By: Hancock S.B. No. 1232

(In the Senate - Filed February 11, 2025; February 28, 2025, read first time and referred to Committee on Health & Human Services; May 13, 2025, reported adversely, with favorable Committee Substitute by the following vote: Yeas 7, Nays 1; May 13, 2025, sent to printer.)

COMMITTEE VOTE

	Yea	Nay	Absent	PNV
Kolkhorst	X			
Perry	X			
Blanco	X			
Cook	X			
Hall	X			
Hancock	X			
Hughes			X	
Miles		X		
Sparks	X			

COMMITTEE SUBSTITUTE FOR S.B. No. 1232 By: Hancock

A BILL TO BE ENTITLED
AN ACT

relating to certain health care transaction fees and payment claims; providing an administrative penalty.

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

SECTION 1. Subtitle G, Title 4, Health and Safety Code, is amended by adding Chapter 328 to read as follows:

CHAPTER 328. FACILITY FEES

Sec. 328.001. DEFINITIONS. In this chapter:

(1) "Commission" means the Health and Human Services Commission.

(2) "Executive commissioner" means the executive commissioner of the commission.

(3) "Facility fee" means a fee a health care provider charges to compensate the health care provider for operational, administrative, or management expenses that is separate from a fee a health care provider charges in relation to professional medical services provided by a physician. The term:

(A) includes a membership fee, subscription fee, or other administrative fee; and

(B) does not include a direct fee, as that term is defined by Section 162.251, Occupations Code, charged by an independent physician or physician group for providing direct primary care, as that term is defined by that section.

(4) "Health care provider" means a hospital system, hospital, provider-based outpatient facility, or other health care facility, including:

(A) a designee or affiliate of a health care facility;

(B) an entity that facilitates the provision of or provides health care services and that is owned or operated by or affiliated with a health insurance company;

(C) a health care facility that is owned or operated by or affiliated with a private equity fund; or

(D) a physician or physician group that is owned, operated, or managed by or affiliated with a corporation.

(5) "Health care provider campus" means:

(A) the main buildings of a health care provider;

(B) the physical area immediately adjacent to the main buildings and other areas or structures not contiguous to the main buildings but located not more than 250 yards from the main buildings; and

(C) any other area the Centers for Medicare and Medicaid Services determine to be a health care provider campus.

(6) "Hospital" has the meaning assigned by Section 241.003.

(7) "Hospital-owned facility" means a clinic or other facility that provides health care services and:

(A) is wholly or partly owned or operated by a hospital; and

(B) is not located on the hospital's health care provider campus.

(8) "Independent physician or physician group" means a physician practice or physician group that is not employed, owned, operated, or managed by or affiliated with a health care provider.

(9) "Place of service code" means a two-digit code maintained by the Centers for Medicare and Medicaid Services or an alphanumeric indicator placed on a health care provider's or independent physician or physician group's claim for reimbursement or payment to indicate the setting in which a health care service was provided.

(10) "Provider-based outpatient facility" means a facility a health care provider owns or operates, wholly or partly, where outpatient health care services and supplies are provided.

(11) "Telehealth service" and "telemedicine medical service" have the meanings assigned by Section 111.001, Occupations Code, except the terms do not include a telehealth service or telemedicine medical service provided by a hospital or provider-based outpatient facility to a patient physically located at the hospital or provider-based outpatient facility at the time the service is provided.

(12) "Third party payor" means an insurance company, health benefit plan sponsor, health benefit plan issuer, or entity other than a patient or health care provider that pays for health care services and supplies provided to a patient.

Sec. 328.002. PROHIBITED FACILITY FEES. A health care provider may not charge a facility fee for telehealth services or telemedicine medical services.

Sec. 328.003. REQUIRED PLACE OF SERVICE CODE. A health care provider shall include a valid place of service code for the setting where a health care service was provided on each claim for reimbursement submitted for the health care service provided by the provider.

