

Verify Which Health Plans Are Exempt from Prompt Pay Laws

Your patients' health plan identification cards indicate if the health plan is fully insured and regulated by the Texas Department of Insurance (TDI) and thus subject to state prompt pay regulations. If the ID card doesn't indicate that the plan is regulated by TDI, you can infer that it is self-funded and may NOT be subject to prompt pay regulations.*

Additionally, you can search a [free database](#) from free **ERISA**.com to affirm that a plan is self-funded. Also, TDI provides information about what [wording to look for](#) on various health plan ID cards that indicate whether the plan is fully insured or self-funded.

A health plan is fully-insured if it is purchased from an insurance company or other underwriter that assumes full risk for medical expenses. Self-funded or self-insured health plans are those for which the employer assumes the financial risk of covering its employees, paying medical claims from its own resources.

Generally, federal laws and regulations govern self-funded plans. The federal Employee Retirement Income Security Act (ERISA) of 1974 exempts self-funded health plans from compliance with certain state laws and regulations.

*Note: This article was written for a lay audience and is not appropriate for legal citation. The article does not capture the complexity of **ERISA** jurisdictional issues. Private litigation may be necessary to determine **ERISA** preemption issues and the scope of prompt pay law applicability.

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