



August 8, 2025

Maria Ailor, Director
Arizona Department of Insurance and Financial Institutions (DIFI)
100 North 15th Avenue, Suite 261
Phoenix, AZ 85007

Dear Director Ailor:

The Arizona Hospital and Healthcare Association (AzHHA) would like to offer our comments on the draft revisions to R20-6-1902, which seeks to add clarifying language to the definition of “Contracted.”

Currently, the proposed definition of “contracted” states: “Contracted means a provider has a current written agreement or an employment arrangement with a Health Care Services Organization (HCSO) to provide covered services to an enrollee, or a current written agreement or employment arrangement with a contracted provider to provide covered services to an enrollee. **‘Contracted’ does not include a letter of intent or a letter of agreement.**”

In healthcare contracting, a Letter of Intent (LOI) is commonly used to demonstrate a mutual commitment between a healthcare provider and an HCSO. It outlines the initial understanding and basic framework of a proposed contract. While the LOI marks the beginning of a contractual relationship, it is generally not a legally binding contract.

On the other hand, a Letter of Agreement (LOA) is a temporary arrangement between healthcare providers and insurers. LOAs often specify terms for situations such as temporary network participation or urgent services. LOAs typically cover shorter durations and focus on specific time frames or services. While an LOA tends to be simpler in form than a traditional contract, it commonly contains all elements of a valid contract and is a legally binding and enforceable agreement.

Healthcare providers can sign an LOA without completing credentialing or full network contracts. This often happens when providers are needed temporarily or are in the process of meeting credentialing requirements. Additionally, reimbursement terms in an LOA provide flexibility tailored to specific services or patient groups and offer an agreed-upon framework for resolving disputes related to patient care, billing, or service delivery. This helps protect patients from unexpected denials or delays in care by establishing a clear understanding of how such issues will be addressed.

Moreover, LOAs enable patient access to a larger network of providers, allowing providers to participate in an insurer's network on a temporary or specific basis. This is especially crucial in areas with limited provider options, ensuring access to necessary care.

In conclusion, we respectfully request that the Department reconsider its proposed changes to R20-6-1902 . Given their nature and use, LOAs between healthcare providers and Health Care Services Organizations (HCSOs) should not be excluded from the definition of "contracted".

We appreciate your review of this request and its implications for patient care, particularly during emergencies and transitions in network arrangements.

Sincerely,

A handwritten signature in black ink, appearing to read "Helena Whitney". The signature is fluid and cursive, with the first name "Helena" and last name "Whitney" clearly distinguishable.

Helena Whitney
Senior Vice President, Policy & Advocacy
Arizona Hospital & Healthcare Association