

THE INDUSTRIAL COMMISSION OF ARIZONA

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P.O. Box 19070

Phoenix, Arizona 85005-9070

GAETANO TESTINI, CHIEF COUNSEL

PHONE: (602) 542-5781

FAX: (602) 542-6783

JAMES ASHLEY, DIRECTOR

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Dear Stakeholder,

The Commission has recently received reports that medical providers are coercing insurance carriers, self-insured employers, and claims processing representatives to sign a document ensuring a certain percentage of the billed amount for workers' compensation related procedures will be paid for a surgery.

The reports we received detail that these tactics are being employed at the last moment, either the day before or on the day of the scheduled surgery. The implication is that the surgery would be delayed or canceled if the paper is not signed. Additionally, the cost of the surgery is not included in the document. This troubling practice interferes with the statutory rights of the insurance carrier, self-insured employer, or claims processing representative. A.R.S. § 23-1062.01(A) requires that "an insurance carrier, self-insured employer, or claims processing representative shall make a determination whether to deny or pay a medical bill on an accepted claim, in whole or in part, including the decision as to the amount to pay, within thirty days from the date the claim is accepted, if the billing is received before the date of acceptance, or within thirty days from the date of receipt of the billing if the billing is received after the date of acceptance." Additionally, the courts have held that absent the applicability of the fee schedule, and absent a contract, the insurance carrier, self-insured employer, or claims processing representative is only obligated to pay the reasonable value of the service based on the overall rate of payment accepted from other payors for the same service. *See Canyon Ambulatory Surgery Center v. SCF Arizona*, 225 Ariz. 414, 239 P.3d 733 (2010).

In furtherance of the Commission's mission to protect the life, health, safety, and welfare of Arizona's workforce, the Commission hopes this practice will cease immediately. Insurance carriers, self-insured employers and claim processing representatives are encouraged to report coercive billing practices to the Commission's Medical Resource Office by phone at (602) 542-6731 or email at mro@azica.gov.

Sincerely,



Dennis P. Kavanaugh

Chairman



Gaetano Testini

Chief Legal Counsel