

REFERENCE TITLE: behavioral health; contracts; network adequacy

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

## **SB 1629**

Introduced by  
Senators Angius: Werner

### AN ACT

AMENDING TITLE 36, CHAPTER 29, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2930.07; AMENDING TITLE 36, CHAPTER 29, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2961; AMENDING TITLE 36, CHAPTER 34, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-3414; RELATING TO BEHAVIORAL HEALTH SERVICES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 36, chapter 29, article 1, Arizona Revised  
3 Statutes, is amended by adding section 36-2930.07, to read:

4 36-2930.07. Managed care organizations; high-volume service  
5 providers; termination without cause; written  
6 notice; determination of network adequacy;  
7 definitions

8 A. BEFORE A MANAGED CARE ORGANIZATION MAY TERMINATE A HIGH-VOLUME  
9 SERVICE PROVIDER'S CONTRACT WITHOUT CAUSE, THE MANAGED CARE ORGANIZATION  
10 SHALL SUBMIT WRITTEN NOTICE TO THE ADMINISTRATION AT LEAST NINETY DAYS  
11 BEFORE THE PROPOSED EFFECTIVE DATE OF THE TERMINATION.

12 B. THE NOTICE TO THE ADMINISTRATION PURSUANT TO SUBSECTION A OF  
13 THIS SECTION SHALL INCLUDE ALL OF THE FOLLOWING:

14 1. DOCUMENTATION SHOWING THAT THE SERVICE PROVIDER IS A HIGH-VOLUME  
15 SERVICE PROVIDER, INCLUDING THE SPECIFIC DATA SOURCES, CALCULATION  
16 METHODOLOGY AND METRICS USED.

17 2. A NETWORK ADEQUACY STUDY PERFORMED BY THE MANAGED CARE  
18 ORGANIZATION THAT EVALUATES AND DOCUMENTS, AT A MINIMUM:

19 (a) CURRENT AND PROJECTED POSTTERMINATION SERVICE  
20 PROVIDER-TO-ENROLLEE RATIOS BY SERVICE PROVIDER TYPE AND GEOGRAPHIC  
21 SERVICE AREA.

22 (b) CURRENT APPOINTMENT WAIT TIME PERFORMANCE FOR THE AFFECTED  
23 SERVICES.

24 (c) THE PATIENT VOLUME AND GEOGRAPHIC DISTRIBUTION OF THE AFFECTED  
25 SERVICES.

26 (d) THE IMPACT ON MEMBERS WHO ARE RECEIVING BEHAVIORAL HEALTH  
27 SERVICES ASSOCIATED WITH THE MEMBER'S DISABILITY.

28 (e) THE CUMULATIVE EFFECT OF ALL PENDING OR RECENTLY COMPLETED  
29 WITHOUT-CAUSE TERMINATIONS OF HIGH-VOLUME SERVICE PROVIDERS BY THE MANAGED  
30 CARE ORGANIZATION.

31 (f) ANY ADDITIONAL FACTORS THE MANAGED CARE ORGANIZATION OR THE  
32 ADMINISTRATION IDENTIFIES AS RELEVANT TO NETWORK ADEQUACY.

33 3. THE MANAGED CARE ORGANIZATION'S PRELIMINARY ASSESSMENT OF THE  
34 IMPACT OF THE TERMINATION ON NETWORK ADEQUACY.

35 4. ANY MITIGATION MEASURES THE MANAGED CARE ORGANIZATION IS  
36 PROPOSING.

37 C. IF THERE IS A DISCREPANCY BETWEEN THE MANAGED CARE ORGANIZATION  
38 AND THE SERVICE PROVIDER OF WHETHER THE SERVICE PROVIDER IS A HIGH-VOLUME  
39 SERVICE PROVIDER, THE MANAGED CARE ORGANIZATION SHALL NOTIFY THE  
40 ADMINISTRATION AND PROVIDE DOCUMENTATION SUPPORTING THE MANAGED CARE  
41 ORGANIZATION'S DECISION NOT TO FILE THE WRITTEN NOTICE PURSUANT TO  
42 SUBSECTION A OF THIS SECTION. THE ADMINISTRATION SHALL REVIEW THE  
43 DOCUMENTATION AND DECIDE WHETHER THE MANAGED CARE ORGANIZATION IS REQUIRED  
44 TO FILE WRITTEN NOTICE PURSUANT TO SUBSECTION A OF THIS SECTION. THE  
45 ADMINISTRATION SHALL NOTIFY THE SERVICE PROVIDER OF THE DECISION.

