

ARIZONA STATE SENATE

45TH LEGISLATURE
FIRST REGULAR SESSION

MINUTES OF COMMITTEE ON HEALTH

DATE: February 20, 2001

TIME: 1:30 p.m.

ROOM: SHR 2

CHAIRMAN Senator Gerard
:

VICE CHAIRMAN: Senator Nichols

ANALYST: Jason Bezozo

**COMMITTEE
SECRETARY:** Carol Dager

INTERN: Meghann Brennan

**ASSISTANT
ANALYST:** Kathy Seeglitz

ATTENDANCE

BILLS

Committee Members

	<u>Pr</u>	<u>Ab</u>	<u>Ex</u>	<u>Bill Number</u>	<u>Disposition</u>
Senator Cirillo	X			SB 1038	DPA
Senator Guenther	X			SB 1112	DPA
Senator Hartley	X			SB 1147	DPA/SE
Senator Hellon	X			SB 1199	HELD
Senator Solomon	X			SB 1206	DP
Senator Verkamp	X			SB 1311	DPA
Senator Nichols, Vice Chairman	X			SB 1313	DPA/SE
Senator Gerard, Chairman	X			SB 1323	DPA
				SB 1393	DPA
				SB 1537	DP
				SB 1554	DISCUSSION/HELD
				SB 1576	FAILED

Chairman Gerard called the meeting to order at 1:38 p.m., and attendance was taken.

Attendees Sign-In Sheet (Attachment A)

CONSIDERATION OF BILLS

SB 1112 – AHCCCS coverage; woman; cancer – DO PASS AMENDED

Jason Bezozo, Senate Assistant Research Director, explained that SB 1112 expands, beginning October 1, 2001, coverage under the Arizona Health Care Cost Containment System (AHCCCS) to certain women who need treatment for breast or cervical cancer. The eight-line Solomon amendment dated 02/19/01 at 9:02 a.m. delays coverage until January 1, 2002 and provides an appropriation of \$1,300,000 in fiscal year 2001-2002 and \$1,400,00 in fiscal year 2002-2003.

Senator Gerard asked how many people will be served under this bill.

Lynn Dunton, Assistant Director of Policy, AHCCCS, noted that this is a new optional eligibility category. A person will be screened through the well woman's program at the Department of Health Services (DHS). They receive Center for Disease Control (CDC) funds for that program and if they were to go statewide with the program, they would receive \$2.1 million a year to do the screening and diagnostic tests. This bill would provide a treatment opportunity for women who currently cannot get treatment. She said that it is estimated that 71 women would be diagnosed with breast or cervical cancer in the first year. The appropriation has been built into the legislation to allow for the treatment to be covered statewide.

Senator Solomon stated that it appears ironic that DHS can screen women and identify that they have cancer and then not treat them. Mr. Dunton replied that is the current situation.

Senator Gerard questioned if there was a plan as to how this program will be paid. Ms. Dunton responded that the federal government did provide a enhanced match for the Medicaid option; there will be a 75/25 match.

Senator Cirillo asked if people who are diagnosed with other diseases such as diabetes come under another type of program. Ms. Dunton explained that Congress has begun to offer expandable eligibility by a diagnosis. In general, if a person comes under a certain federal poverty level, they are covered; otherwise they are not.

Senator Gerard noted that she has always opposed body-part legislation. However, when the federal government provides an incentive, it is an advantage to the State to provide this legislation. Also, the State could lose the funds for the screening portion if they do not offer this program. Ms. Dunton stated that she was not sure if that was accurate. Senator Cirillo suggested that the conspiracy theory would not be stretched too far to think that the federal government might have put this program in place purposely, start to pay for screening and after the demand is there, the treatment program would follow.

Rose Connor, DHS, noted that the CDC has indicated that it is a possibility that states will lose the funds for screening if they do not participate in the treatment program.

Senator Nichols asked how many cases the State has identified and have they been able to be treated promptly and effectively. Ms. Connor replied that since the program began, they have had 120 women diagnosed with cervical cancer and 100 women with breast cancer. These people are referred to AHCCCS if they are eligible or to volunteer programs such as the Koman Foundation.

Senator Nichols explained that Proposition 203 began when a number of women united because a woman in Tucson had been diagnosed with breast cancer belatedly because she had been refused treatment by several services because of lack of money. It took about a year before she was diagnosed and ultimately died. That was one of the origins behind Proposition 203 and 204.

