STATE OF ARIZONA

DEPARTMENT OF INSURANCE

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CHARLES R. COHEN
Director of Insurance

Former Director Susan Gallinger issued the following Circular Letter on September 27, 1990:

CIRCULAR LETTER 90-5A

TO: ALL INSURANCE TRADE ASSOCIATIONS, INSURANCE MEDIA PUBLICATIONS AND INTERESTED PERSONS

FROM: SUSAN GALLINGER, DIRECTOR OF INSURANCE

DATE: SEPTEMBER 27, 1990

RE: **ARIZONA HOUSE BILL 2181 (Chapter 394)**

On September 27, 1990, House Bill 2181 will become effective. A number of questions regarding interpretation of this bill have been raised by the insurance industry, health care professionals, and consumers. The following guidelines are designed to address the issues most often raised by those parties:

1. Under H.B. 2181 insurance coverage must relate to the claimant's "condition" and practitioner reimbursement must also relate to reasonable and necessary services to treat the condition rather than provide coverage for the procedures.

2. Any preferred provider arrangement (PPO's) subject to the provisions of H.B. 2181 must be structured so as not to discriminate against any type of practitioner addressed by the bill. A non-discriminatory limit to the number of participating practitioners is permitted.

3. Similarly, all deductibles, coinsurance, cost containment measures and quality assurance measures must be structured so as not to discriminate against any type of practitioner addressed by the bill. A non-discriminatory limit to the number of participating practitioners is permitted.

4. H.B. 2181 does not require expansion of coverage to include conditions not previously covered under the policy.

5. H.B. 2181 applies to existing health insurance policies already in force – not just new policies. [1]

6. H.B. 2181 applies to all subscriber contracts underwritten by Hospital Services Corporations.

7. H.B. 2181 does not apply to group health insurance policies underwritten by insurers.

8. H.B. 2181 does not apply to health care service organizations.

[1] Except to the extent that expansion of benefits and/or benefit reimbursement would be required, in which case such expansion will be required only upon renewal.