1 D. A MANAGED CARE ORGANIZATION MAY NOT TERMINATE A HIGH-VOLUME  
2 SERVICE PROVIDER WITHOUT CAUSE UNTIL THE ADMINISTRATION HAS REVIEWED THE  
3 MANAGED CARE ORGANIZATION'S NETWORK ADEQUACY STUDY AND HAS PROVIDED  
4 WRITTEN CONFIRMATION THAT APPLICABLE NETWORK ADEQUACY STANDARDS WILL  
5 CONTINUE TO BE MET AFTER THE TERMINATION OF THE HIGH-VOLUME SERVICE  
6 PROVIDER. THE ADMINISTRATION SHALL COMPLETE ITS REVIEW OF THE NETWORK  
7 ADEQUACY STUDY WITHIN TEN BUSINESS DAYS AFTER RECEIVING THE NOTICE  
8 PURSUANT TO SUBSECTION A OF THIS SECTION.

9 E. IF THE ADMINISTRATION AGREES WITH THE MANAGED CARE  
10 ORGANIZATION'S DECISION BASED ON THE FINDINGS PROVIDED, THE ADMINISTRATION  
11 SHALL BOTH:

12 1. POST THE MANAGED CARE ORGANIZATION'S COMPLETE NETWORK ADEQUACY  
13 STUDY, INCLUDING METHODOLOGY, DATA SOURCES, METRICS AND FINDINGS, AND THE  
14 ADMINISTRATION'S DETERMINATION ON THE ADMINISTRATION'S PUBLIC WEBSITE AND  
15 SEND A COPY TO THE CHAIRPERSONS OF THE SENATE AND HOUSE OF REPRESENTATIVES  
16 HEALTH AND HUMAN RESOURCES COMMITTEES, OR THEIR SUCCESSOR COMMITTEES, AND  
17 THE GOVERNOR'S OFFICE.

18 2. PROVIDE WRITTEN NOTICE OF THE ADMINISTRATION'S DETERMINATION TO  
19 THE MANAGED CARE ORGANIZATION.

20 F. IF THE ADMINISTRATION DETERMINES THAT NETWORK ADEQUACY STANDARDS  
21 WOULD NOT BE MET, THE MANAGED CARE ORGANIZATION MAY NOT PROCEED WITH THE  
22 HIGH-VOLUME SERVICE PROVIDER'S TERMINATION UNLESS THE MANAGED CARE  
23 ORGANIZATION DEMONSTRATES TO THE ADMINISTRATION'S SATISFACTION THAT  
24 NETWORK ADEQUACY STANDARDS WILL BE MET.

25 G. IF A MANAGED CARE ORGANIZATION DECLINES TO CONTRACT WITH A  
26 SERVICE PROVIDER OR POTENTIAL SERVICE PROVIDER DUE TO A DETERMINATION OF  
27 NETWORK ADEQUACY, THE MANAGED CARE ORGANIZATION SHALL COMPLETE AND SEND TO  
28 THE ADMINISTRATION A NETWORK ADEQUACY STUDY, INCLUDING THE SPECIFIC DATA  
29 SOURCES, CALCULATION METHODOLOGY AND METRICS USED TO SUPPORT THE DENIAL  
30 DECISION. THE STUDY MUST INCLUDE, AT A MINIMUM:

31 1. SERVICE PROVIDER-TO-ENROLLEE RATIOS BY SERVICE PROVIDER TYPE.

32 2. CURRENT APPOINTMENT WAIT TIME PERFORMANCE FOR THE SERVICES THAT  
33 THE APPLICANT WAS TO PROVIDE.

34 3. ALL PENDING OR RECENTLY COMPLETED TERMINATIONS OF HIGH-VOLUME  
35 SERVICE PROVIDERS WITHOUT CAUSE IN THE GEOGRAPHIC AREA THAT THE APPLICANT  
36 WOULD HAVE SERVED.

37 4. ANY ADDITIONAL FACTORS THE MANAGED CARE ORGANIZATION OR THE  
38 ADMINISTRATION IDENTIFIES AS RELEVANT TO NETWORK ADEQUACY.