Senator Mitchell pointed out that the State has had the screening program for over ten years. This program is for women between the ages of 40 and 65 who do not qualify for any type of insurance program. The federal funds through CDC pay for that program. In October, Congress passed the Breast and Cervical Cancer Treatment Act, which gives states the option to continue screening and treatment. He noted that Arizona will be one of the first states to do this. He suggested that it does not make much sense to screen people and then not offer treatment. Not only does it not make sense, it is cruel to diagnose and not provide treatment. Since 1995, the CDC has reported 11,358 mammograms and 10,544 pap smears in Arizona. Since 1995, breast cancer was diagnosed in 85 women and cervical abnormalities in 175 women. Once cancer has been diagnosed, the quicker the treatment the better. Some of these women who have been diagnosed with cancer have been able to receive treatment, but sometimes it is seven months to a year later. Senator Mitchell emphasized that the State would be in jeopardy of losing the screening funds if they do not participate in the treatment program. This does make sense, why should they provide screening money if the State will not follow up with a treatment.

Senator Gerard questioned if this involves general fund money. Senator Mitchell replied yes. Senator Gerard asked what percent of poverty level would this legislation cover. Mr. Bezozo replied that the bill does not specify what the

eligibility threshold is rather it is based on the DHS program; for women it is currently at 200%, and for Native Americans, it is 250%.

Dr. Dean Coonrod, OB/GYN Physician, Maricopa Medical Center, noted that he has taken care of patients with cervical cancer from the program during his practice. He said that he has personally witnessed patients who have had delays in treatment. There are several ways to receive funding for these patients; however, there are always delays as a result of processing those requests. He said that he supports the bill.

Charles P. Thompson, husband of a six-year breast cancer survivor and Member of the Board of Directors of the Susan G. Koman Foundation, pointed out that a month ago, the foundation provided over 800,000 grants for education, screening, and treatment. There were over 27,532 women and men who ran the Race for the Cure last October and their registration fees were the grants that were given throughout Arizona. He encouraged the Committee to vote for this legislation.

Brian McAnallen, Director of Government Relations, American Cancer Society, mentioned that breast cancer activists have been fighting for years to try to get the federal government to pay for their share of the program. He said that through their efforts they were able to receive this enhanced federal match for the treatments.

Senator Gerard noted that they will not be getting general fund monies and they are out of tobacco tax settlement monies. She said that the best place to come up with the money to fund this program would be the premium-sharing program which is getting some help because of Proposition 204. This will cover the people up to the 100% of the federal poverty level.

Senator Verkamp said he met with a group of women who are in the category of being screened but unable to receive treatment and suggested they look into the premium-sharing program.

Senator Nichols moved SB 1112 be returned with a DO PASS recommendation.

Senator Nichols moved the eight-line Solomon amendment dated 02/19/01, 9:02 a.m. be ADOPTED. The motion CARRIED by voice vote. (Attachment B)

Senator Nichols moved SB 1112 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 7-0-1. (Attachment 1)

Chairman Gerard noted the following were present in support of the bill: **Lee Fairbanks, MD, Family Physician; Barbara Burkholder, Executive Director, Arizona Public Health Association; Kathy Boyle, Executive Director, Arizona Pharmacy Association; Donald Vance, Coordinator, Capital City Taskforce, American Association of Retired Persons (AARP); Barbi Walker, Advocacy, Arizona Women’s Cancer Network; Judy Bernas, Associate Director, Public Affairs, UA Health Sciences Center; Barb Meaney, Attorney, Planned Parenthood of Central and Northern Arizona; Maryann Smythe, Citizen; Paula Giangreco Cullison, independent consultant, 11-year breast cancer survivor; Karen Lewrowiz, Breast Cancer Survivor, Y-Me Breast Cancer Network of Arizona; Joy Marx-Mendoza, citizen; and Melissa Marshall, citizen.**

Mr. Bezozo distributed a handout (Attachment C) entitled “Tobacco Tax and Health Care Fund – Medically Need Account.” He noted that the first page, Scenario 1, shows the existing programs and their forecast through FY 2009 for programs that are currently funded by statute or session law. In FY 2007, the fund runs into a projected deficit. On page two, Scenario 2, the Joint Legislative Budget Committee (JLBC) includes the bills affecting the medically needy account. Some bills are not included because the program was included in another bill, such as capital projects for community health centers that have multiple bills, only one would be included in this report. If the legislature adopts all of these bills, including the Premium-Sharing bill, the fund runs into a deficit in FY 2003. With the proposed bills, it would accelerate the deficit.

Mr. Bezozo explained that the Premium-Sharing bill combines the \$29 million of the current funding and the \$8 million representing the healthcare group subsidy. Senator Nichols stated that the proponents of that bill indicate that the state can take the pilot four-county program at 200% of the federal poverty level and expand it statewide with no additional cost because Proposition 204 has elevated it to 100%. Mr. Bezozo replied that with that funding they can take the program statewide.

