

House Engrossed Senate Bill

~~health insurers; provider; payment; claims~~
(now: health insurers; provider credentialing; claims)

State of Arizona
Senate
Fifty-seventh Legislature
First Regular Session
2025

SENATE BILL 1291

AN ACT

AMENDING SECTIONS 20-3451, 20-3453 AND 20-3454, ARIZONA REVISED STATUTES;
REPEALING SECTION 20-3456, ARIZONA REVISED STATUTES; AMENDING TITLE 20,
CHAPTER 27, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION
20-3456; AMENDING SECTION 20-3459, ARIZONA REVISED STATUTES; RELATING TO
HEALTH CARE CREDENTIALING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-3451, Arizona Revised Statutes, is amended to
3 read:

4 20-3451. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "Applicant" means a provider that submits a credentialing
7 application to a health insurer to become a participating provider in the
8 health insurer's network.

9 2. "Application" means an applicant's initial application to be
10 credentialed as a participating provider.

11 3. "COMPLETE credentialing APPLICATION":

12 (a) Means ~~to collect, verify and assess whether a provider meets~~
13 ~~relevant licensing, education and training requirements to become or~~
14 ~~remain a participating provider~~ AN APPLICATION THAT INCLUDES ALL THE
15 INFORMATION, ANY REQUIRED SUPPORTING DOCUMENTATION AND A CURRENT
16 AUTHORIZATION TO ACCESS ELECTRONIC DOCUMENTATION THAT A HEALTH INSURER
17 NEEDS IN ORDER TO PROCESS THE CREDENTIALING REQUEST THROUGH A
18 CREDENTIALING SYSTEM THAT IS DEVELOPED BY A NATIONALLY RECOGNIZED,
19 NONPROFIT ALLIANCE OF HEALTH PLANS AND TRADE ASSOCIATIONS, INCLUDING A
20 NONPROFIT ORGANIZATION THAT IS INCORPORATED AS A MUTUAL HEALTH CORPORATION
21 AND THAT IS WORKING TO STREAMLINE THE BUSINESS OF HEALTH CARE.

22 (b) INCLUDES A CREDENTIALING SYSTEM THAT IS OPERATED BY A DENTAL
23 SERVICES CORPORATION.

24 4. "Designee" means a third party to whom the health insurer has
25 delegated credentialing activities or responsibilities.

26 5. "Health insurer" means a disability insurer, group disability
27 insurer, blanket disability insurer, health care services organization,
28 hospital service corporation, medical service corporation or ~~a~~ hospital,
29 medical, dental and optometric service corporation and includes the health
30 insurer's designee. Health insurer does not include a pharmacy benefits
31 manager as defined in section 20-3321.

32 6. "Loading" means to input a participating provider's information
33 into a health insurer's billing system for the purpose of processing
34 claims and submitting reimbursement for covered services.

35 7. "Participating provider" means a provider that has been
36 credentialed AND CONTRACTED by a health insurer ~~or its designee~~ to provide
37 health care items or services to subscribers in at least one of the health
38 insurer's provider networks.

39 8. "Provider" means a physician, hospital or other person that is
40 licensed in this state or that is otherwise authorized to furnish health
41 care services in this state.

42 9. "~~Recredentialing~~ RECREDENTIAL" means to confirm that a
43 participating provider is in good standing by a health insurer ~~or its~~
44 ~~designee~~ and does not require submitting an application or going through a
45 contracting and loading process.

1 10. "Subscriber" means a person who is eligible to receive health
2 care benefits pursuant to a health insurance policy or coverage issued or
3 provided by a health insurer.

4 Sec. 2. Section 20-3453, Arizona Revised Statutes, is amended to
5 read:

6 20-3453. Credentialing; loading; timelines; exception

7 A. Except as provided in subsection C of this section, the health
8 insurer shall conclude the process of credentialing **WITHIN SIXTY CALENDAR**
9 **DAYS** and loading the applicant's information into the health insurer's
10 billing system within ~~one hundred~~ **THIRTY** calendar days after the date the
11 health insurer receives a complete **CREDENTIALING** application.

12 B. A health insurer shall provide written or electronic notice of
13 the approval or denial of a credentialing application to an applicant
14 within seven calendar days after the conclusion of the credentialing
15 process.

16 C. If a licensed health care facility has a delegated credentialing
17 agreement with a health insurer, the health insurer is not responsible for
18 compliance with the timeline prescribed in subsection A of this section
19 for an applicant who works for that facility, but shall conclude the
20 loading process for that applicant within ten calendar days after the
21 health insurer receives a roster of demographic changes related to newly
22 credentialed, terminated or suspended participating providers.

23 Sec. 3. Section 20-3454, Arizona Revised Statutes, is amended to
24 read:

25 20-3454. Acknowledgement of receipt of an application;
26 notification of incomplete applications

27 A. **WHEN SUBMITTING A CREDENTIALING APPLICATION**, a health insurer
28 shall provide written or electronic acknowledgement to an applicant within
29 seven calendar days after the health insurer's receipt of the ~~applicant's~~
30 application. The applicant shall include in the application a contact
31 name, telephone number and ~~e-mail~~ **EMAIL** address ~~to~~ **OF AN INDIVIDUAL WHO**
32 **CAN** address discrepancies in the application.

