



## Texas Department of Insurance

### Division of Workers' Compensation

7551 Metro Center Drive, Suite 100 • Austin, Texas 78744-1645  
512-804-4000 telephone • 512-804-4001 fax • www.tdi.texas.gov

## Memorandum

**To:** Texas Workers' Compensation System Participants

**From:** Matthew Zurek, Executive Deputy Commissioner for Health Care Management & System Monitoring

**Date:** August 5, 2013

**Subject:** Passage of Senate Bill 1322, Relating to the Provision of Durable Medical Equipment (DME) and Home Health Care Services through Informal and Voluntary Networks

The Texas Department of Insurance, Division of Workers' Compensation (TDI-DWC) reminds all Texas workers' compensation system participants that Senate Bill 1322, 83<sup>rd</sup> Legislature, Regular Session, 2013 (SB 1322), effective September 1, 2013, imposes the following requirements on reimbursement for DME and home health care services for non-network claims, network claims, and claims administered by political subdivisions in the Texas workers' compensation system.

### Reimbursement for DME and Home Health Care Services

Insurance carriers may reimburse health care providers for DME and home health care services at rates greater than or less than the TDI-DWC's medical fee guidelines if the insurance carrier or the insurance carrier's authorized agent has a contract with that health care provider that includes a specific fee schedule.

Insurance carriers or their authorized agents may use a DME or home health care services informal or voluntary network, as defined in Texas Labor Code §408.0284(a), to obtain these contractual agreements with health care providers. If an insurance carrier chooses to use an informal or voluntary network, there must be: (1) a contractual arrangement between the insurance carrier or its agent and the informal or voluntary network authorizing the network to contract with health care providers for DME or home health care services on the insurance carrier's behalf; and (2) a contract between the network and the health care providers that includes a specific fee schedule and complies with the health care provider notice requirements of Texas Labor Code §408.0284(d)-(e).

An insurance carrier, its authorized agent, or the informal or voluntary network, as appropriate, must notify each health care provider, at least quarterly, of any person other than the injured employee, to which the network's contractual fee arrangements with the health care provider are sold, leased, transferred, or conveyed. The notice must contain the information listed in Texas Labor Code §408.0284(d) and the delivery of the notice must be documented as required by Texas Labor Code §408.0284(e). For contractual agreements with health care providers that are in effect on September 1, 2013, the initial notice must be sent not later than **October 1,**

**2013**, and subsequent notices sent on a quarterly basis. For contractual agreements with health care providers that are entered into after September 1, 2013, the initial notice must be sent not later than the 30<sup>th</sup> day after the effective date of the contract and subsequent notices sent on a quarterly basis.

Failure to comply with the provisions of Texas Labor Code §408.0284, including health care provider notice requirements, is an administrative violation. Insurance carriers are responsible for any sanction imposed for these violations, regardless of whether the insurance carrier or its authorized agent committed the act or acts of noncompliance.

### **DME and Home Health Care Services Informal and Voluntary Network Registration**

Pursuant to Texas Labor Code §408.0282(a), each DME or home health care services informal or voluntary network that has contracts in effect on September 1, 2013 must report the information listed in Texas Labor Code §408.0282(a)(1)-(5) to the TDI-DWC by **October 1, 2013**. All DME or home health care services informal or voluntary networks established after September 1, 2013 must register with the TDI-DWC not later than 30 days after the network is established. Furthermore, all DME or home health care services informal or voluntary networks must report any changes in information previously reported to the TDI-DWC within 30 days of the change.

DME or home health care services informal and voluntary networks must report the information required by Texas Labor Code §408.0282 to the TDI-DWC through its online reporting system that can be found through the TDI website at

[https://www.wapps.tdi.state.tx.us/inter/perlroot/sasweb9/cgi-bin/broker.exe?service=wcExt&program=progext.DME\\_HomeHealth\\_networkreg.sas](https://www.wapps.tdi.state.tx.us/inter/perlroot/sasweb9/cgi-bin/broker.exe?service=wcExt&program=progext.DME_HomeHealth_networkreg.sas). For further information on this registration process, system participants should refer to the TDI-DWC's Frequently Asked Questions on this topic found on the TDI website at <http://www.tdi.texas.gov/wc/pharmacy/infvolnets.html>.

Failure for a DME or home health care services informal or voluntary network to comply with these registration requirements is an administrative violation.

The TDI-DWC emphasizes that these listed requirements do not address all of the provisions of SB 1322, and system participants should refer to the bill itself for full information on its requirements. For information regarding the reimbursement requirements for other health care services rendered on or after January 1, 2011, system participants should refer to Commissioner's Bulletin B-0006-11 and Subchapters A-D in Chapter 134 of the Texas Administrative Code.

If there are any questions regarding the information in this bulletin, contact Martha Luevano at 512-804-4858 or [Martha.Luevano@tdi.texas.gov](mailto:Martha.Luevano@tdi.texas.gov).