

Senate Engrossed House Bill

State of Arizona
House of Representatives
Forty-seventh Legislature
First Regular Session
2005

CHAPTER 68

HOUSE BILL 2138

AN ACT

AMENDING SECTIONS 20-3101 AND 20-3102, ARIZONA REVISED STATUTES; RELATING TO
TIMELY PAYMENT OF HEALTH INSURANCE CLAIMS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-3101, Arizona Revised Statutes, is amended to
3 read:

4 20-3101. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "ADJUDICATE" MEANS AN INSURER'S DECISION TO DENY OR PAY A CLAIM, IN
7 WHOLE OR IN PART, INCLUDING THE DECISION AS TO HOW MUCH TO PAY.

8 ~~1.~~ 2. "Clean claim" means a written or electronic claim for health
9 care services or benefits that may be processed without obtaining additional
10 information, INCLUDING COORDINATION OF BENEFITS INFORMATION, from the health
11 care provider, THE ENROLLEE or ~~from~~ a third party, except in cases of fraud.

12 3. "ENROLLEE" MEANS AN INDIVIDUAL WHO IS ENROLLED UNDER A HEALTH CARE
13 INSURER'S POLICY, CONTRACT OR EVIDENCE OF COVERAGE.

14 4. "GRIEVANCE" MEANS ANY WRITTEN COMPLAINT THAT IS SUBJECT TO
15 RESOLUTION THROUGH THE INSURER'S SYSTEM THAT IS PRESCRIBED IN SECTION
16 20-3102, SUBSECTION F AND SUBMITTED BY A HEALTH CARE PROVIDER AND RECEIVED BY
17 A HEALTH CARE INSURER. "GRIEVANCE" DOES NOT INCLUDE A COMPLAINT:

18 (a) BY A NONCONTRACTED PROVIDER REGARDING AN INSURER'S DECISION TO
19 DENY THE NONCONTRACTED PROVIDER ADMISSION TO THE INSURER'S NETWORK.

20 (b) ABOUT AN INSURER'S DECISION TO TERMINATE A HEALTH CARE PROVIDER
21 FROM THE INSURER'S NETWORK.

22 (c) THAT IS THE SUBJECT OF A HEALTH CARE APPEAL PURSUANT TO CHAPTER
23 15, ARTICLE 2 OF THIS TITLE.

24 ~~2.~~ 5. "Health care insurer" means a disability insurer, group
25 disability insurer, blanket disability insurer, health care services
26 organization, prepaid dental plan organization, hospital service corporation,
27 medical service corporation, dental service corporation, optometric service
28 corporation, or hospital, medical, dental and optometric service corporation.

29 Sec. 2. Section 20-3102, Arizona Revised Statutes, is amended to read:

30 20-3102. Timely payment of health care providers' claims;
31 grievances

32 A. A health care insurer shall ~~approve or deny~~ ADJUDICATE any clean
33 claim from a CONTRACTED OR NONCONTRACTED health care provider relating to
34 health care insurance coverage within thirty days after the health care
35 insurer receives the clean claim or within the time period specified by
36 contract. Unless there is an express written contract between the health
37 care insurer and the health care provider that specifies the period in which
38 approved claims shall be paid, the health care insurer shall pay the APPROVED
39 PORTION OF ANY clean claim within thirty days after the claim is ~~approved~~
40 ADJUDICATED. If the claim is not paid within the thirty day period or within
41 the time period specified in the contract, the health care insurer shall pay
42 interest on the claim at a rate that is equal to the legal rate. Interest
43 shall be calculated beginning on the date that the payment to the health care
44 provider is due.

1 B. If the CLAIM IS NOT A CLEAN CLAIM AND THE health care insurer
2 requires additional information to ~~determine whether to approve or deny~~
3 ADJUDICATE the claim, the health care insurer shall send a written request
4 for additional information to the CONTRACTED OR NONCONTRACTED health care
5 provider, ENROLLEE OR THIRD PARTY within thirty days after the health care
6 insurer receives the claim. The health care insurer shall notify the
7 CONTRACTED OR NONCONTRACTED health care provider of all of the specific
8 reasons for the delay in ~~approving or denying~~ ADJUDICATING the claim. The
9 health care insurer shall ~~approve or deny~~ RECORD THE DATE IT RECEIVES THE
10 ADDITIONAL INFORMATION AND SHALL ADJUDICATE the claim within thirty days
11 after receiving ALL the additional information. ~~If the claim is approved,~~
12 The health care insurer shall ALSO pay the APPROVED PORTION OF THE
13 ADJUDICATED claim within THE SAME THIRTY DAY PERIOD ALLOWED FOR ADJUDICATION
14 OR WITHIN the time period specified in the health care PROVIDER'S contract.
15 ~~If the health care provider contract does not expressly provide for the~~
16 ~~timely payment of clean claims, payment is due thirty days after the health~~
17 ~~care insurer receives the additional information.~~ If the health care insurer
18 fails to ~~provide payment for clean claims in the time specified~~ PAY THE CLAIM
19 AS PRESCRIBED IN THIS SUBSECTION, the health care insurer shall pay interest
20 on the claim in the manner prescribed in subsection A ~~of this section.~~

21 C. A health care insurer shall not delay the payment of clean claims
22 TO A CONTRACTED OR NONCONTRACTED PROVIDER or pay less than the amount agreed
23 to by contract to a CONTRACTED health care provider without reasonable
24 justification.

