REFERENCE TITLE: health insurance; interstate purchase.

State of Arizona
House of Representatives
Fiftieth Legislature
First Regular Session
2011

HB 2689

Introduced by
Representatives Brophy McGee, Ash, Carter, Jones, Stevens: Fann, Goodale, Lesko, Olson, Robson

AN ACT

AMENDING TITLE 20, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-238; RELATING TO HEALTH INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Title 20, chapter 2, article 1, Arizona Revised Statutes, is amended by adding section 20-238, to read:

20-238. Out-of-state insurers; requirements; revocation; notice; rulemaking

A. NOTWITHSTANDING ANY OTHER LAW, INSURERS OF THE SAME TYPE AS THOSE SUBJECT TO SECTION 20-826, 20-1057, 20-1342, 20-1402 OR 20-1404 THAT ISSUE POLICIES, CONTRACTS, PLANS, COVERAGES OR EVIDENCES OF COVERAGE AND THAT ARE DOMICILED OUTSIDE OF THIS STATE MAY TRANSACT HEALTH OR SICKNESS INSURANCE IN THIS STATE IF THE INSURER PROVIDES EVIDENCE TO THE DIRECTOR THAT WHILE PROVIDING HEALTH OR SICKNESS INSURANCE THE INSURER IS SUBJECT TO THE JURISDICTION OF ANOTHER STATE'S INSURANCE DEPARTMENT AND THAT THE INSURER'S STATE OF DOMICILE REQUIRES THE INSURER TO MAINTAIN FINANCIAL RESERVES OF NOT LESS THAN THE AMOUNT REQUIRED IN THIS STATE.

B. ANY POLICY, CONTRACT, PLAN, COVERAGE OR EVIDENCE OF COVERAGE ISSUED FOR HEALTH OR SICKNESS COVERAGE PURSUANT TO SUBSECTION A MUST SATISFY THE ACTUARIAL STANDARDS ESTABLISHED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS.

C. THE DIRECTOR MAY REVOKE AN INSURER'S RIGHT TO ISSUE ANY POLICY, CONTRACT, PLAN, COVERAGE OR EVIDENCE OF COVERAGE FOR HEALTH OR SICKNESS COVERAGE PURSUANT TO SUBSECTION A IF ANY OF THE FOLLOWING OCCURS:

1. THE DOMICILE STATE FOR THE INSURER CHANGES THAT STATE'S FINANCIAL RESERVE REQUIREMENTS TO LESS THAN THE AMOUNT REQUIRED BY THIS STATE.

2. THE DIRECTOR ESTABLISHES:

(a) A PATTERN OF COMPLAINTS ABOUT DENIAL OR DELAYS IN APPROVING CARE OR TREATMENT THAT ARE EVENTUALLY APPROVED.

(b) THAT THE INSURER HAS A PATTERN OF COMPLAINTS FOR FAILING TO PAY PROMPTLY FOR CLAIMS.

(c) A PATTERN OF POOR CUSTOMER SERVICE AT A LEVEL THAT WOULD PROMPT SEEKING CORRECTIVE ACTION OR REMEDIES FOR INSURERS LICENSED IN THIS STATE.

(d) A PATTERN OF THE INSURER USING DECEPTIVE MARKETING PRACTICES IN THIS STATE.

(e) THAT THE INSURER HAS BEEN INVOLVED IN A PATTERN OF FRAUDULENT ACTIVITIES.

(f) THAT THE INSURER'S DOMICILE STATE HAS IDENTIFIED AND REPEATEDLY ENFORCED PENALTIES ON THE INSURER FOR VIOLATIONS RELATED TO CLAIM DENIALS, PROMPT PAYMENT, POOR CUSTOMER SERVICE, DECEPTIVE MARKETING PRACTICES OR FRAUDULENT ACTIVITIES.

D. EACH WRITTEN APPLICATION FOR A POLICY, CONTRACT, PLAN, COVERAGE OR EVIDENCE OF COVERAGE FOR HEALTH OR SICKNESS COVERAGE ISSUED UNDER THIS SECTION SHALL CONTAIN THE FOLLOWING NOTICE AT THE BEGINNING OF THE DOCUMENT PRINTED IN AT LEAST TWELVE-POINT BOLDFACED TYPE:

NOTICE: THIS POLICY IS ISSUED BY (NAME OF INSURER) AND IS GOVERNED BY THE LAWS AND RULES OF THE STATE OF (INSURER'S DOMICILE STATE) AND THE POLICY HAS MET THE REQUIREMENTS OF THAT STATE AS DETERMINED BY THAT STATE'S DEPARTMENT OF INSURANCE. THIS POLICY MAY BE LESS EXPENSIVE THAN OTHERS BECAUSE IT IS NOT SUBJECT TO ALL OF THE INSURANCE LAWS AND RULES OF THE STATE OF ARIZONA, INCLUDING COVERAGE OF SOME SERVICES OR BENEFITS MANDATED BY LAW IN ARIZONA. ADDITIONALLY, THIS POLICY IS SUBJECT TO ALL OF THE CONSUMER PROTECTION LAWS OR RESTRICTIONS ON RATE CHANGES OF THE STATE OF (INSURER'S DOMICILE STATE), AND NOT THE STATE OF ARIZONA. AS WITH ALL INSURANCE PRODUCTS, BEFORE PURCHASING THIS POLICY, YOU SHOULD CAREFULLY REVIEW THE POLICY AND DETERMINE WHAT HEALTH CARE SERVICES THE POLICY COVERS AND WHAT BENEFITS IT PROVIDES, INCLUDING ANY EXCLUSIONS, LIMITATIONS OR CONDITIONS FOR SUCH SERVICES OR BENEFITS.

E. ANY DISPUTE RESOLUTION MECHANISM OR PROVISION FOR NOTICE AND HEARING UNDER THIS TITLE APPLIES TO INSURERS ISSUING AND DELIVERING POLICIES, CONTRACTS, PLANS, COVERAGES OR EVIDENCES OF COVERAGE FOR HEALTH OR SICKNESS COVERAGE UNDER THIS SECTION.

F. RESIDENTS OF THIS STATE WHO OBTAIN A POLICY FROM A COMPANY WHOSE PRIMARY STATE IS NOT THIS STATE HAVE THE RIGHT TO AN INDEPENDENT EXTERNAL REVIEW IN THIS STATE, AND THE DECISION BY THE INDEPENDENT EXTERNAL REVIEW BOARD TO AUTHORIZE THE TREATMENT OR CARE IS BINDING ON THE INSURER.

G. THE DIRECTOR SHALL ADOPT RULES TO IMPLEMENT THIS SECTION, INCLUDING STANDARD FORMS FOR THE DISCLOSURE OF BENEFITS.