Mr. Bezozo referred to page three, Scenario 3, where the Premium Sharing and prescription drug bills were excluded and the deficit date would be FY 2005. He noted that the last page is a summary of each of the bills and their appropriation.

Senator Gerard referred back to page one and noted that the State is receiving \$76 million but spending \$126 million, noting that the current programs are not revenue neutral. Mr. Bezozo replied that there is a spike in 2001 because of the one-time transfer of \$29 million to AHCCCS for a shortfall. Senator Nichols questioned if anyone challenges this type of transfer because it hampers other programs from being funded. He stated that he thought there was a nonsupplementation requirement and if so, someone should be challenging the transfer of those funds. Senator Gerard explained the if the funds did not come out of the medically needy account, they would have been taken from the general fund, which means there would be less money in that account to pay the bills. The \$29 million was part of a total of \$70 million that AHCCCS was short because the Medically

Needy/Medically Indigent (MN/MI) program costs more than budgeted. Senator Nichols stated that if it came out of the general fund, maybe the legislature would be less likely to reduce taxes. To take the money from the medically needy account creates a false reality of having money the state really does not have, the state cuts taxes, and then they are off balance.

Senator Hartley mentioned that in Family Services, they were told that there is “budgetary shift” of Temporary Assistance for Needy Families (TANF) dollars equaling a \$35 million shortfall. The shifting appears to be supplanting. Senator Solomon replied that she may not like shifting TANF funds but there is no supplanting when it comes to TANF dollars as long as an argument can be made that a bill falls under one of the four TANF purposes. When it comes to the AHCCCS \$29 million shift, it is clear that it is supplanting.

Senator Gerard said that she does not see how they can move forward with any tobacco tax bills after reviewing this report unless they take money from one of the programs currently being funded.

Jennifer Verner, JLBC, explained that the tobacco tax declines approximately 2% each year. Senator Nichols questioned if they were to increase the tobacco tax, how much it would take to bring in the revenue to pay for all the programs. Ms. Verner replied that expenditures run between \$10 million to \$20 million higher than the revenues. The State would need to raise the tax enough to generate that much additional revenue to make the fund stable. However, she noted that an increase in the cost of tobacco could also decrease the demand. Senator Nichols stated that he would be interested to see a JLBC report that would show what it would take to not have a negative balance in the tobacco tax.

Ms. Verner pointed out that one of the things that is going to cause this to be a continuing problem even if the State raises the tax, is the funding of the Children’s Health Insurance Program (CHIP) out of this fund and that has an increase in expenditures each year with revenues declining. Even with a tax increase, the state would end up in the same situation at some point due to the fact that CHIP continues to grow each year.

SB 1038 – medical services; rural areas – DO PASS AMENDED

Meghann Brennan, Senate Health Committee Intern, explained that SB 1038 appropriates \$2.5 million in FYs 2001-2002 and 2002-2003 from the medically needy account to DHS for capital project grants for public and nonprofit entities and appropriates \$500,000 annually from the medically needy account for telemedicine pilot programs. The five-line Gerard amendment dated 02/19/01 at 2:45 p.m. makes the appropriation for the next two years, removing the provision that it be an annual appropriation.

Senator Solomon noted that in Appropriations, she asked that an amendment be moved that leaves \$500,000 for telemedicine but removes the \$2.5 million for the capital grant portion, recognizing that it is important for this program to have the equipment to carryout its mission. Senator Gerard explained that the \$500,000 was supposed to be for equipment and they were told the program would be self-sufficient. However, they have continued to fund the program.

Dr. Ronald Weinstein, Director, Arizona Telemedicine Program, UA Health Sciences Center, explained that in 1996, the legislature funded the Arizona Telemedicine Program. Prior to that there had been a pilot program funded through DHS. The State funded an eight site pilot program with several mandates. One was to study the cost effectiveness and the medical efficacy of telemedicine. The program has been a success with an expansion to 22 sites without any incremented funding from the State. He said that they have driven the cost of telecommunications for the network from \$100,000 for eight sites to \$300,000 covering 22 sites. They began in a State that had a very minimal structure for broadband telecommunications that was utilizable for healthcare. They have engineered an entire network that now spans over 100,000 square miles. The original program expected a relatively narrow range of services to be provided; however, they are providing services in 53 subspecialties of medicine, surgery, pediatrics, and other systems. He pointed out that the Department of Corrections (DOC) was part of the original mandate, and they have increased the scope of their program from a single site in Yuma to seven prisons covering 17,000 inmates. He noted that the entire costs are now borne by DOC which feels at a minimum it is a pass-through cost and probably saving some incremental dollars, but certainly increasing public safety.

