



ARIZONA HOUSE OF REPRESENTATIVES

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House: COM DPA 8-2-0-0

SB 1021: health care liens; limitation

Sponsor: Senator Ugenti-Rita, LD 23

Caucus & COW

Overview

Prescribes health care provider lien and assignment restrictions and compromise requirements.

History

Any health care provider, health care institution or ambulance entity that provides care and treatment or transportation services to an injured person may assert a lien on the injured person's claims settlement to recover costs associated with the services provided. A county that maintains, operates or provides health care services may impose an assignment on an injured person's settlement for costs associated with the care and treatment or transportation of the injured person. The lien or assignment extends to all claims of liability or indemnity, except health insurance and underinsured motorist and uninsured motorist coverage benefits ([A.R.S. § 33-931](#)).

In order to perfect a lien, a health care provider or health care institution must record a verified written statement with the county recorder in the county where the health care provider or health care institution is located within 30 days after an injured person receives any medical services or is discharged. The statement must include: 1) the dates of services received by the injured person; 2) the amount claimed due for services; 3) the name and address of the injured person; and 4) the name and location of the health care provider or health care institution. Within five days after recording the claim or lien, the health care provider or health care institution must mail a copy to the injured person and either mail or provide notice to all persons, firms or corporations and insurance carriers liable for damages, as applicable ([A.R.S. § 33-932](#)).

Provisions

1. Specifies health care provider liens and county assignments are subject to prescribed restrictions. (Sec. 1)
2. Prescribes the following restrictions to liens and assignments:
 - a) exempts the first \$20,000 of any third-party judgment, settlement or award from any authorized lien or assignment;
 - b) stipulates the contract must expressly allow the claimant to assert an authorized lien or assignment if the services provided are covered by the injured person's health insurance or similar medical benefit plan with which the health care provider has a contract and invalidates the lien or assignment in the absence of that contract provision;
 - c) specifies the lien amount exemption and contract provision requirement do not apply if: i) the services provided are not covered by the injured person's health insurance or similar medical benefit plan in which the health care provider has a contract; or ii) the insured person is not covered by any health insurance or benefit plan;
 - d) permits a claimant to enforce an authorized lien or assignment for the amount of a patient's responsibility for outstanding copayments and deductibles that are due under the injured person's health insurance or benefit plan; and

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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- e) requires any valid and enforceable lien or assignment to be compromised in accordance with prescribed criteria. (Sec. 1)
- 3. Requires health care providers to compromise any lien or assignment to provide a settlement of the claim that is fair and equitable. (Sec. 2)
- 4. Prescribes factors that a health care provider must consider in determining the extent of the required compromise. (Sec. 2)
- 5. Permits the injured person to file an action for a judicial determination of an appropriate compromise of the lien or assignment based on the prescribed factors if the parties cannot agree on a compromise. (Sec. 2)
- 6. Prohibits a prevailing party in a lien or assignment judgment from recovering the statutorily authorized attorney fees. (Sec. 2)
- 7. Asserts health care provider liens and county assignments are enforceable by a cause of action as prescribed by statute. (Sec. 1)
- 8. Specifies a health care provider lien or county assignment does not extend to medical payments coverage. (Sec. 1)
- 9. Applies the health care provider lien restrictions and compromise requirements to liens that are filed for services that are provided beginning January 1, 2023. (Sec. 3)
- 10. Makes technical and clarifying changes. (Sec. 1)

Amendments

Committee on Commerce

- 1. Amends the prescribed lien and assignment restrictions as follows:
 - a) Specifies no more than 50% net recovery of any judgment or settlement may be payable from any lien or assignment.
 - b) Clarifies the contract must expressly allow the *health care provider* to assert an authorized lien or assignment if the injured person is *covered as an insured or dependent* under the health insurance or plan and the health care provider has a *valid and binding contract with that insurer or plan as an in-network provider*.
 - c) Specifies the lien amount cap and the contract provision requirement do not apply if *any of the following are met*:
 - i. the services provided are not covered by the injured person's health insurance or benefit plan;
 - ii. the health care provider does not have a valid and binding contract with the insurer or plan as an in-network provider;
 - iii. the injured person is not covered by any health insurance or benefit plan; or
 - iv. the injured person and the health care provider have a written and signed document stating that they elect not to use any coverage potentially available under a health insurance or similar medical benefit plan that covers the injured as an insured or dependent.
- 2. Adds that the lien and assignment requirements do not affect the rights of a health care provider to enforce a consensual agreement against the patient who has signed the agreement.
- 3. Modifies the factors in determining the extent of the required compromise.
- 4. Makes further clarifying changes.