



ARIZONA STATE SENATE
Fiftieth Legislature, Second Regular Session

FACT SHEET FOR S.B. 1384

health care charges; public availability

Purpose

Requires health care professionals and facilities to release on request the direct pay prices for the most used codes. Prohibits health care insurers from basing rate negotiations on the direct pay price.

Background

Current procedural terminology codes were developed by the American Medical Association to standardize the terminology used when describing medical services and procedures. These codes provide uniform language, which is then used by insurers to determine the amount of reimbursement a practitioner will receive from an insurer. Diagnosis-related group codes classify hospital patients on the basis of diagnosis consisting of distinct groupings (<http://medical-dictionary.thefreedictionary.com>). Outpatient service codes do the same, except with outpatients (Jones, LM, "Coding and Reimbursement for Hospital Outpatient Services," 2005).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Defines *direct pay price* as *the price charged for a lawful health care service if the service is paid without a public or private third party, not including an employer, paying for any portion of the service.*
2. Requires a health care professional (professional) to release to the public on request the direct pay price for the professional's 25 most used current procedural terminology codes.
3. Stipulates that a health care facility (facility) must release to the public on request the direct pay price for the facility's 50 most used diagnosis-related group codes and the facility's 50 most used outpatient service codes.
4. Requires the professional and facility to explain to those requesting the information that the direct pay price is for the standard diagnosis for the code and does not include any complications or exceptional treatment.

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5. Prohibits a health care insurer from using the direct pay price of a health care service as the basis for any negotiated rate between a health care provider and the health care insurer.
6. Defines *health care facility* as *a hospital, outpatient surgical center, treatment or diagnostic imaging center, urgent care center, nursing care facility or rehabilitation center.*
7. Becomes effective on the general effective date.

Prepared by Senate Research

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JD/tf