Dr. Weinstein suggested that the program has now taken advantage of the State dollars and leveraging them heavily to receive federal funding in order to create new sites. Thus far, they have succeeded in getting nine federal grants amounting to \$2 million to continue the creation of infrastructure. Finally, the program has increased its ambition as technology would allow. Today there are major areas where telemedicine is now known to be applicable. Home health nursing is a major application never envisioned by the original project. School health is now a project that is meritorious, as well as patient monitoring. New technical areas, such as telerobotic surgery appear to have great promise. He said that he would make the argument that for the original \$1.2 million investment, the State has received their money's worth in terms of a rapidly expanding program that is covering vastly more communities than it originally had anticipated.

Dr. Weinstein pointed out that SB 1038 has the promise to extend telemedicine to additional communities. He said that they have worked hard to make the program self-sustainable within the context of its existence. For example, they worked with AHCCCS for three years and they have now approved payment for telemedicine across all billing codes. Medicare has now approved telemedicine

payments across approximately 85% of the billing codes, as well as a facility fee which will help the rural communities. He indicated that they have worked hard with the 16 third-party payers and HMOs in the state and all are now paying for telemedicine services. He suggested that they have worked at the federal level and the universal fund at the Department of Commerce and today instead of paying \$5,500 a month for a T1 line to Tuba City, they receive a federal offset of \$4,900.

Dr. Weinstein said that he would propose that they have been very successful in creating self-sustainability. He noted that the one thing they cannot do is come up with the dollars to pay for the capital equipment to get the rural hospitals started. He stated that he would view these funds as an opportunity to jump-start a number of rural communities that are interested in coming into the modern era of healthcare.

Senator Gerard noted that they continue to use the annual appropriation to purchase additional capital equipment. Dr. Weinstein replied that they are using the annual appropriation from the general fund for the purpose of training. Senator Gerard asked how the tobacco funds were used. Dr. Weinstein responded that they are not receiving tobacco funds. Their funding is received as a line item from the Arizona Health Science Center. He pointed out that tobacco tax funds were used mainly to fund their telecommunications program. He noted that the original concept in 1995 was that the tobacco tax funds would be used to sponsor two pilot projects without specifying that it would be capital equipment. The funds were actually used for a combination of capital equipment and telecommunications costs.

Senator Solomon noted that this request for money is to expand the network. Dr. Weinstein replied that the funds will allow them to expand to additional communities for the Arizona Telemedicine Program. He mentioned that there is a backlog of 10 or 12 communities that are now interested in joining the network for full range service. Senator Gerard asked if there is an agreement that this tobacco money is for capital equipment. Dr. Weinstein noted that they have been funding the program by applying for federal grants for additional sites. The source of funding is the Department of Agriculture which has a grant program. They have been funding the College of Medicine grant writers and thus far have succeeded with four grants which have funded all the capital equipment for Nogales, Douglas, White River, and the new Hopi clinic. At that rate it would take a long time to provide telemedicine to all the worthy communities within Arizona.

Senator Arzberger, bill sponsor, remarked that there has been a great deal of talk about helping healthcare in rural areas. In these rural areas, they are lacking access to specialists. Telemedicine would allow a patient in a rural center to be diagnosed and treated by a specialist sitting on the other side of a television

screen. She pointed out that is much cheaper than transporting the patient to an urban center.

Senator Arzberger referred to an article from the Arizona Daily Star that indicated the problem with HMOs canceling their Medicare contracts in rural counties is the cost of transporting patients long distance by ambulance and plane, as well as the cost of specialty care. She quoted from the article, "We think telemedicine will be able to attract HMOs back to rural areas that would help equalize the access to healthcare across the state." She related a story about a small hospital in Douglas where the community gathered funds to purchase the hospital. They have a small telecommunications center that could use additional equipment. She urged the support of the Committee for this bill.

Chairman Gerard noted the following were present in support of the bill: **Lee Fairbanks, MD, Family Physician; Donald Vance, Coordinator, Capital City Taskforce, AARP; Gretchen Jacobs, Attorney, Health Insurance Association of America; David Landrith, Vice President, Arizona Medical Association; Bob Ramsey, President and Executive Director, Friendship Community Services Foundation; Don Morris, Health Educator; and Kevin Moran, Consultant, Arizona Association of Community Health Centers.**

SB 1537 – detoxification services; rural areas – DO PASS

Ms. Brennan explained that SB 1537 appropriates, subject to the availability of monies, \$500,000 annually from the medically needy account for detoxification programs. In 1995, legislation was passed that allowed for the funding of two detoxification centers in rural areas of Yuma and Page. This funding was continued in 2000 via executive orders by the Governor; however, that money will not extend past the year. This bill insures continued funding by appropriating up to \$500,000 each year beginning in 2000 and 2002. The five-line Gerard amendment dated 02/19/01 at 3:37 p.m. (Attachment D) requires that monies be given only to programs that meet certain requirements.

