

By: Campbell, Buckingham

S.B. No. 1636

A BILL TO BE ENTITLED

AN ACT

relating to the use of extrapolation by a health maintenance organization or an insurer to audit claims.

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

SECTION 1. Section [843.340](#), Insurance Code, is amended by adding Subsections (f) and (g) to read as follows:

(f) A health maintenance organization may not use extrapolation to complete an audit of a participating physician or provider. Any additional payment due a participating physician or provider or any refund due the health maintenance organization must be based on the actual overpayment or underpayment and may not be based on an extrapolation.

(g) In this section, "extrapolation" means a mathematical process or technique used by a health maintenance organization in the audit of a participating physician or provider to estimate audit results or findings for a larger batch or group of claims not reviewed by the health maintenance organization.

SECTION 2. Section [1301.105](#), Insurance Code, is amended by adding Subsections (e) and (f) to read as follows:

(e) An insurer may not use extrapolation to complete an audit of a preferred provider. Any additional payment due a preferred provider or any refund due the insurer must be based on the actual overpayment or underpayment and may not be based on an extrapolation.

1 (f) In this section, "extrapolation" means a mathematical
2 process or technique used by an insurer in the audit of a preferred
3 provider to estimate audit results or findings for a larger batch or
4 group of claims not reviewed by the insurer.

5 SECTION 3. The change in law made by this Act applies only
6 to the audit of a physician or provider under a contract with an
7 insurer or health maintenance organization entered into or renewed
8 on or after the effective date of this Act.

9 SECTION 4. This Act takes effect September 1, 2017.