39 H. THE ADMINISTRATION SHALL POST THE MANAGED CARE ORGANIZATION'S  
40 COMPLETE NETWORK ADEQUACY STUDY SUBMITTED PURSUANT TO SUBSECTION G OF THIS  
41 SECTION ON THE ADMINISTRATION'S PUBLIC WEBSITE AND SEND A COPY TO THE  
42 CHAIRPERSONS OF THE SENATE AND HOUSE OF REPRESENTATIVES HEALTH AND HUMAN  
43 RESOURCES COMMITTEES, OR THEIR SUCCESSOR COMMITTEES, AND THE GOVERNOR'S  
44 OFFICE.

1 I. FOR THE PURPOSES OF THIS SECTION:  
2 1. "HIGH-VOLUME SERVICE PROVIDER" MEANS A SERVICE PROVIDER THAT  
3 MEETS EITHER OF THE FOLLOWING:  
4 (a) DELIVERED AT LEAST TEN PERCENT OF ANY SPECIFIC SERVICE FOR A  
5 MANAGED CARE ORGANIZATION IN THE PRECEDING STATE FISCAL YEAR.  
6 (b) EMPLOYS MORE THAN TEN PERCENT OF THE ACTIVELY LICENSED  
7 BEHAVIORAL HEALTH PROVIDERS IN THIS STATE.  
8 2. "MANAGED CARE ORGANIZATION" MEANS A CONTRACTOR THAT HAS A  
9 PREPAID CAPITATED CONTRACT WITH THE ADMINISTRATION OR A REGIONAL  
10 BEHAVIORAL HEALTH AUTHORITY.  
11 3. "SERVICE PROVIDER" MEANS AN ORGANIZATION OR MENTAL HEALTH  
12 PROFESSIONAL THAT MEETS THE CRITERIA ESTABLISHED BY THE ADMINISTRATION AND  
13 THAT HAS A CONTRACT WITH THE ADMINISTRATION OR A REGIONAL BEHAVIORAL  
14 HEALTH AUTHORITY.  
15 Sec. 2. Title 36, chapter 29, article 2, Arizona Revised Statutes,  
16 is amended by adding section 36-2961, to read:  
17 36-2961. Managed care organizations; high-volume service  
18 providers; termination without cause; written  
19 notice; determination of network adequacy;  
20 definitions  
21 A. BEFORE A MANAGED CARE ORGANIZATION MAY TERMINATE A HIGH-VOLUME  
22 SERVICE PROVIDER'S CONTRACT WITHOUT CAUSE, THE MANAGED CARE ORGANIZATION  
23 SHALL SUBMIT WRITTEN NOTICE TO THE ADMINISTRATION AT LEAST NINETY DAYS  
24 BEFORE THE PROPOSED EFFECTIVE DATE OF THE TERMINATION.  
25 B. THE NOTICE TO THE ADMINISTRATION PURSUANT TO SUBSECTION A OF  
26 THIS SECTION SHALL INCLUDE ALL OF THE FOLLOWING:  
27 1. DOCUMENTATION SHOWING THAT THE SERVICE PROVIDER IS A HIGH-VOLUME  
28 SERVICE PROVIDER, INCLUDING THE SPECIFIC DATA SOURCES, CALCULATION  
29 METHODOLOGY AND METRICS USED.  
30 2. A NETWORK ADEQUACY STUDY PERFORMED BY THE MANAGED CARE  
31 ORGANIZATION THAT EVALUATES AND DOCUMENTS, AT A MINIMUM:  
32 (a) CURRENT AND PROJECTED POSTTERMINATION SERVICE  
33 PROVIDER-TO-ENROLLEE RATIOS BY SERVICE PROVIDER TYPE AND GEOGRAPHIC  
34 SERVICE AREA.  
35 (b) CURRENT APPOINTMENT WAIT TIME PERFORMANCE FOR THE AFFECTED  
36 SERVICES.  
37 (c) THE PATIENT VOLUME AND GEOGRAPHIC DISTRIBUTION OF THE AFFECTED  
38 SERVICES.  
39 (d) THE IMPACT ON MEMBERS WHO ARE RECEIVING BEHAVIORAL HEALTH  
40 SERVICES ASSOCIATED WITH THE MEMBER'S DISABILITY.  
41 (e) THE CUMULATIVE EFFECT OF ALL PENDING OR RECENTLY COMPLETED  
42 WITHOUT-CAUSE TERMINATIONS OF HIGH-VOLUME SERVICE PROVIDERS BY THE MANAGED  
43 CARE ORGANIZATION.  
44 (f) ANY ADDITIONAL FACTORS THE MANAGED CARE ORGANIZATION OR THE  
45 ADMINISTRATION IDENTIFIES AS RELEVANT TO NETWORK ADEQUACY.