33 B. On receipt of an application, a health insurer shall promptly
34 review the application to determine if the application is complete.

35 C. ~~if the~~ **NOT LATER THAN SEVEN CALENDAR DAYS AFTER RECEIPT OF A**
36 **CREDENTIALING APPLICATION, A** health insurer ~~determines that the~~
37 ~~application is incomplete, the health insurer~~ shall **notify CONTACT** the
38 applicant in writing or by electronic means ~~that~~ **TO ACKNOWLEDGE RECEIPT OF**
39 **THE APPLICATION AND INFORM THE APPLICANT WHETHER** the application is
40 ~~incomplete within seven calendar days after the date the health insurer~~
41 ~~received the application~~ **A COMPLETE CREDENTIALING APPLICATION. IF THE**
42 **APPLICATION IS NOT A COMPLETE CREDENTIALING APPLICATION**, the notice shall
43 include a detailed list of all of the items required to complete the
44 application. A health insurer may request supplemental information to
45 complete the credentialing process.

1 D. If the health insurer does not send the notice to the applicant
2 within the required time frame specified in this section, the application
3 is deemed complete for the purposes of section 20-3453.

4 E. If the health insurer notifies the applicant ~~of an incomplete~~
5 PURSUANT TO SUBSECTION C OF THIS SECTION THAT THE application in
6 ~~compliance with subsection C of this section~~ IS NOT A COMPLETE
7 CREDENTIALING APPLICATION, the time periods specified under section
8 20-3453 are tolled, and the application is suspended from the date the
9 notification was sent to the applicant until the date on which the health
10 insurer receives the information from the applicant to complete the
11 application. NOT LATER THAN SEVEN CALENDAR DAYS AFTER THE APPLICANT
12 SUBMITS INFORMATION TO COMPLETE THE APPLICATION, THE HEALTH INSURER SHALL
13 CONTACT THE APPLICANT TO ACKNOWLEDGE RECEIPT OF THE ADDITIONAL INFORMATION
14 AND INFORM THE APPLICANT WHETHER THE APPLICATION IS A COMPLETE
15 CREDENTIALING APPLICATION. If the health insurer has not received any
16 response providing the requested information in subsection C of this
17 section from the applicant after thirty calendar days, the HEALTH insurer
18 may deem the application withdrawn AND COMMUNICATE THE WITHDRAWAL OF THE
19 APPLICATION TO THE APPLICANT WITHIN SEVEN CALENDAR DAYS.

20 F. IF AT ANY TIME DURING THE APPLICATION PROCESS THE HEALTH INSURER
21 TOLLS THE TIME PERIOD SPECIFIED IN SECTION 20-3453 WHILE WAITING FOR
22 ADDITIONAL INFORMATION FROM THE APPLICANT, THE HEALTH INSURER SHALL
23 ACKNOWLEDGE RECEIPT OF THE ADDITIONAL INFORMATION NOT LATER THAN SEVEN
24 CALENDAR DAYS AFTER THE HEALTH INSURER RECEIVES THE ADDITIONAL
25 INFORMATION. THE HEALTH INSURER SHALL PROVIDE ALL NOTIFICATIONS TO THE
26 APPLICANT IN THIS SUBSECTION IN WRITING OR BY ELECTRONIC MEANS.

27 G. A HEALTH INSURER MAY NOT TOLL THE TIME PERIOD SPECIFIED IN
28 SECTION 20-3453 MORE THAN THREE TIMES. IF, AFTER THE THIRD TOLL, A HEALTH
29 INSURER HAS NOT RECEIVED A RESPONSE FROM THE APPLICANT THAT INCLUDES THE
30 REQUESTED INFORMATION AS PRESCRIBED IN SUBSECTION C OF THIS SECTION WITHIN
31 THIRTY CALENDAR DAYS, THE HEALTH INSURER MAY DEEM THE APPLICATION
32 WITHDRAWN AND SHALL INFORM THE APPLICANT OF THE WITHDRAWAL WITHIN SEVEN
33 CALENDAR DAYS.

34 ~~F.~~ H. On receipt of a complete CREDENTIALING application, a health
35 insurer must send the applicant a proposed contract that is complete and
36 ready for execution by the parties.

37 ~~G.~~ I. A health insurer that enters into a delegated credentialing
38 agreement with a licensed health care facility or that participates in a
39 health insurer credentialing alliance with equivalent or higher standards
40 than as prescribed in this section is deemed to be in compliance with the
41 requirements of this section.

