



Physicians Caring for Texans

Senate Committee on Health and Human Services
Testimony by Raul Benavides Jr., MD, Texas Medical Association
Senate Bill 2805 (Independent Dispute Resolution Loser Pays)
by Sen. Brent Hagenbuch
April 30, 2025

Chair Kolkhorst, Vice Chair Perry, and committee members, my name is Dr. Raul Benavides, and I am a pathologist from Dallas, here today on behalf of the Texas Medical Association (TMA) in support of Senate Bill 2805 by Senator Hagenbuch.

TMA represents more than 59,000 physicians and medical students across Texas. We deeply appreciate your leadership in protecting patients from surprise medical bills while ensuring a workable, fair process for resolving payment disputes.

Senate Bill 2805 makes two modest, but important, improvements to Texas' surprise billing framework under Senate Bill 1264, which the Texas Legislature passed in 2019:

- First, it allows physician groups to submit claims using a group National Provider Identifier or Employer Identification Number, reducing administrative confusion and aligning with standard practice billing models; and
- Second, it shifts responsibility for arbitration fees to the losing party, rather than splitting fees evenly regardless of outcome.

Importantly, SB 2805 does not weaken any patient protections. Texas patients covered by the law are still protected from surprise billing in the same scenarios as under current law (for example, out-of-network care provided at an in-network facility and emergencies) and to the same degree. Nothing in this bill affects what patients owe – only how disputes between insurers and physicians are resolved.

We respectfully disagree with the opposition's claims that SB 2805 would raise costs or undermine reforms. Here's why:

- **Arbitration impacts a narrow slice of claims:** Although over 1 million independent dispute resolution requests have been filed since 2020, they still represent a small fraction of total medical claims;
- **Most disputes settle informally:** Sixty-four percent of arbitration cases settle before reaching a decision;

- **Physicians and providers win the majority of decided arbitrations:** Providers prevail in about 71% of cases – meaning health plans often submit payment offers far below reasonable market rates;
- **Premium impact is negligible:** Arbitration fees and settlement amounts, while notable for individual disputes, are not significant drivers of overall premium trends; and
- **Current arbitration fees are substantial and growing:** Arbitration fees averaged \$1,236.54 per case, with total arbitration fees exceeding \$106 million. Shifting fees to the losing party encourages reasonable initial payments and settlement offers, helps promote efficiency, and manages unnecessary cost escalation.

TMA supports SB 2805 as a targeted solution that strengthens Texas’ balance billing protections, reduces unnecessary arbitration, and promotes good faith negotiation – without harming patients.

We respectfully urge your support. Thank you, and I am happy to answer any questions.