

JLBC Fiscal Note

BILL # SB 1346

TITLE: AHCCCS; fee-for-service; claims

SPONSOR: Werner

PREPARED BY: Brian Belakovsky

STATUS: Senate Engrossed

Description

The bill would require the Arizona Health Care Cost Containment System's (AHCCCS's) Division of Fee-for-Service Management to notify providers of administrative deficiencies in submitted claims within 3 days of receipt. The bill would further mandate that AHCCCS approve or deny claims within 10 business days if the provider corrected the deficiency or if there was no deficiency in the claim.

Estimated Impact

We estimate that the bill would increase AHCCCS administrative costs. AHCCCS estimates its costs would increase by \$579,400 General Fund (\$2.2 million Total Funds) on an annual basis, beginning in FY 2027. The increase would cover 19 additional FTE Positions, but AHCCCS did not provide data showing how they determined the increase in positions, so we are unable to evaluate the reasonableness of their estimates.

Analysis

Our estimated impact is based on the following assumptions and data sources:

- 1) "Clean" fee-for-service claims submitted to AHCCCS are intended to be processed within a 30-day timeframe, per the AHCCCS Fee-for-Service Provider Manual. A claim is deemed to be clean, and therefore free of administrative errors, if it:
 - Successfully transfers all required information to AHCCCS,
 - Meets AHCCCS submission requirements,
 - Reads legibly enough to enable electronic scanning,
 - Corrects any data errors in relevant documents, and
 - Includes all required medical documentation for review.
- 2) AHCCCS testified before the House Health and Human Services Committee that AHCCCS currently averages a claims processing speed of 19 days for behavioral health claims, including an 11-day average for fee-for-service prior authorization claims. AHCCCS would be required to process these claims within 10 days if there was no deficiency or if the deficiency was corrected.
- 3) AHCCCS notes that the bill could increase potential processing errors due to shortened investigative timeframes and could result in greater claims disputes and litigation associated with these errors. The magnitude of such costs cannot be estimated in advance.

3/20/26