

INSURANCE CODE

TITLE 5. PROTECTION OF CONSUMER INTERESTS

SUBTITLE C. DECEPTIVE, UNFAIR, AND PROHIBITED PRACTICES

CHAPTER 566. BILLING FOR CERTAIN MEDICAL EQUIPMENT, DEVICES, AND
SUPPLIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 566.001. DEFINITIONS. In this chapter:

(1) "Assignment" means an agreement in which a supplier agrees to accept the Medicare-approved amount as payment for medical equipment or a medical device or supply.

(2) "Durable medical equipment" means medical equipment that:

(A) can withstand repeated use;

(B) is expected to last at least three years;

(C) is primarily and customarily used to serve a medical purpose;

(D) is generally not useful in the absence of an illness or injury; and

(E) is appropriate for use in the home.

(3) "Enrollee" means an individual enrolled in Medicare.

(4) "Medicare" means the health benefit coverage provided under the Health Insurance for the Aged Act (42 U.S.C. Section 1395 et seq.).

(5) "Nonparticipating supplier" means an entity or person who:

(A) provides Medicare-covered durable medical equipment, orthotic devices or supplies, or prosthetic devices or supplies to Medicare enrollees; and

(B) is not enrolled in Medicare as a participating supplier.

(6) "Orthotic device or supply" means:

(A) a custom-fitted or custom-fabricated medical device designed to correct a deformity, improve function, or relieve symptoms of a disease; or

(B) a medical supply related to a device described by Paragraph (A).

(7) "Prosthetic device or supply" means:

(A) an artificial medical device designed to replace all or part of a limb or internal organ; or

(B) a medical supply related to a device described by Paragraph (A).

Added by Acts 2025, 89th Leg., R.S., Ch. 1003 (S.B. 1330), Sec. 1, eff. September 1, 2025.

SUBCHAPTER B. REGULATION OF CERTAIN BILLING PRACTICES

Sec. 566.051. LIMITATIONS ON BILLING; NOTICE. (a) A nonparticipating supplier may not charge an enrollee more than 115 percent of the Medicare-approved amount for durable medical equipment, orthotic devices or supplies, or prosthetic devices or supplies covered under Medicare for which the supplier has not accepted written assignment unless:

(1) before the enrollee is billed, the enrollee agrees in writing to pay the additional amount; and

(2) before receiving the durable medical equipment, orthotic device or supply, or prosthetic device or supply, the enrollee:

(A) enters into a rental payment plan; or

(B) pays the additional amount in full.

(b) A written agreement between a nonparticipating supplier and enrollee under this section must provide notice to the enrollee that:

(1) Medicare will reimburse 80 percent of the Medicare-approved amount for durable medical equipment, orthotic devices or supplies, or prosthetic devices or supplies covered under Medicare; and

(2) a Medicare supplement benefit plan issuer is not required to reimburse the nonparticipating supplier or enrollee for the amount by which the charge exceeds 115 percent of the Medicare-approved amount.

Added by Acts 2025, 89th Leg., R.S., Ch. 1003 (S.B. 1330), Sec. 1,

eff. September 1, 2025.

SUBCHAPTER C. ENFORCEMENT

Sec. 566.101. APPLICATION OF DECEPTIVE TRADE PRACTICES LAW. A nonparticipating supplier who violates this chapter engages in a false, misleading, or deceptive act or practice under Section 17.46, Business & Commerce Code.

Added by Acts 2025, 89th Leg., R.S., Ch. 1003 (S.B. 1330), Sec. 1, eff. September 1, 2025.

Sec. 566.102. CRIMINAL OFFENSE. (a) A nonparticipating supplier who intentionally violates this chapter commits an offense.

(b) An offense under this section is a misdemeanor punishable by a fine of not less than \$500 or more than \$1,000.

(c) Notwithstanding any other law, an offense under this section may be prosecuted in:

(1) Travis County; or

(2) a county in which prosecution is authorized under the Code of Criminal Procedure.

Added by Acts 2025, 89th Leg., R.S., Ch. 1003 (S.B. 1330), Sec. 1, eff. September 1, 2025.