1           3. THE MANAGED CARE ORGANIZATION'S PRELIMINARY ASSESSMENT OF THE  
2 IMPACT OF THE TERMINATION ON NETWORK ADEQUACY.

3           4. ANY MITIGATION MEASURES THE MANAGED CARE ORGANIZATION IS  
4 PROPOSING.

5           C. IF THERE IS A DISCREPANCY BETWEEN THE MANAGED CARE ORGANIZATION  
6 AND THE SERVICE PROVIDER OF WHETHER THE SERVICE PROVIDER IS A HIGH-VOLUME  
7 SERVICE PROVIDER, THE MANAGED CARE ORGANIZATION SHALL NOTIFY THE  
8 ADMINISTRATION AND PROVIDE DOCUMENTATION SUPPORTING THE MANAGED CARE  
9 ORGANIZATION'S DECISION NOT TO FILE THE WRITTEN NOTICE PURSUANT TO  
10 SUBSECTION A OF THIS SECTION. THE ADMINISTRATION SHALL REVIEW THE  
11 DOCUMENTATION AND DECIDE WHETHER THE MANAGED CARE ORGANIZATION IS REQUIRED  
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13 ADMINISTRATION SHALL NOTIFY THE SERVICE PROVIDER OF THE DECISION.

14           D. A MANAGED CARE ORGANIZATION MAY NOT TERMINATE A HIGH-VOLUME  
15 SERVICE PROVIDER WITHOUT CAUSE UNTIL THE ADMINISTRATION HAS REVIEWED THE  
16 MANAGED CARE ORGANIZATION'S NETWORK ADEQUACY STUDY AND HAS PROVIDED  
17 WRITTEN CONFIRMATION THAT APPLICABLE NETWORK ADEQUACY STANDARDS WILL  
18 CONTINUE TO BE MET AFTER THE TERMINATION OF THE HIGH-VOLUME SERVICE  
19 PROVIDER. THE ADMINISTRATION SHALL COMPLETE ITS REVIEW OF THE NETWORK  
20 ADEQUACY STUDY WITHIN TEN BUSINESS DAYS AFTER RECEIVING THE NOTICE  
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22           E. IF THE ADMINISTRATION AGREES WITH THE MANAGED CARE  
23 ORGANIZATION'S DECISION BASED ON THE FINDINGS PROVIDED, THE ADMINISTRATION  
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28 SEND A COPY TO THE CHAIRPERSONS OF THE SENATE AND HOUSE OF REPRESENTATIVES  
29 HEALTH AND HUMAN RESOURCES COMMITTEES, OR THEIR SUCCESSOR COMMITTEES, AND  
30 THE GOVERNOR'S OFFICE.

31           2. PROVIDE WRITTEN NOTICE OF THE ADMINISTRATION'S DETERMINATION TO  
32 THE MANAGED CARE ORGANIZATION.

33           F. IF THE ADMINISTRATION DETERMINES THAT NETWORK ADEQUACY STANDARDS  
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35 HIGH-VOLUME SERVICE PROVIDER'S TERMINATION UNLESS THE MANAGED CARE  
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1           2. CURRENT APPOINTMENT WAIT TIME PERFORMANCE FOR THE SERVICES THAT  
2 THE APPLICANT WAS TO PROVIDE.

3           3. ALL PENDING OR RECENTLY COMPLETED TERMINATIONS OF HIGH-VOLUME  
4 SERVICE PROVIDERS WITHOUT CAUSE IN THE GEOGRAPHIC AREA THAT THE APPLICANT  
5 WOULD HAVE SERVED.

6           4. ANY ADDITIONAL FACTORS THE MANAGED CARE ORGANIZATION OR THE  
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28           Sec. 3. Title 36, chapter 34, article 1, Arizona Revised Statutes,  
29 is amended by adding section 36-3414, to read:

30           36-3414. Managed care organizations; high-volume service  
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28           I. FOR THE PURPOSES OF THIS SECTION:

29           1. "HIGH-VOLUME SERVICE PROVIDER" MEANS A SERVICE PROVIDER THAT  
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