurance Code, is amended by adding Section 843.323 to read as follows:

Sec. 843.323. CONTRACT PROVISIONS PROHIBITING REJECTION OF BATCHED CLAIMS. (a) If requested by a participating physician or provider, a health maintenance organization shall include a provision in the physician's or provider's contract providing that the health maintenance organization or the health maintenance organization's clearinghouse may not refuse to process or pay an electronically submitted clean claim, as defined by Subchapter J, because the claim is submitted together with or in a batch submission with a claim that is not a clean claim.

(b) In accordance with Chapters 82 and 84, the commissioner may issue a cease and desist order against or impose sanctions on a health maintenance organization that violates this section or a contract provision adopted under this section.

SECTION 2. Subchapter B, Chapter 1301, Insurance Code, as effective April 1, 2005, is amended by adding Section 1301.0641 to read as follows:


Sec. 1301.0641. CONTRACT PROVISIONS PROHIBITING REJECTION OF BATCHED CLAIMS. (a) If requested by a preferred provider, an

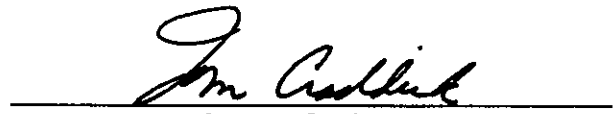
1 insurer shall include a provision in the preferred provider's
2 contract providing that the insurer or the insurer's clearinghouse
3 may not refuse to process or pay an electronically submitted clean
4 claim, as defined by Subchapter C, because the claim is submitted
5 together with or in a batch submission with a claim that is not a
6 clean claim.

7 (b) In accordance with Chapters 82 and 84, the commissioner
8 may issue a cease and desist order against or impose sanctions on an
9 insurer that violates this section or a contract provision adopted
10 under this section.

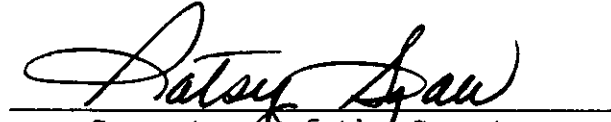
11 SECTION 3. The change in law made by this Act applies only
12 to a contract between an insurer and a preferred provider or a
13 health maintenance organization and a physician or provider that is
14 entered into or renewed on or after January 1, 2006. A contract
15 entered into before January 1, 2006, is governed by the law in
16 effect immediately before the effective date of this Act, and that
17 law is continued in effect for that purpose.

18 SECTION 4. This Act takes effect September 1, 2005.

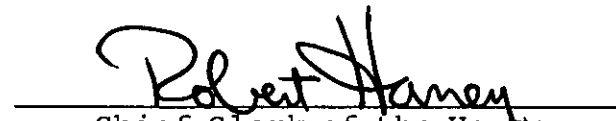

President of the Senate


Speaker of the House

I hereby certify that S.B. No. 50 passed the Senate on March 31, 2005, by the following vote: Yeas 30, Nays 0._____


Secretary of the Senate

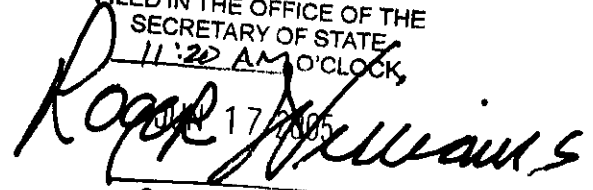
I hereby certify that S.B. No. 50 passed the House on May 20, 2005, by a non-record vote._____


Chief Clerk of the House

Approved:

17 JUNE 05
Date


Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
11:20 AM O'CLOCK
JUN 17 2005

Secretary of State