25 D. A health care insurer shall not request information from a
26 CONTRACTED OR NONCONTRACTED health care provider that does not apply to the
27 medical condition at issue for the purposes of ~~determining~~ ADJUDICATING a
28 clean claim.

29 E. A health care insurer shall not request a CONTRACTED OR
30 NONCONTRACTED health care provider to resubmit claim information that the
31 CONTRACTED OR NONCONTRACTED health care provider can document it has already
32 provided to the health care insurer unless the health care insurer provides a
33 reasonable justification for the request and the purpose of the request is
34 not to delay the payment of the claim.

35 F. A health care insurer shall establish an internal system for
36 resolving payment disputes and other contractual grievances with health care
37 providers. The director may review the health care insurer's internal system
38 for resolving payment disputes and other contractual grievances with health
39 care providers. Each health care insurer shall maintain records of health
40 care provider grievances. Semiannually each health care insurer shall
41 provide the director with a summary of all records of health care provider
42 grievances RECEIVED during the prior six months. The records shall include
43 at least the following information:

44 1. The name and any identification number of the health care provider
45 who filed a grievance.

1 2. The type of grievance.

2 3. The date the ~~health care provider~~ filed INSURER RECEIVED the
3 grievance.

4 4. The date the grievance was resolved.

5 G. On review of the records, if the director finds a significant
6 number of grievances that have not been resolved, the director may examine
7 the health care insurer.

8 H. This section does not require or authorize the director to
9 adjudicate the individual contracts or claims between health care insurers
10 and health care providers.

11 I. Except in cases of fraud, a health care insurer or CONTRACTED OR
12 NONCONTRACTED health care provider shall not adjust or request adjustment of
13 the payment OR DENIAL of a claim more than one year after the health care
14 insurer has paid OR DENIED that claim. IF THE HEALTH CARE INSURER AND HEALTH
15 CARE PROVIDER AGREE THROUGH CONTRACT ON A LENGTH OF TIME TO ADJUST OR REQUEST
16 ADJUSTMENT OF THE PAYMENT OF A CLAIM, THE HEALTH CARE INSURER AND HEALTH CARE
17 PROVIDER MUST HAVE THE SAME LENGTH OF TIME TO ADJUST OR REQUEST ADJUSTMENT OF
18 THE PAYMENT OF THE CLAIM. IF A CLAIM IS ADJUSTED, NEITHER THE HEALTH CARE
19 INSURER NOR THE HEALTH CARE PROVIDER SHALL OWE INTEREST ON THE OVERPAYMENT OR
20 UNDERPAYMENT RESULTING FROM THE ADJUSTMENT, AS LONG AS THE ADJUSTED PAYMENT
21 IS MADE OR RECOUPMENT TAKEN WITHIN THIRTY DAYS OF THE DATE OF THE CLAIM
22 ADJUSTMENT.

23 J. This chapter does not apply to licensed health care providers who
24 are salaried employees of a health care insurer.

25 K. IF A CONTRACTED OR NONCONTRACTED HEALTH CARE PROVIDER FILES A CLAIM
26 OR GRIEVANCE WITH A HEALTH CARE INSURER THAT HAS CHANGED THE LOCATION WHERE
27 PROVIDERS WERE INSTRUCTED TO FILE CLAIMS OR GRIEVANCES, THE HEALTH CARE
28 INSURER SHALL, FOR NINETY DAYS FOLLOWING THE CHANGE:

29 1. CONSIDER A CLAIM OR GRIEVANCE DELIVERED TO THE ORIGINAL LOCATION
30 PROPERLY RECEIVED.

31 2. FOLLOWING RECEIPT OF A CLAIM OR GRIEVANCE AT THE ORIGINAL LOCATION,
32 PROMPTLY NOTIFY THE HEALTH CARE PROVIDER OF THE CHANGE OF ADDRESS THROUGH
33 MAILED WRITTEN NOTICE OR SOME OTHER WRITTEN COMMUNICATION.

34 Sec. 3. Effective date

35 Sections 20-3101 and 20-3102, Arizona Revised Statutes, as amended by
36 this act, are effective from and after December 31, 2005.

~~APPROVED BY THE GOVERNOR APRIL 13, 2005.~~

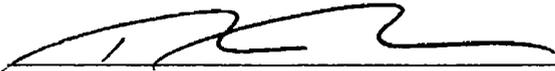
~~FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 13, 2005.~~

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

April 07, 2005,

by the following vote: 52 Ayes,

0 Nays, 8 Not Voting



Speaker of the House
Pro Tempore

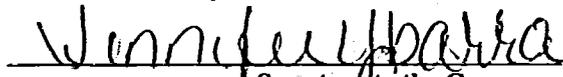

Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

7th day of April, 2005

at 4:23 o'clock P. M.

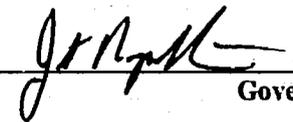


Secretary to the Governor

Approved this 13 day of

April, 2005,

at 9⁰⁰ o'clock A. M.



Governor of Arizona

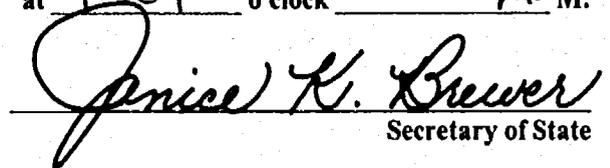
H.B. 2138

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 13 day of April, 2005,

at 11:04 o'clock A. M.



Secretary of State