

REFERENCE TITLE: consumer assistance; health insurance claims

State of Arizona  
Senate  
Fifty-seventh Legislature  
Second Regular Session  
2026

## **SB 1607**

Introduced by  
Senators Kuby: Epstein, Miranda, Ortiz, Sundareshan; Representative  
Garcia

AN ACT

AMENDING TITLE 20, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY  
ADDING SECTION 20-128; APPROPRIATING MONIES; RELATING TO THE DEPARTMENT OF  
INSURANCE AND FINANCIAL INSTITUTIONS.

(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 1, article 1, Arizona Revised  
3 Statutes, is amended by adding section 20-128, to read:

4 20-128. Health care claims consumer assistance program; civil  
5 penalty; data collection; reporting requirements;  
6 public posting; rules; definitions

7 A. A HEALTH CARE CLAIMS CONSUMER ASSISTANCE PROGRAM IS ESTABLISHED  
8 IN THE DEPARTMENT TO PROVIDE SUPPORT TO CONSUMERS WHO ARE ENROLLED IN A  
9 HEALTH PLAN OR WHO ARE SEEKING TO ENROLL IN A HEALTH PLAN.

10 B. THE HEALTH CARE CLAIMS CONSUMER ASSISTANCE PROGRAM SHALL:

11 1. ASSIST CONSUMERS WITH FILING COMPLAINTS AND APPEALS WITH A  
12 HEALTH INSURER OR WITH THE UTILIZATION REVIEW PROCESS AS PROVIDED IN  
13 CHAPTER 15 OF THIS TITLE.

14 2. ASSIST CONSUMERS WITH SETTLING CONFLICTS, DISPUTED CLAIMS OR  
15 CLAIMS DENIALS WITH A HEALTH INSURER.

16 3. EDUCATE CONSUMERS ON THEIR RIGHTS AND RESPONSIBILITIES WITH  
17 RESPECT TO HEALTH INSURANCE COVERAGE.

18 C. THE DEPARTMENT MAY IMPOSE CIVIL PENALTIES IF THE DEPARTMENT  
19 FINDS THAT A HEALTH INSURER CONTINUOUSLY VIOLATES A HEALTH PLAN. IF THE  
20 DEPARTMENT PROVIDES PROPER NOTICE AND AN OPPORTUNITY TO THE HEALTH INSURER  
21 TO REMEDY REPEATED VIOLATIONS AND THE HEALTH INSURER CONTINUES TO VIOLATE  
22 A HEALTH PLAN, THE DEPARTMENT MAY IMPOSE A CIVIL PENALTY OF AT LEAST  
23 \$25,000 FOR EACH VIOLATION FOR WHICH THE HEALTH INSURER WRONGFULLY DENIED  
24 OR INSUFFICIENTLY PAID A VALID CONSUMER INSURANCE CLAIM.

25 D. IF THE DEPARTMENT OR A COURT FINDS THAT A HEALTH INSURER HAS  
26 WRONGFULLY DENIED OR INSUFFICIENTLY COVERED A VALID CONSUMER INSURANCE  
27 CLAIM, THE HEALTH INSURER IS AUTOMATICALLY LIABLE TO PAY DOUBLE THE AMOUNT  
28 THAT WAS WRONGFULLY DENIED OR INSUFFICIENTLY COVERED, INCLUDING ATTORNEY  
29 FEES.

30 E. THE DEPARTMENT OR THE COURT MAY ASSESS ADDITIONAL DAMAGES TO BE  
31 PAID TO AN INSURED ON REVIEW OF THE FOLLOWING FACTORS, AS APPROPRIATE, IF  
32 THE HARM WAS SEVERE:

33 1. THE NATURE, SCOPE AND GRAVITY OF THE VIOLATION.

34 2. THE SEVERITY OF THE POTENTIAL HARM TO THE POLICYHOLDER,  
35 INCLUDING:

36 (a) LOSS OF LIFE.

37 (b) LOSS OF HEALTH.

38 (c) EMOTIONAL DISTRESS.

39 (d) FINANCIAL HARM.

40 3. THE NATURE AND EXTENT TO WHICH THE HEALTH INSURER COOPERATED  
41 WITH THE DEPARTMENT.

42 4. THE NATURE AND EXTENT TO WHICH THE HEALTH INSURER AGGRAVATED OR  
43 MITIGATED ANY INJURY OR DAMAGE CAUSED BY THE VIOLATION.

44 5. THE NATURE AND EXTENT TO WHICH THE HEALTH INSURER HAS TAKEN  
45 CORRECTIVE ACTION TO ENSURE THE VIOLATION WILL NOT RECUR.

1 F. ON OR BEFORE DECEMBER 31, 2026 AND EVERY YEAR THEREAFTER, THE  
2 DEPARTMENT SHALL ADJUST THE PENALTY AMOUNT PRESCRIBED IN SUBSECTION C OF  
3 THIS SECTION BASED ON WHICHEVER IS THE HIGHER OF:

4 1. THE AVERAGE RATE OF CHANGE IN PREMIUM RATES FOR INSURED IN A  
5 GROUP MARKET THAT IS WEIGHTED BY ENROLLMENT SINCE THE PREVIOUS ADJUSTMENT.