42 Sec. 4. Repeal

43 Section 20-3456, Arizona Revised Statutes, is repealed.

1 Sec. 5. Title 20, chapter 27, article 1, Arizona Revised Statutes,
2 is amended by adding a new section 20-3456, to read:

3 20-3456. Covered services; claims; payment; liability; notice

4 A. A PROVIDER MAY RECEIVE PAYMENT FROM A HEALTH INSURER PURSUANT TO
5 THIS SECTION FOR SERVICES THAT WERE PROVIDED FROM THE DATE THAT WAS
6 INCLUDED ON THE NOTICE OF COMPLETE CREDENTIALING APPLICATION TO THE DATE
7 THE PROVIDER'S NETWORK PARTICIPATION CONTRACT IS EXECUTED. A HEALTH
8 INSURER SHALL PROCESS A PROVIDER'S CLAIM AS AN IN-NETWORK CLAIM AND PAY
9 THE CLAIM IF ALL OF THE FOLLOWING APPLY:

10 1. THE PROVIDER HAS APPLIED FOR CREDENTIALING WITH THE HEALTH
11 INSURER AND RENDERS A COVERED SERVICE TO AN INDIVIDUAL WHO IS AN ELIGIBLE
12 HEALTH PLAN MEMBER ON THE DATE OF SERVICE.

13 2. THE PROVIDER RENDERS THE SERVICE ON OR AFTER THE DATE ON WHICH
14 THE HEALTH INSURER NOTIFIED THE PROVIDER THAT THE APPLICATION WAS A
15 COMPLETE CREDENTIALING APPLICATION.

16 3. THE PROVIDER DOES NOT SUBMIT THE CLAIM UNTIL AFTER THE PROVIDER
17 HAS A FULLY EXECUTED NETWORK PARTICIPATION CONTRACT WITH THE HEALTH
18 INSURER FOR THE MEMBER'S HEALTH PLAN NETWORK AND THE HEALTH INSURER HAS
19 APPROVED THE PROVIDER'S CREDENTIALS.

20 B. IF A CLAIM IS SUBMITTED WITHIN ONE YEAR AFTER THE DATE OF
21 SERVICE, A HEALTH INSURER MAY NOT DENY A PROVIDER'S CLAIM THAT IS
22 SUBMITTED IN COMPLIANCE WITH THIS SECTION ON THE BASIS THAT THE CLAIM WAS
23 NOT SUBMITTED WITHIN THE CONTRACTUALLY REQUIRED TIME PERIOD.

24 C. THIS SECTION DOES NOT REQUIRE A HEALTH INSURER TO REIMBURSE THE
25 APPLICANT AT THE IN-NETWORK RATE FOR ANY COVERED MEDICAL SERVICES PROVIDED
26 BY THE APPLICANT IF THE APPLICANT'S CREDENTIALING APPLICATION IS NOT
27 APPROVED OR THE HEALTH CARE PROVIDER IS UNWILLING TO CONTRACT WITH THE
28 INSURER ON MUTUALLY ACCEPTABLE TERMS.

29 D. WITHIN A REASONABLE PERIOD BEFORE A HEALTH CARE PROVIDER
30 PROVIDES SERVICE TO A PATIENT IN A NETWORK FACILITY, A HEALTH CARE
31 PROVIDER OR THE HEALTH CARE PROVIDER'S REPRESENTATIVE SHALL PROVIDE A
32 WRITTEN, DATED DISCLOSURE THAT INFORMS THE PATIENT OF ALL OF THE
33 FOLLOWING:

34 1. THE NAME OF THE BILLING HEALTH CARE PROVIDER.

35 2. THE TOTAL ESTIMATED COST TO BE BILLED BY THE HEALTH CARE
36 PROVIDER OR THE HEALTH CARE PROVIDER'S REPRESENTATIVE.

37 3. A STATEMENT THAT THE HEALTH CARE PROVIDER IS NOT CREDENTIALLED
38 AND IS NOT A CONTRACTED PROVIDER.

39 Sec. 6. Section 20-3459, Arizona Revised Statutes, is amended to
40 read:

41 20-3459. Civil immunity; enforcement; civil penalty

42 A. A health insurer that complies in good faith with the
43 requirements of this chapter is immune from civil liability for the
44 purposes of reviewing and approving a credentialing application.

1 B. A HEALTH INSURER THAT DOES NOT CREDENTIAL A PROVIDER IS NOT
2 SUBJECT TO CIVIL LIABILITY FOR ANY ACT OR OMISSION OF THE PROVIDER IN
3 RENDERING SERVICES TO A HEALTH INSURER'S MEMBER.

4 ~~B.~~ C. The director shall enforce this chapter. A health insurer
5 that fails to comply with this chapter or with any rules adopted pursuant
6 to this chapter is subject to the civil penalties prescribed in section
7 20-456.

8 ~~C.~~ D. On receipt of multiple complaints of violations of this
9 chapter by a health insurer from applicants or participating providers,
10 the director shall conduct an examination of the health insurer pursuant
11 to section 20-156, 20-831 or 20-1058, as applicable to the specific
12 insurer.

13 Sec. 7. Effective date

14 This act is effective from and after March 31, 2026.