

REFERENCE TITLE: health insurance; interstate purchase

State of Arizona
Senate
Fiftieth Legislature
First Regular Session
2011

SB 1593

Introduced by
Senators Barto, Allen, Bundgaard, Crandall, Griffin, Murphy, Nelson,
Pearce R, Yarbrough: Driggs, Gould, Gray, Klein, Melvin, Reagan, Smith

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)

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

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

4 20-238. Out-of-state insurers; requirements; revocation;
5 notice; rulemaking

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

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

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

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

24 2. THE DIRECTOR ESTABLISHES:

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

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

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

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

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

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

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

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

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

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

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