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SB 1021: health care liens; limitation

Sponsor: Senator Ugenti-Rita, LD 23

Transmitted to the Governor

Overview

Prescribes health care provider lien and assignment restrictions and compromise requirements.

History

Any health care provider, health care institution or ambulance entity that provides care and treatment or transportation services to an injured person may assert a lien on the injured person's claims settlement to recover costs associated with the services provided. A county that maintains, operates or provides health care services may impose an assignment on an injured person's settlement for costs associated with the care and treatment or transportation of the injured person. The lien or assignment extends to all claims of liability or indemnity, except health insurance and underinsured motorist and uninsured motorist coverage benefits ([A.R.S. § 33-931](#)).

In order to perfect a lien, a health care provider or health care institution must record a verified written statement with the county recorder in the county where the health care provider or health care institution is located within 30 days after an injured person receives any medical services or is discharged. The statement must include: 1) the dates of services received by the injured person; 2) the amount claimed due for services; 3) the name and address of the injured person; and 4) the name and location of the health care provider or health care institution. Within five days after recording the claim or lien, the health care provider or health care institution must mail a copy to the injured person and either mail or provide notice to all persons, firms or corporations and insurance carriers liable for damages, as applicable ([A.R.S. § 33-932](#)).

Provisions

1. Specifies health care provider liens and county assignments are subject to prescribed restrictions. (Sec. 1)
2. Prescribes the following restrictions to liens and assignments:
 - a) exempts one-third of any third-party judgment, settlement or award from any authorized lien or assignment;
 - b) stipulates the contract must expressly allow the health care provider to assert an authorized lien or assignment if the injured person is covered under a health insurance or medical benefit plan and the provider has a valid and binding contract with that insurer or plan as an in-network provider, and without that contract provision the lien or assignment is invalid and unenforceable;
 - c) specifies the lien amount exemption and contract provision requirement do not apply if specified exceptions are met;
 - d) permits a health care provider to enforce an authorized lien or assignment for all amounts the patient is personally responsibility including outstanding coinsurance, copayments and deductibles; and

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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- e) requires any valid and enforceable lien or assignment to be compromised in accordance with prescribed criteria and be subordinate to any lien with higher priority (Sec. 1)
- 3. Specifies the lien or assignment restrictions do not affect the rights of a health care provider to enforce a consensual agreement against the patient who has signed the agreement. (Sec. 1)
- 4. Requires all interested parties to compromise any lien or assignment and the amounts owed in accordance with any such lien or assignment to provide a settlement of the claim that is fair and equitable. (Sec. 2)
- 5. Prescribes factors that a health care provider must consider in determining the extent of the required compromise. (Sec. 2)
- 6. Directs the patient, on request of the health care provider to provide a proposed distribution list of the settlement monies including the amount the patient would receive if the liens are compromised. (Sec. 2)
- 7. Stipulates an action may be filed for a judicial determination of an appropriate compromise if the interested parties cannot agree on a compromise. (Sec. 2)
- 8. Outlines the individuals who may file for a judicial determination. (Sec. 2)
- 9. Prevents the prevailing party from recovering attorney fees in any action. (Sec. 2)
- 10. Asserts health care provider liens and county assignments are enforceable by a cause of action as prescribed by statute. (Sec. 1)
- 11. Specifies a health care provider lien or county assignment does not extend to medical payments coverage. (Sec. 1)
- 12. Applies the health care provider lien restrictions and compromise requirements to liens that are filed for services that are provided beginning January 1, 2023. (Sec. 3)
- 13. Makes technical and clarifying changes. (Sec. 1)