



March 3, 2010

Dear Participating Provider:

As of January 1, 2010, Community First Health Plans is required to comply with House Bill 2064, which amends the Texas Insurance Code. The amendment requires all HMO and PPO carriers send to the Texas Health Insurance Risk Pool interest payment that would have been paid to providers and 50 percent of the interest and penalties that would have been paid to institutional providers. As such, the changes will be for all commercial HMO and PPO lines of business administered by Community First.

A summary of House Bill 2064 from the Texas Department of Insurance states:

House Bill 2064 amends the Insurance Code to require discounted premiums to be offered on a sliding scale to certain participants in the Texas Health Insurance Risk Pool based on specified financial need. The bill provides for the funding of the discounts through the collection of penalties relating to a violation of certain claims payment provisions by a health maintenance organization (HMO) or an insurer. The bill requires an HMO, for a penalty relating to a clean claim submitted by a physician or health care provider other than an institutional provider, to pay the entire penalty to the physician or provider, except for any interest accrued, which is paid to the risk pool. For a penalty relating to a clean claim submitted by an institutional provider, the HMO is required to pay 50 percent of the total amount to the institutional provider and the remaining 50 percent to the risk pool. The bill requires an insurer, for a penalty relating to a clean claim submitted by a preferred provider other than an institutional provider and a penalty submitted by an institutional provider, to pay the penalty in the same manner as the HMO. The bill requires the risk pool's board of directors to collect these penalties and interest and limits the use of such funds to financing the premium discounts. These changes apply to premium rates for coverage through the risk pool that is in effect on or after January 1, 2011.

For more information, please refer to Texas Insurance Code, TIC 843.342 and TIC 1301.137

If you have any questions, please contact Community First.

Sincerely,

A handwritten signature in black ink that reads "Martin Jimenez". The signature is fluid and cursive, with the first and last names clearly legible.

Martin Jimenez
Director, Network Management

Keeping our commitment to you