



TEXAS DEPARTMENT OF STATE HEALTH SERVICES

EDUARDO J. SANCHEZ, M.D., M.P.H.
COMMISSIONER

1100 W. 49th Street • Austin, Texas 78756
1-888-963-7111 • <http://www.dshs.state.tx.us>

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February 15, 2005

Dear Hospital Administrator/Chief Executive Officer:

It has been brought to our attention by the Texas Department of Insurance that some providers not contracted with a managed care plan are waiving any applicable patient financial responsibility to attract patients to the non-contracted provider or facility. According to Texas Insurance Code Article 21.24-1, providers who accept assignment of benefits may not waive any applicable co-payments or deductibles.

If these violations are found in a licensed hospital, deficiencies may be cited for violations of 25 TAC Section 133.121 (a) (1) (F) as the facility permitted the commission of an illegal act. Enforcement action may be taken including administrative penalties, suspension, denial, or revocation of the hospital's license.

Due to the seriousness of the possible penalties for this violation, hospitals are encouraged to review their policies and make sure that no inappropriate waivers of co-payments or deductibles are being granted. Your cooperation in working with us, the Texas Department of Insurance and the Texas Board of Medical Examiners is greatly appreciated. If you have any questions concerning this matter, please contact Nance Stearman, RN, MSN, Medicare Compliance Officer, Health Care Quality Section at 512/834-6752.

Sincerely,

A handwritten signature in dark ink, appearing to read "Richard Bays".

Richard Bays
Assistant Commissioner for Regulatory Services