Senator Gerard noted that the amendment did not get rid of the Page program but provides requirements for their center to qualify for funds. Ms. Brennan explained that the amendment does not take away any monies. Senator Gerard stated that the monies are still there; however, Page will have to change how they run their program in order to receive those funds.

Although Page is not part of his district, Senator Verkamp explained that they have contacted him with their concerns on this bill, because when he was county attorney, they were in his jurisdiction. He noted that when he was county attorney, people were dying in the cold because there was nowhere for them to go in Page. It is illegal to put drunks in jail just for being drunk. They either save

their lives and put them in one of these detoxification centers or let them die in the cold.

Senator Gerard pointed out that there are other cold areas of the state where there are probably people who get drunk. How are they handled in other areas of the state. Senator Verkamp suggested that they are put into jail. Senator Solomon suggested that these centers should not be called a detoxification center rather they should be called drunk tanks. Senator Gerard said that she feels DHS should never have given the centers funding. She pointed out that if the centers want money that is specifically dedicated to healthcare, then they should be providing some healthcare. This center is actually enabling someone who has a serious substance abuse problem, that they will continue to have if the center does not help them to stop it.

Senator Guenther noted that they have established a very successful program in the Yuma area and is the only detoxification program in western Arizona. The demand is still growing and they have an above average cure ratio regarding the people they treat for acute alcoholism. He said that they have been able to grow the program by using locally raised monies. Currently they have raised over \$1.1 million to match the \$250,000 from the State to keep the program going and to be able to expand the availability of the program to other communities.

Joe Wright, Executive Director, Community Behavioral Health, comment that he is appalled, confused, and a little bit embarrassed. He said that he does not know where the Committee is getting their information about the Page program. Senator Gerard replied that she obtain the information from the DHS annual report on tobacco tax. Mr. Wright explained that he has the same report and he said that he does not read anything about a drunk tank in Page, Arizona. He pointed out that what they have in Page is a detoxification program that opened its doors in 1996 because there were 13 deaths in a 12-month period related to exposure and intoxication. He noted that they received \$250,000 to open it and also received an additional \$106,000 from the Navajo Nation to extend the programs. The City of Page has also contributed monies to this program. Currently, they do offer treatment in that program and have hired a Navajo roadman, which is one step below a medicine man in the indian culture or medical doctor in our culture. This Roadman works the streets, picks up people, does individual and group counseling, and does Navajo sweat lodges. He noted that 99.9% of the population is Native Americans. There is treatment that is offered and each year they are extending the length of stay for the program. Since the program opened, the Navajo Nation without help from the State opened up a long-term 60-day substance abuse program in the community. Last year, they sent 36 people from the detoxification program into the Rainbow Bridge program that the Navajo Nation funds.

Mr. Wright stressed that they do not have a drunk tank rather they have a viable program that compares to Yuma's. He pointed out that their roadman, through

the City of Page program, also provides transportation to those individuals who may have to go 150 miles back to the reservation. He does work with the families to do intervention and try to keep the family member in the home. They have to have a job whether it is watching the grandchild or herding sheep, it does not matter as long as they have a job. He related that he grew up in Page and he has seen over the last year, many people who were chronics 30 years ago and now are at home. They are no longer on the streets because of treatment.

Senator Gerard indicated that she has not seen anything from DHS that shows that the detoxification center was using tobacco tax money for treatment. Mr. Wright replied that DHS has not been out to their program for two and one-half years. The report that Senator Gerard is referring to is a very old report.

Senator Solomon stated that they work from information that is provided to them through the state agencies. JLBC looked carefully at the reports that were submitted to DHS from the Page facility and the decisions that the committee made was to eliminate the detoxification centers except for the one that was doing remarkable programs. She questioned if there are any detoxification centers supported by the Indian Health Services. Mr. Wright replied no. The only detoxification center in Northern Arizona is the center in Page. The communities of Winslow, Holbrook, and Flagstaff are trying to reestablish a detoxification program.

Mr. Wright noted that he does not mean to offend the Committee when he says that he is appalled and does not know who to be embarrassed for. As being the executive director of this agency for five years, three out of the last four years, he has been the provider of the year in the system, meaning that he takes his job extremely serious and when he sits and listens for ten minutes to people talk about his community, organization, and program, then it is very difficult. Ms. Solomon noted that the Committee takes their job seriously too.

