

Senate Engrossed House Bill

FILED

**KEN BENNETT
SECRETARY OF STATE**

State of Arizona
House of Representatives
Fifty-first Legislature
First Regular Session
2013

CHAPTER 60

HOUSE BILL 2490

AN ACT

AMENDING SECTIONS 20-2508 AND 20-2510, ARIZONA REVISED STATUTES; RELATING TO UTILIZATION REVIEW.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-2508, Arizona Revised Statutes, is amended to
3 read:

4 20-2508. Denial, suspension or revocation of certificates;
5 hearing; civil penalties

6 A. The director shall deny a certificate if the director finds that
7 the utilization review agent does not:

8 1. Have an allopathic or osteopathic physician available to supervise
9 utilization review activities of any medical, surgical or health care
10 services except that:

11 (a) A dental service corporation that is licensed pursuant to chapter
12 4, article 3 of this title and a prepaid dental plan organization that is
13 licensed pursuant to chapter 4, article 7 of this title may have a licensed
14 dentist supervise or conduct utilization review activities for health care
15 services that involve dental care.

16 (b) An optometric service corporation that is licensed pursuant to
17 chapter 4, article 3 of this title may have a licensed optometrist supervise
18 or conduct utilization review activities for health care services that
19 involve optometric care.

20 (c) A UTILIZATION REVIEW AGENT SHALL HAVE A LICENSED CHIROPRACTOR
21 SUPERVISE OR CONDUCT UTILIZATION REVIEW ACTIVITIES FOR HEALTH CARE SERVICES
22 THAT ARE PERFORMED BY A CHIROPRACTOR AND WITHIN THE CHIROPRACTOR'S SCOPE OF
23 PRACTICE PURSUANT TO TITLE 32, CHAPTER 8.

24 2. Meet all applicable department rules relating to the qualifications
25 of utilization review agents or the performance of utilization review.

26 3. Provide assurances satisfactory to the director that the procedure
27 and policies of the utilization review agent will protect the confidentiality
28 of medical records and the utilization review agent will be reasonably
29 accessible to patients and providers in this state and the department by a
30 toll free telephone line or by acceptance of long-distance collect calls for
31 forty hours each week during normal business hours.

32 B. The director shall deny a certificate to a utilization review agent
33 who has been convicted of a misdemeanor involving moral turpitude or a felony
34 or who employs a person who has been convicted of a felony.

35 C. The director may suspend, revoke or refuse to renew a certificate
36 issued under this chapter if after giving notice to the utilization review
37 agent, and holding a hearing if demanded by the agent, the director finds
38 that the agent has violated this chapter or a rule adopted under this
39 chapter.

40 D. If after a hearing the director finds that the agent has violated
41 this chapter or an applicable rule or order adopted under this chapter, the
42 director shall issue an order that specifies the violation and may impose a
43 civil penalty of not more than two hundred fifty dollars for each violation
44 or an aggregate civil penalty of not more than two thousand five hundred
45 dollars. The director may also impose a civil penalty of not more than two

1 thousand five hundred dollars for each knowing violation or an aggregate
2 civil penalty of not more than fifteen thousand dollars. The director shall
3 deposit, pursuant to sections 35-146 and 35-147, all monies in the state
4 general fund. A civil penalty is in addition to any other applicable penalty
5 or restraint provided in this chapter and may be recovered in a civil action
6 brought by the director.

7 E. A certificate does not expire or terminate until a pending
8 department investigation is resolved but is suspended on the date it would
9 otherwise expire or terminate. The utilization review agent shall not
10 transact business in this state until the investigation is completed.

11 F. When the director suspends or revokes a certificate the director
12 shall immediately notify the utilization review agent either by personal
13 service or by mail addressed to the agent at the agent's address of record.
14 Notice by mail is effective at the time it is mailed.

15 G. The utilization review agent shall deliver a revoked or suspended
16 certificate to the director on the director's request.

17 H. The director shall not issue a new certificate earlier than one
18 year after the date of a previous revocation. Agents shall reapply to the
19 director and shall meet all the requirements of this chapter to obtain a new
20 certificate.

