

# Fiscal Note

**BILL #** SB 1250

**TITLE:** AHCCCS; claims

**SPONSOR:** Shope

**STATUS:** As Introduced

**PREPARED BY:** Chandler Coiner

## Description

The bill, as introduced, would prohibit a third-party payer from denying a claim for payment submitted by the Arizona Health Care Cost Containment System (AHCCCS) solely on the basis that the claim did not receive prior authorization under the third-party payer's rules if AHCCCS authorized the item or service. It would also require a third-party payer to respond within 60 days to any AHCCCS inquiry regarding a claim it submits to that third party.

## Estimated Impact

We anticipate that the bill could potentially have a minimal fiscal impact. There could be AHCCCS savings if the number of third party-approved claims increases, thereby reducing AHCCCS' liability. The magnitude of the impact would largely depend on the number and size of the claims third-party payers currently deny based solely on the lack of prior authorization.

AHCCCS estimates the bill would not have a fiscal impact.

## Analysis

As the state's Medicaid agency, AHCCCS is generally the "payer of last resort" for its members, meaning that it only pays claims for covered services if there are no other liable third-party payers for those services. If an AHCCCS member has additional sources of coverage, federal and state law govern the legal obligation of these third-party payers. However, under current state law, a third-party payer such as a health insurer, a managed care organization, or a group health plan could potentially deny a claim submitted by AHCCCS if the service did not receive prior authorization under the third party's rules. In that circumstance, AHCCCS would be responsible for paying the claim.

The federal 2022 Consolidated Appropriations Act required state Medicaid agencies to adopt policies that would prohibit certain third-party payers from denying a claim in this way as long as the state has authorized the service. This bill would bring AHCCCS in compliance with this federal requirement.

A third party denying a claim submitted by AHCCCS effectively means AHCCCS assumes responsibility for covering the cost of services provided to the member. If fewer of AHCCCS' claims are denied due to this bill, it could result in savings to AHCCCS as the costs of these services shift to third parties.

We have requested AHCCCS to provide certain third-party claims data, but AHCCCS reports that the relevant data is not immediately available. As a result, we are not able to estimate the magnitude of the savings. However, based on information from stakeholders, we believe the impact is likely to be minimal.

## Local Government Impact

None

2/13/24