SB 1206 – appropriation; emergency vaccines – DO PASS

Ms. Brennan explained that SB 1206 appropriates \$500,000 in FY 2001-2002 from the medically needy account to DHS for emergency vaccines. Specifically, this money will be used to provide two recently approved vaccinations, the new pneumococcal vaccine (Prevnar) and Hepatitis A, to underinsured children who would not otherwise receive them. The three-line Solomon amendment dated 02/15/01 at 9:39 a.m. (Attachment E) makes the appropriation supplemental for this fiscal year. Senator Gerard asked what is the purpose of the amendment. Senator Solomon replied that they need the money now. Senator Gerard asked where the money comes from next year. Senator Solomon responded that it is in the DHS budget for next year.

Ms. Kathy Fredrickson, DHS, noted that the money for purchasing the vaccine actually services the underinsured. DHS purchases the vaccine and distributes it to over 800 providers to give to the underinsured, those people who do not fall into and federal budget items. Senator Gerard asked if pediatricians would request to participate. Ms. Fredrickson replied yes, there are over 800 family practice pediatricians who give shots to children. When they immunize an underinsured child, the purchase of that vaccine comes from these funds.

Phil Lopes, Executive Director, Arizona School Based Health Council, explained that school clinics would also have access to these vaccines as well.

Chairman Gerard noted the following were present in support of the bill: **David Landrith, Vice President, Arizona Medical Association; Kathy Boyle, Executive Director, Arizona Pharmacy Association; Debbie McCune Davis, Program Director, The Arizona Partnership for Immunization; Joe Abate, Attorney, Arizona Osteopathic Medical Association; Sue Braga, Executive Director, American Academy of Pediatrics of Arizona; and Michael Racy, Lobbyist, Glaxo SmithKline Pharmaceuticals.**

SB 1576 – special health care districts – FAILED

Mr. Bezozo explained that SB 1576 appropriates \$1 million annually from the tobacco tax and health care fund medically needy account DHS to assist with the establishment of health service districts and to assist existing health service districts. Currently, there is only one special health service district, which is in the Ajo/Lukeville area. Special health care districts provide ambulance and primary healthcare services.

Senator Gerard that a local community can start a special health care district without any assistance from the state. Mr. Bezozo replied that a local area would initiate the process for establishing a district. The bill allows the money to be used for two purposes, an applicant can apply for the monies to help with the start-up costs or to assist an existing district.

Senator Nichols said that this bill is important because they are short on tobacco tax funds. Special health care districts are designed to enable the communities to help themselves.

Chairman Gerard noted the following were present in support of the bill: **Lee Fairbanks, MD, Family Physician; and Donald Vance, Coordinator, Capital City Taskforce, AARP.**

Senator Gerard explained that these are the four bills that relate to the tobacco tax fund.

Senator Nichols pointed out that one of the issues is the transfer of \$29 million to AHCCCS.

Senator Hartley suggested that the committee vote on the bills and see what happens.

Senator Nichols moved SB 1038 be returned with a DO PASS recommendation.

Senator Nichols moved the five-line Gerard amendment dated 02/19/01, 2:45 p.m. be ADOPTED. The motion CARRIED by voice vote. (Attachment F)

Senator Nichols moved SB 1038 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 4-3-1. (Attachment 2)

Senator Nichols moved SB 1537 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 5-3-0. (Attachment 3)

Senator Nichols moved SB 1206 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 8-0-0. (Attachment 4)

Senator Nichols moved SB 1576 be returned with a DO PASS recommendation. The motion FAILED with a roll call vote of 4-4-0. (Attachment 5)

SB 1313 – tobacco tax programs; audit – DO PASS AMENDED/STRIKE EVERYTHING

Mr. Bezozo explained that SB 1313 has a Gerard strike everything amendment dated 02/16/01 at 11:45 a.m. The amendment requires the Office of the Auditor General (OAG) to evaluate tobacco use prevention and reduction programs in DHS and transfers health education account monies to the OAG for the purpose of conducting the evaluations. The first report is due by November 15, 2004 and it is required to include data from FY 2001-2002.

Senator Cirillo pointed out that he read an article in the newspaper that indicated that this program received a national award as being the best tobacco prevention program in the nation.

Senator Gerard noted that there has not been a baseline study that would indicate that any behavior has been changed. Mr. Bezozo replied that DHS has recently completed a study on both youth and adults. Senator Gerard stated that she feels the OAG does a better job of evaluating programs and appears more legitimate than when an agency does their own evaluations.

