



ARIZONA STATE SENATE
Fifty-First Legislature, Second Regular Session

FACT SHEET FOR S.B. 1279

insurance; unfair claim settlement practices

Purpose

Allows a health insurance policy holder to maintain a cause of action against an insurance company for not paying charges for services provided by a medical doctor (MD), doctor of osteopathy (DO), or doctor of chiropractic (DC), if the policy includes diagnosis and treatment of the condition.

Background

Current law prohibits outlined health insurers, as a general business practice, from failing to pay charges for reasonable and necessary services provided by an MD, DO or DC, if the services are within the lawful scope of practice of the physician and the insurance coverage includes diagnosis and treatment of the condition, regardless of the name used to describe the condition, complaint or services. Nothing in this law prohibits the application of deductibles, coinsurance, or measures such as quality assurance or cost containment, if they are applied equally to MDs, DOs, and DCs and if the limitation or condition placed on the payment to or services, diagnosis or treatment by any physician is equally applied, without discrimination to the usual and customary procedures of any type of physician. Further, the law stipulates a determination of discrimination as to the usual and customary procedures of any type of physician is not to be based on whether the insurer applies medical necessity review to the service or treatment (A.R.S. § 20-461, Subsection A, Paragraph 17 and Subsection B).

In A.R.S § 20-461, which outlines unfair claim settlement practices of insurance companies, it specifically states that nothing contained in this section is intended to provide any private right or cause of action to or on behalf of any insured (policy holder) or uninsured resident or nonresident of Arizona. However, it is the specific intent of this law to provide solely an administrative remedy to the Director of the Department of Insurance for any violation of these laws or rules (Subsection D).

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

Provisions

1. Allows a person who holds an outlined health insurance policy to maintain a cause of action for a violation of statute that requires an insurer to pay charges for reasonable and necessary services provided by an MD, DO or DC, if lawfully provided and the insurance coverage includes diagnosis and treatment of the condition or complaint, regardless of the name used to describe the condition, complaint or service.

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2. Stipulates a prevailing party in that action:
 - a) may not recover monetary damages;
 - b) is entitled only to declaratory relief; and
 - c) shall be awarded reasonable attorney fees.
3. Adds fee schedules and copayments to those requirements or measures that if applied to MDs, DOs or DCs, must be applied equally as it pertains to a particular diagnosis or condition, without discrimination to the usual and customary procedures of any type of physician and removes the provision that a discrimination determination must not be based on whether an insurer applies medical necessity review.
4. Makes technical changes.
5. Becomes effective on the general effective date.

Prepared by Senate Research

February 1, 2014

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