21 I. If the certificate of a firm or corporation is suspended or
22 revoked, no member of that firm or officer or director of the corporation may
23 hold a certificate during the period of the suspension or revocation unless
24 the director determines, based on substantial evidence, that the member,
25 officer or corporation director was not personally at fault.

26 Sec. 2. Section 20-2510, Arizona Revised Statutes, is amended to read:

27 20-2510. Health care insurers requirements; medical directors

28 A. A health care insurer that proposes to provide coverage of
29 inpatient hospital and medical benefits, outpatient surgical benefits or any
30 medical, surgical or health care service for residents of this state with
31 utilization review of those benefits shall meet at least one of the following
32 requirements:

33 1. Have a certificate issued pursuant to this chapter.

34 2. Be accredited by the utilization review accreditation commission,
35 the national committee for quality assurance or any other nationally
36 recognized accreditation process recognized by the director.

37 3. Contract with a utilization review agent that has a certificate
38 issued pursuant to this chapter.

39 4. Contract with a utilization review agent that is accredited by the
40 utilization review accreditation commission, the national committee for
41 quality assurance or any other nationally recognized accreditation process
42 recognized by the director.

43 5. Provide to the director a signed and notarized statement that the
44 health care insurer has submitted an application for accreditation to the
45 utilization review accreditation commission or the national committee for

1 quality assurance and is awaiting completion of the accreditation review
2 process. On completion of the accreditation review process, the insurer
3 shall provide to the director adequate proof that the insurer has been
4 accredited. If the insurer is denied accreditation, within sixty days after
5 the denial the insurer shall meet at least one of the requirements set forth
6 in paragraph 1, 2, 3 or 4 of this subsection.

7 B. Except as provided in subsections C, D and E of this section, any
8 direct denial of prior authorization of a service requested by a health care
9 provider on the basis of medical necessity by a health care insurer shall be
10 made in writing by a medical director who holds an active unrestricted
11 license to practice medicine in this state pursuant to title 32, chapter 13
12 or 17. The written denial shall include an explanation of why the treatment
13 was denied, and the medical director who made the denial shall sign the
14 written denial. The health care insurer shall send a copy of the written
15 denial to the health care provider who requested the treatment. Health care
16 insurers shall maintain copies of all written denials and shall make the
17 copies available to the department for inspection during regular business
18 hours. The medical director is responsible for all direct denials that are
19 made on the basis of medical necessity. Nothing in this section prohibits a
20 health care insurer from consulting with a licensed physician whose scope of
21 practice may provide the health care insurer with a more thorough review of
22 the medical necessity.

23 C. For determinations made pursuant to subsection B of this section, a
24 dental service corporation as defined in section 20-822 or a prepaid dental
25 plan organization as defined in section 20-1001 may use as a medical director
26 either:

27 1. An individual who holds an active unrestricted license to practice
28 dentistry in this state pursuant to title 32, chapter 11.

29 2. A physician who holds an active unrestricted license to practice
30 medicine in this state pursuant to title 32, chapter 13 or 17.

31 D. For determinations made pursuant to subsection B of this section,
32 an optometric service corporation may use as a medical director either:

33 1. An individual who holds an active unrestricted license to practice
34 optometry in this state pursuant to title 32, chapter 16.

35 2. A physician who holds an active unrestricted license to practice
36 medicine in this state pursuant to title 32, chapter 13 or 17.

37 E. For determinations made pursuant to subsection B of this section, a
38 health care insurer ~~may~~ SHALL use a chiropractor licensed in this state
39 pursuant to title 32, chapter 8 or by any regulatory board in another state
40 to review any direct denial of prior authorization of a chiropractic service
41 requested by a chiropractor on the basis of medical necessity.

~~APPROVED BY THE GOVERNOR APRIL 5, 2013.~~

~~FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 5, 2013.~~

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

April 3, 2013,

by the following vote: 60 Ayes,

0 Nays, 0 Not Voting

[Signature]
Speaker of the House

[Signature]
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

3 day of April, 2013,

at 2:25 o'clock P M.

[Signature]
Secretary to the Governor

Approved this 5th day of

April, 2012,

at 12:37 o'clock P M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 5th day of April, 2013,

at 5:00 o'clock P M.

[Signature]
Secretary of State

H.B. 2490