Don Morris, health educator, Executive Director, Arizonans Concerned About Smoking, noted that he served on the tobacco prevention use advisory committee and the Governor's Advisory Council on Tobacco Prevention Cessation. In a 1996-1999 evaluation, there was a 20% change in the 18-, 19-, and 20-year olds in using tobacco and smoking. That means over that three-year period, they had targeted 15-, 16-, and 17-year olds and that is an amazing drop in tobacco use.

Senator Hellon asked about the strength of the health education account. Senator Gerard replied that account has a lot of money. That account receives approximately \$40 million.

Senator Nichols moved SB 1313 be returned with a DO PASS recommendation.

Senator Nichols moved the two-page Gerard strike everything amendment dated 02/16/01, 11:45 a.m. be ADOPTED. The motion CARRIED by voice vote. (Attachment G)

Senator Guenther moved SB 1313 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 7-0-1. (Attachment 6)

Chairman Gerard noted the following were present in support of the bill: **Lee Fairbanks, MD, Family Physician; Donald Vance, Coordinator, Capital City Taskforce, AARP; Brian McAnallen, Director of Government Relations, American Cancer Society; Kevin DeMenna, Lobbyist, American Cancer Society, American Health Association, American Lung Association; and Bill Thomson, Deputy Auditor General, Officer of the Auditor General.**

SB 1147 – AHCCCS; transplants – DO PASS AMENDED/STRIKE EVERYTHING

Ms. Brennan explained that SB 1147 has a Gerard strike everything amendment dated 02/14/01 at 4:10 p.m. The amendment expands the definition of "qualified

first responder instructor” to include persons tested and certified by the National Safety Council or an equivalent organization. Legislation last year inadvertently excluded existing training programs by stipulating that the first responder trainer must be tested and certified by the Red Cross.

Bert Hood, Arizona Chapter of the National Safety Council, noted that they support the bill and do ask that the changes be made so that other worthy programs could be used.

Senator Nichols moved SB 1147 be returned with a DO PASS recommendation.

Senator Nichols moved the six-page Gerard strike everything amendment dated 02/14/01, 4:10 p.m. be ADOPTED. The motion CARRIED by voice vote. (Attachment H)

Senator Guenther moved SB 1147 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 8-0-0. (Attachment 7)

SB 1311 – health care institutions; licensure – DO PASS AMENDED

Kathy Seeglitz, Health Committee Assistant Analyst, explained that SB 1311 makes numerous changes to the health care institution statutes and authorizes DHS to use monies generated from fines levied against certain health care institutions for the relocation of residents from closed facilities and to maintain a facility pending closure or correct facility deficiencies. The five-line Gerard amendment dated 02/09/01 at 3:04 p.m. modifies the definition of licensed capacity and specifies that licensed capacity for a hospital includes only the beds specified on a hospital license.

Senator Nichols moved SB 1311 be returned with a DO PASS recommendation.

Senator Nichols moved the five-line Gerard amendment dated 02/09/01, 3:04 p.m. be ADOPTED. The motion CARRIED by voice vote. (Attachment I)

Senator Nichols moved SB 1311 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 8-0-0. (Attachment 8)

Chairman Gerard noted the following were present in support of the bill: **Lee Fairbanks, MD, Family Physician; Donald Vance, Coordinator, Capital City Taskforce, AARP; Lisa Wynn, Deputy Assistant Director, DHS; Monica Attridge, Arizona Assisted Living Federation; and Laurie Lange, Vice President, Public Affairs, AHHA.**

SB 1323 – do not resuscitate orders – DO PASS AMENDED

Ms. Seeglitz explained that SB 1323 exempts the enforcement of prehospital medical care directives for medical emergencies involving children or disabled adults in a public or private school. The four-line Gerard amendment dated 02/19/01 at 1:08 p.m. specifies that the exemption of enforcement of prehospital medical care directives applies only to public or private schools that are not licensed healthcare institutions, which is defined in statute.

Senator Gerard related that she had a school nurse call her saying that she had do not resuscitate orders on elementary school children in public schools and she wanted to know if anything could be done about it because she was very uncomfortable with allowing children to die at school. Needless to say, anyone who has worked on living wills and durable power of attorney were quite hysterical when they found out the do not resuscitate orders were being used in that manner.

Senator Verkamp shared a story regarding his mother-in-law who is in an assisted living facility and was asked to sign a flyer regarding do not resuscitate and when he asked her about what she signed, she was not aware of what the implication was. Senator Gerard stated that she thought the papers had to be signed by both the patient and the physician. She said that it would not be valid if both did not sign it.

Senator Nichols moved SB 1323 be returned with a DO PASS recommendation.

