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REFERENCE TITLE: **electronic medical claims submission system.**

State of Arizona
House of Representatives
Forty-sixth Legislature
Second Regular Session
2004

HB 2174

Introduced by
Representatives Biggs, Quelland

AN ACT

PROVIDING FOR AN ELECTRONIC MEDICAL CLAIMS SUBMISSION SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Electronic medical claims submission system
3 A. Notwithstanding any law to the contrary, on or before January 1,
4 2005, the department of administration, the Arizona state retirement system
5 and the Arizona health care cost containment system administration shall
6 establish an electronic medical claims submission system to be used by each
7 of these agencies as the sole means of receiving medical claims for payment.
8 B. Each electronic claims submission system shall not encroach on any
9 intellectual property without appropriate licensure.
10 C. Each electronic claims submission system shall:
11 1. Provide the respective agencies and the legislature with an ongoing
12 assurance that, after full installation and enforcement of the health
13 insurance portability and accountability act of 1996 (42 United States Code,
14 section 1320d), every other source of coverage eligibility obligated to reply
15 to the mandatory transaction sets under that act is tested and any resulting
16 coverage is included in the determination of the primary payer.
17 2. Demonstrate a capacity to:
18 (a) Broadcast an asynchronous eligibility inquiry to all North
19 American payers in one second or less per patient.
20 (b) Redirect claims to primary payers that are identified by the
21 application to their reply of the primacy rules during electronic
22 transmission.
23 (c) Correct errors occurring as a result of late-arriving data.
24 3. Enable the prompt balance billing of any claim, or excluded
25 service, rejected balance bill to any secondary payer.
26 4. At full deployment, include multiple levels of redundancy in the
27 computing of primacy and the storage of data transmitting through the system.
28 5. Enable the participating agencies to integrate a medical necessity
29 test on the model of the local medical review practice deployed by Medicare.
30 6. Enable the participating agencies to load their plan structure.
31 7. Include within its process an ability to include in the
32 construction of a primacy determination the exclusions, limitations and other
33 plan terms or conditions that may affect the outcome of a primacy
34 determination.
35 8. Include an optional biometric identifier as an index to its
36 coverage data and search method, and enable the linkage of a medical bill to
37 that biometric identifier to improve patient safety.
38 9. Encrypt data transmission between medical providers and the claims
39 submission system and between the claims submission system and payers.
40 D. Any party to which the department of administration, the Arizona
41 health care cost containment system administration and the Arizona state
42 retirement system has delegated the task of processing medical claims must
43 use the system adopted pursuant to this section and properly account for in
44 any rate renewals.

1 E. The department of administration, the Arizona health care cost
2 containment system administration and the Arizona state retirement system
3 shall not issue or renew a contract for claims administration to any vendor
4 that lacks certification of compliance with the required methods and
5 protocols for the system by the party operating the claims submission system.

6 F. The Arizona health care cost containment system administration
7 shall apply for federal financial participation in the support of the
8 electronic claims submission system as a component of or modification to its
9 medicaid management information system.

10 Sec. 2. Exemption from rule making

11 For the purposes of this act, the department of administration, the
12 Arizona state retirement system and the Arizona health care cost containment
13 system administration are exempt from the rule making requirements of title
14 41, chapter 6, Arizona Revised Statutes, for one year after the effective
15 date of this act.

16 Sec. 3. Emergency

17 This act is an emergency measure that is necessary to preserve the
18 public peace, health or safety and is operative immediately as provided by
19 law.