6 2. ANY ADJUSTMENT BASED ON INFLATION.

7 G. THE DEPARTMENT SHALL KEEP RECORDS OF WRONGFUL CLAIMS DENIALS  
8 THAT ARE BROUGHT TO THE HEALTH CARE CLAIMS CONSUMER ASSISTANCE PROGRAM.

9 H. A HEALTH INSURER SHALL DISCLOSE DATA ON WRONGFUL CLAIMS DENIALS  
10 TO THE DEPARTMENT ON REQUEST AND IN A READABLE FORMAT THAT INCLUDES:

11 1. THE NUMBER, PERCENTAGE AND TYPES OF DENIED CLAIMS.

12 2. THE NUMBER, PERCENTAGE AND TYPES OF WRONGFULLY DENIED CLAIMS.

13 I. IF A HEALTH INSURER IS FOUND TO HAVE VIOLATED THIS SECTION MORE  
14 THAN THE MEDIAN PERCENTAGE OF WRONGFUL DENIALS SINCE THE PREVIOUS YEAR,  
15 THE DEPARTMENT SHALL REVIEW EACH VIOLATION IN THE CURRENT YEAR TO  
16 DETERMINE WHETHER PENALTIES SHOULD BE IMPOSED.

17 J. ON OR BEFORE MAY 1, 2027 AND EVERY YEAR THEREAFTER, THE  
18 DEPARTMENT SHALL:

19 1. COMPILE A REPORT THAT CONTAINS ALL OF THE FOLLOWING:

20 (a) THE NUMBER AND TYPE OF DENIED CLAIMS, INCLUDING RAW NUMBERS AND  
21 NUMBERS AS A PERCENTAGE OF THE TOTAL CLAIMS.

22 (b) THE NUMBER AND TYPE OF WRONGFULLY DENIED CLAIMS, INCLUDING RAW  
23 NUMBERS AND NUMBERS AS A PERCENTAGE OF THE TOTAL CLAIMS.

24 (c) THE NUMBER AND TYPE OF DENIED CLAIMS THAT WERE APPEALED AND  
25 REPORTED TO THE HEALTH CARE CLAIMS CONSUMER ASSISTANCE PROGRAM.

26 (d) THE NUMBER OF DENIED CLAIMS THAT WERE APPEALED AND BROUGHT TO  
27 THE HEALTH CARE CLAIMS CONSUMER ASSISTANCE PROGRAM.

28 (e) THE NUMBER, TYPE AND PERCENTAGE OF WRONGFULLY DENIED CLAIMS BY  
29 EACH INSURER FOR EACH HEALTH PLAN.

30 (f) THE OUTCOME OF ANY INVESTIGATION FOR EACH HEALTH INSURER THAT  
31 WAS CONDUCTED BY THE DEPARTMENT FOR A VIOLATION OF THIS SECTION.

32 2. POST THE REPORT ON THE DEPARTMENT'S PUBLICLY ACCESSIBLE WEBSITE  
33 AND PROVIDE A COPY TO:

34 (a) THE GOVERNOR'S OFFICE.

35 (b) THE PRESIDENT OF THE SENATE.

36 (c) THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

37 (d) THE MINORITY LEADER IN THE SENATE.

38 (e) THE MINORITY LEADER IN THE HOUSE OF REPRESENTATIVES.

39 (f) THE SECRETARY OF STATE.

40 K. THE DEPARTMENT SHALL ADOPT RULES TO IMPLEMENT THIS SECTION.

41 L. FOR THE PURPOSES OF THIS SECTION:

42 1. "CONSUMER" MEANS CUSTOMERS OR POTENTIAL CUSTOMERS OF A HEALTH  
43 PLAN.

1           2. "ENROLLED" MEANS AN INDIVIDUAL OR PERSON WHO IS UNDER A HEALTH  
2 CARE PLAN.  
3           3. "HEALTH CARE PLAN" MEANS ANY CONTRACT FOR COVERAGE BETWEEN AN  
4 INSURED AND A HEALTH PLAN, INCLUDING:  
5           (a) A SUBSCRIPTION CONTRACT.  
6           (b) AN EVIDENCE OF COVERAGE.  
7           (c) A POLICY.  
8           4. "INSURED" MEANS ANY INDIVIDUAL OR PERSON WHO HAS AN ACTIVE  
9 HEALTH CARE PLAN.  
10          5. "INSURER" MEANS ANY OF THE FOLLOWING:  
11          (a) A HOSPITAL SERVICE CORPORATION OR MEDICAL SERVICE CORPORATION.  
12          (b) A HEALTH CARE SERVICES ORGANIZATION.  
13          (c) A DISABILITY INSURER.  
14          (d) A GROUP OR BLANKET DISABILITY INSURER.  
15          Sec. 2. Appropriation; department of insurance and financial  
16                   institutions; exemption  
17          A. The sum of \$250,000 is appropriated from the state general fund  
18 in fiscal year 2026-2027 to the department of insurance and financial  
19 institutions for the purposes of the health care claims consumer  
20 assistance program.  
21          B. The appropriation made in subsection A of this section is exempt  
22 from the provisions of section 35-190, Arizona Revised Statutes, relating  
23 to lapsing of appropriations.