Senator Nichols moved the four-line Gerard amendment dated 02/19/01, 1:08 p.m. be ADOPTED. The motion CARRIED by voice vote. (Attachment J)

Senator Nichols moved SB 1323 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 8-0-0. (Attachment 9)

Chairman Gerard noted the following were present in support of the bill: **Barbara Robey, Director of Governmental Affairs, Arizona School Boards Association; and David Landrith, Vice President, Arizona Medical Association.**

SB 1393 – county health departments – DO PASS AMENDED

Ms. Seeglitz explained that SB 1393 increases, subject to appropriation, the per capita reimbursement from DHS to local health departments for local health services. The bill establishes a reimbursement rate of \$3 per capita in FY 2001-2002 and requires DHS to annually adjust the reimbursement rate for inflation as measured by the percentage change in the prior year's medical consumer price index. The two-page Guenther amendment dated 02/19/01 at 5:13 p.m. changes the per capita reimbursement rate in the next three fiscal years to \$2 and it requires DHS to annually adjust the reimbursement rate for inflation beginning in FY 2004-2005. It appropriates \$2.169 million from the state general fund in FY 2001-2002 to DHS to reimburse local health departments at \$0.50 per capita based on the most recent United States Census. It appropriates approximately \$3.45 million from the state general fund in FY 2002-2003 to DHS to reimburse local health departments at \$0.75 per capita based on the most recent census. It also appropriates approximately \$4.7 million in each fiscal year beginning in FY 2003-2004 from the state general fund to DHS to reimburse local health departments at \$1 per capita based on the most recent census.

Senator Nichols said that he feels that although there is a concern about the budget, it is appropriate that there be something put forward to help support the public health infrastructure of the state. This is a prime health need. He noted that this will not be fully funded by the amounts currently listed, but he feels that it sets a reasonable goal and if there are resources in the budget, they should be funding public health.

Senator Guenther pointed out that this is a phase in over three years, because they have been talking about assisting the counties at \$1 for over 15 years. He noted that they have never reached that amount, the highest he can remember was \$0.31 and he feels it is time to provide those absolutely necessary services.

Senator Guenther moved SB 1393 be returned with a DO PASS recommendation.

Senator Guenther moved the his two-page amendment dated 02/19/01 at 5:13 p.m. be ADOPTED. The motion CARRIED by voice vote. (Attachment K)

Senator Nichols moved SB 1393 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 6-0-2.

(Attachment 10)

Chairman Gerard noted the following were present in support of the bill: **Barbara Burkholder, Executive Director, Arizona Public Health Association; Diane Sikokis, Lobbyist, Maricopa County; Kelsey Lundy, Yuma County; and Kerri Waggener, County Supervisors Association.**

SB 1554 – graduate medical education; payment methodology – DISCUSSION/HELD

Mr. Bezozo explained that SB 1554 prescribes a new methodology for the AHCCCS graduate medical education (GME) program. By changing the current methodology, three hospitals will lose funding. Those hospitals include Phoenix Children's Hospital at \$1.8 million, Phoenix Baptist Hospital at \$18,000 and Scottsdale Healthcare Osborne at \$2,500. SB 1554 includes the council's recommendation to change the current distribution methodology and also appropriates \$1.84 million from the general fund to reimburse those hospitals that would lose monies by changing the methodology.

Mr. Bezozo noted that all the other hospitals would have an increase in their payments by approximately \$1.84 million redistributed to the other 12 hospitals.

Senator Nichols explained that GME is supported historically through Medicaid monies and other sources including State funds. The GME council met for a number of years to determine how to distribute the monies. Each year they said they would face the issue next year, but each year they failed to do so. In the end, when the council went out of existence last year, they made a final recommendation that the State should hold harmless those hospitals that were hurt by the distribution method, which was the three out of the 15 hospitals. The current formula for distributing monies to residents ranges from about \$30,000 per resident to \$90,000, which is an enormous variation.

Senator Nichols stated that he feels they should give more money for institutions that are training people in primary care and medically underserved areas. He pointed out that the council was made up of representatives from every hospital and medical educators from throughout the state. This bill is their recommendation.

Senator Nichols noted that the council expressed some awareness of the great diversity in the amounts spent per resident and there was some effort made to equalize those costs.

Chairman Gerard noted that **Chris Herstam, Phoenix Children's Hospital**, was present in support of the bill.

Chairman Gerard noted that **Dr. Charles Daschrach, Director of Medical Education, St. Joseph's Hospital**, was present in opposition of the bill.

SB 1199 – BOMEX: formal interviews; information access – HELD

There being no further business, the meeting was adjourned at 4:23 p.m.

Respectfully submitted,

Carol Dager
Committee Secretary

(Tapes and attachments on file in the Secretary of the Senate's Office/Resource Center, Room 115.)