

# JLBC Fiscal Note

**BILL #** SB 1116

**TITLE:** AHCCCS; claims review; behavioral health

**SPONSOR:** Werner

**PREPARED BY:** Chandler Coiner

**STATUS:** Senate Engrossed

## Description

The bill would require that any claim denial or adverse appeal determination based on the medical necessity of a behavioral service covered by the Arizona Health Care Cost Containment System (AHCCCS) under the American Indian Health Program (AIHP) must be reviewed by an individual who has at least 2 years of relevant clinical experience providing the same or similar services.

We published a Fiscal Note for the bill As Amended by Senate HHS on February 2, 2026. This Fiscal Note reflects the changes in the Senate Engrossed version.

## Estimated Impact

AHCCCS estimates the bill would increase its administrative costs by \$490,000 General Fund (\$1.2 million Total Funds) for 8 FTE Positions that would triage, review, and evaluate AIHP claim denials and appeals. Of the 8 FTE Positions, 5 would be medical professionals.

We concur that AHCCCS may need to hire additional medical staff to comply with the requirements of the bill, but the agency did not provide specific data on the clinical experience of its current staff or the volume of claim denials and adverse benefit determinations that would allow us to evaluate the reasonableness of its specific proposal.

## Analysis

Approximately 101,000 tribal members out of 1.8 million total AHCCCS members are currently enrolled in AIHP. AHCCCS serves as the health plan for these members, meaning that the agency, rather than its contracted health plans, approves or denies claims from providers delivering care to AIHP members.

We are not aware of any AHCCCS rules/policies that establish the minimum requirements for medical reviewers at the level of specificity that would be required by this bill. The agency testified at the March 16, 2026 House Health & Human Services Committee meeting that there are currently 5 FTE Positions that process claims affected by the bill. Of these FTE Positions, 4 are Behavioral Health Professionals (BHPs) and 1 is a Registered Nurse (RN) with experience in behavioral health.

However, according to agency testimony, there may not be sufficient experience across its current staff to fully comply with the requirements of the bill. Therefore, we think it is reasonable to assume that AHCCCS would need additional medical staff due to this bill.

3/18/26