Sec. 328.004. NOTICE OF FACILITY FEE. (a) A health care provider shall provide to a patient written notice of a facility fee charged for a health care service or supply provided to the patient at:

(1) if the provider is a hospital, a hospital-owned facility; or

(2) a provider-based outpatient facility that:

(A) is at a location other than the health care provider campus;

(B) provides services organizationally and functionally integrated with the provider; and

(C) provides outpatient preventative health services, diagnostic health services, treatment services, or emergency care.

(b) Except as provided by Subsection (c), the written notice required under Subsection (a) must be provided to the patient not later than the 10th day before the date scheduled for provision of the health care service or supply or in accordance with Section 324.101 or 45 C.F.R. Section 149.610, as applicable.

(c) A health care provider shall provide the written notice required under Subsection (a) on the date the health care service or supply is provided if the provision of the health care service or supply is scheduled less than 10 days before that date or in accordance with Section 324.101 or 45 C.F.R. Section 149.610, as applicable.

(d) The written notice required under Subsection (a) must include:

(1) the amount of the facility fee or, if the exact

health care service or supply to be provided is not known, an explanation that the patient may incur a cost-share or coinsurance expense unless the service or supply is provided by an independent physician or physician group;

(2) the purpose of the facility fee; and

(3) if the third party payor of a patient's health benefit plan provides the information to a health care provider before the date the notice is required, information on whether the health benefit plan covers the facility fee.

(e) Before a health care provider may begin charging a facility fee for provision of a health care service or supply at a newly built provider-based outpatient facility, at a provider-based outpatient facility or hospital-owned facility that did not previously charge a facility fee, or for a health care service or supply that did not previously include a facility fee charge, the provider must notify all contracted third party payors of the provider's intent to begin charging facility fees not later than the 90th day before the date the provider begins charging the facility fee.

(f) A health care provider may not charge a patient or third party payor a facility fee at a provider-based outpatient facility or hospital-owned facility unless the provider provides notice as required by this section.

Sec. 328.005. ENFORCEMENT. (a) The commission or appropriate state regulatory authority with jurisdiction over a health care provider shall assess an administrative penalty in an amount not to exceed $1,000 for each violation against a health care provider that violates this chapter or a rule adopted under this chapter.

(b) This section does not create a private cause of action against a provider for legal or equitable relief.

Sec. 328.006. RULES. (a) The executive commissioner may adopt rules to implement this chapter.

(b) The executive head of a state regulatory authority with jurisdiction over a health care provider may adopt rules regarding the duties of a health care provider under this chapter and disciplinary action to be taken against a health care provider that violates this chapter.

SECTION 2. (a) In this section, "third party payor" and "independent physician or physician group" have the meanings assigned by Section 328.001, Health and Safety Code, as added by this Act.

(b) The University of Texas Health Science Center at Houston, using the Texas All Payor Claims Database established under Subchapter I, Chapter 38, Insurance Code, and in cooperation with the Health and Human Services Commission and the Department of State Health Services, shall conduct a study on health care facility fees charged in this state.

(c) The study must include:

(1) a description by third party payor type of a patient's cost-sharing obligation for health care facility fees;

(2) a comparison, in the aggregate, of the cost of health care services provided by health care professionals affiliated with a health system and independent physicians or physician groups, including a comparison of the charges for professional fees when a health care facility fee is included in a patient's statement of charges; and

(3) a comparison, in the aggregate, of any trends in total spending and a patient's cost-sharing obligation for specific health care services, including those services reported using a Current Procedural Terminology code as performance of an evaluation and management procedure, for claims for reimbursement submitted by an individual health care provider or a health care facility.

(d) Not later than December 1, 2026, The University of Texas Health Science Center at Houston shall submit to the legislature a written report on the findings of the study conducted under this section.

(e) This section expires September 1, 2027.

SECTION 3. The University of Texas Health Science Center at

Houston is required to conduct the study and make the report required by Section 2 of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the center may, but is not required to, implement those requirements using other money available to the center for that purpose.

SECTION 4. (a) Except as provided by Subsection (b) of this section, this Act takes effect September 1, 2025.

(b) Section 328.004, Health and Safety Code, as added by this Act, takes effect January 1, 2026.

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