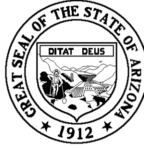

ARIZONA STATE SENATE

Fifty-First Legislature, First Regular Session

AMENDED

FACT SHEET FOR S.B. 1115

direct pay prices; health care

Purpose

Requires outlined health care providers and facilities to make the direct pay prices available for the most used services and codes and prohibits punishment for the direct payment for lawful health care services.

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 a uniform language, which can be used for communication between providers, patients and third parties, such as insurers to determine the amount of reimbursements (www.ama-assn.org/).

Diagnosis-related group (DRG) codes *classify hospital patients on the basis of diagnosis consisting of distinct groupings. A DRG assignment to a case is based on a patient's principal diagnosis, treatment procedures performed, age, gender and discharge status* (medical-dictionary.thefreedictionary.com). Outpatient service codes do the same, except with outpatients (Jones, LM, "Coding and Reimbursement for Hospital Outpatient Services," 2005).

In 2010, voters passed Proposition 106, which amends the Arizona Constitution by adding language related to health care services. The amendment stipulates that a person shall not be required to pay fines for paying directly for lawful health care services and that a health care provider shall not be fined for accepting payment for lawfully provided services (Arizona Constitution, Article XXVII, Section 2).

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

Provisions

Direct Pay Price of Health Care Providers and Facilities

1. Requires a health care provider (provider) to make available on request or online, the provider's direct pay price (price) for at least the 25 most common services, and allows the services to be identified by a common procedural terminology code or by a plain-English description.

2. Requires a health care facility (facility) to make publicly available on request, the facility's price for at least the 50 most used diagnosis-related group codes and at least the 50 most used outpatient service codes, if applicable for the facility.

3. Stipulates the price shall be for the standard diagnosis for the service and may include any complications or exceptional treatment and requires the prices to be updated at least annually.

4. States the posting requirement does not prevent a provider or facility from offering either additional discounts or services at an additional cost.

5. Stipulates a facility or provider is not required to report the prices for review or filing to a government agency or department or to an entity authorized or created by the government, and prohibits such agency, department or entity from approving, disapproving or limiting a facility or provider's price for services.

6. Stipulates a government agency, department or entity may not limit a provider or facility's ability to change posted prices.

7. Prohibits an insurer from punishing a person for paying directly or accepting payment for services.

8. Deems a provider or facility that accepts direct payment as paid in full and prohibits the provider or facility from submitting the claim to an insurer for payment, except as outlined.

9. Requires a provider or facility that is contracted as a network provider, before accepting direct payment from a person or employer, to obtain the person's (or employer's) signature on a prescribed form (form).

10. States a provider or facility that accepts direct payment is not responsible for submitting a claim for reimbursement, if not submitting such documentation does not conflict with contract terms or programs to which the provider or facility has agreed.

11. Stipulates this law does not impair an insurer's private network provider contracts, except that a provider or facility can decline to bill an insurer for services directly paid for, if the provider or facility has complied with the requirements of the form and if declining to bill does not conflict as outlined.

12. States that if a provider fails to comply with requirements, the penalty shall not include revocation of the license to deliver lawful health care services.

13. Exempts entities with fewer than three licensed health care providers from the requirement of posting prices.

Definitions

14. Defines *direct pay price* as the price that will be charged by a health care provider (or facility) for a lawful health care service, regardless of the health insurance status of the person, if the

entire fee for the service is paid directly to a health care provider (or facility) by the person, including the person's health savings account, or by the person's employer.

15. Defines *health care facility* as a hospital, outpatient surgical center, health care laboratory, diagnostic imaging center or urgent care center.

16. Defines *health care provider* as a person licensed pursuant to statutes governing podiatry, chiropractic, medicine and surgery (MD), optometry, osteopathic physicians and surgeons (DO), physical therapy or occupational therapy.

17. Defines *health care system, lawful health care services* and *punish*.

Miscellaneous

18. Contains a severability clause.

19. Repeals the provisions of this act on January 1, 2021.

20. Becomes effective on the general effective date.

Amendments Adopted by the HHS Committee

1. Allows prices to be available online and exempts entities with fewer than three licensed health care providers from the requirement of posting prices.

2. States the posting requirement does not prevent a provider or facility from offering either additional discounts or services at an additional cost.

3. Stipulates the government may not limit a provider or facility's ability to change posted prices.

4. Prohibits an insurer from punishing a person for paying directly or accepting payment for services.

5. Deems a provider or facility that accepts direct payment as paid in full, and prohibits the provider or facility from submitting the claim to an insurer for payment, except as outlined.

6. Requires a provider or facility that is contracted as a network provider, before accepting direct payment, to obtain the person's (or employer's) signature on a prescribed form (form).

7. States a provider or facility that accepts direct payment is not responsible for submitting a claim for reimbursement, if not submitting such documentation does not conflict with contract terms or programs to which the provider or facility has agreed.

8. Stipulates this does not impair an insurer's private network provider contracts, except that a provider or facility can decline to bill an insurer for services directly paid for, the

provider or facility has complied with the requirements of the form and if declining to bill does not conflict as outlined.

9. Modifies the definitions of *direct pay price* and *punish*, expands the definition of a *health care provider*, defines *health care system* and *lawful health care services* and contains a severability clause.

Amendments Adopted by the Committee of the Whole

1. Removes certain professionals from the definition of a *health care provider*.

2. Removes the requirement for the direct pay prices to be in a single document.

3. Prohibits license revocation as a penalty for noncompliance.

Senate Action

HHS	2/20/13	DPA	5-2-0-0
3rd Read	3/04/13		18-10-2-0

Prepared by Senate Research
April 1, 2013
MY/tf