

ARIZONA HOUSE OF REPRESENTATIVES  
Forty-sixth Legislature – First Regular Session

**COMMITTEE ON HEALTH**

Minutes of Special Meeting  
Thursday, May 8, 2003  
House Hearing Room 3 -- 2:30 p.m.

Chairman Gullett called the meeting to order at 2:36 p.m. and attendance was noted by the secretary.

**Members Present**

Mr. Arnold  
Mrs. Chase  
Mr. Hanson

Mr. Lopes  
Ms. Lopez L  
Mr. Nichols

Mrs. Rosati  
Mr. Thompson  
Mr. Stump, Vice-Chairman  
Mrs. Gullett, Chairman

**Members Absent**

Mr. Bradley (excused)

Mr. Konopnicki (excused)

**Committee Action**

H.B. 2530 – DPA (9-1-0-2)

**Speakers Present**

Pete Wertheim, Majority Research Analyst  
Don Stapley, Supervisor, Maricopa County Board of Supervisors  
Mark Hillard, Chief Executive Officer, Maricopa Integrated Health System (MIHS)  
Merwin Grant, Chairman, Maricopa County Citizens' Task Force  
Kevin McCarthy, President, Arizona Tax Research Association (ATRA)  
Jason Schechterle, Phoenix, representing himself  
John Schaper, Mesa, representing himself  
Lorena Casillas, Camp Verde, representing herself  
Dr. J. Chris Carey, representing Medical Professional Associates of Arizona (MedPro)  
Dick White, Co-Chairman, East Valley Interfaith  
Chairman Gullett recognized persons present in support who did not speak, page 5  
Dr. Kipp Charlton, Scottsdale, representing himself  
Chairman Gullett recognized others present in support who did not speak, page 6  
Laurie Lange, Vice President, Public Affairs, Arizona Hospital and Healthcare Association  
(AzHHA)

Dr. Norberto Adame, Jr., Chairman, Department of Emergency Medicine, Maricopa Medical Center

Chairman Gullett recognized persons taking a neutral or opposing position on the bill who did not speak, page 6

Chairman Gullett recognized Maricopa County Supervisors Fulton Brock, Chairman, and Mary Rose Wilcox, page 6

Bill Sims, Attorney, representing Maricopa County

## **CONSIDERATION OF BILLS**

### **H.B. 2530, special health care districts – DO PASS AMENDED**

Pete Wertheim, Majority Research Analyst, summarized H.B. 2530, which modifies the Special Health Care District statutes to allow Maricopa County to create a voter approved district to operate the Maricopa Integrated Health System (MIHS). The bill provides for taxing authority, bonding, maintenance of effort requirements, limitations on facilities and additional powers for the district (see bill summary, Attachment 1). He advised that a verbal amendment is necessary to rectify an incorrect statutory reference.

Mr. Hanson, sponsor, said he has worked with the stakeholders on the proposed legislation over the past two years, and believes there is little opposition. The recommendation to form a separate hospital district for Maricopa County came from the Citizens' Task Force, appointed by the County Board of Supervisors to study the county health care system.

Don Stapley, Supervisor, Maricopa County Board of Supervisors, said while he recognizes that it is late in the Legislative Session to introduce a bill of this magnitude, the Board and the Citizens' Task Force have worked long and hard to come up with a solution to the increasing demands and declining revenues that MIHS faces, and believe this is a consensus bill. He emphasized that the County health care system is in crisis and the options are not good, and stressed the need to move forward as expeditiously as possible. Mr. Stapley pointed out that MIHS has a nationally prominent reputation, as well as an obligation to take care of the poor, and said he believes the proposal is arguably a fiscally conservative approach. He pointed out that the County cannot raise property taxes more than 5 cents, which would raise only \$13 million. He remarked that the staff perform miracles, and urged support.

Mark Hillard, Chief Executive Officer, Maricopa Integrated Health System (MIHS), speaking in support, reviewed a PowerPoint briefing on the Maricopa Integrated Health System (see copy presentation, Attachment 2), under the following headings:

- System Overview:
  - Health Plans
  - Delivery System
- Map showing Family Health Centers and Maricopa Medical Center (MMC)

- Specialty Services:
  - Level I Trauma
  - Arizona Burn Center
  - High Risk Obstetrical Services
  - Neonatal Intensive Care
  - HIV Services
  - Psychiatric Services
  - Dental Services
  - Dialysis
- Training Future Doctors
- Operating Income, including chart of payor mix (7/02 - 12/02)
- Myth vs. fact
- Average daily cash net of outstanding checks vs. requirements (7/00 – 4/03)

In regard to operating income, Dr. Hillard advised that the best case scenario projected operating loss for this year is \$12 million.

Commenting on myths and facts, he pointed out that MMC treatment of undocumented persons comprises a very small component of the revenue stream.

Dr. Hillard said he believes a reduction in training programs would be catastrophic to the state, and urged support for the bill.

Chairman Gullett remarked that an invitation to tour the facilities has been extended to all Committee Members.

Merwin Grant, Chairman, Maricopa County Citizens' Task Force, advised that Task Force members met every Friday afternoon for twelve weeks, established several subcommittees, and consulted with all stakeholders. He commented that no one can fail to see the dedication of the doctors, nurses and staff, or the gratitude of the patients. He reviewed the Citizens' Task Force section of the PowerPoint presentation and its recommendations:

- A listing of Task Force Members
- Goals of the Task Force –
  - MIHS Mission
  - Scope of Service
  - Governance
  - Funding
- Further recommendations

Mr. Grant reported that the Task Force tried to be pragmatic in every way. It concluded in its *Report and Recommendations to Board of Supervisors*, dated April 1, 2003 (Attachment 3), that there is a crisis, that the facility is antiquated, that MIHS has approximately \$89 million in uncompensated care each year, that the MIHS mission should be preserved, and that the solution is to establish a dedicated, stable and secure revenue stream with a special district to administer it. He concluded by stating that the Task Force believes the plan will work and supports the bill.

Chairman Gullett remarked that Kevin McCarthy of the Arizona Tax Research Association wishes to address an article titled *County seeks property tax to save health care system* in the *Arizona Republic* newspaper of this date (Attachment 4).

Kevin McCarthy, President, Arizona Tax Research Association (ATRA), speaking in opposition to H.B. 2530, advised that he has not seen the bill before today. He said while ATRA does not oppose fixing and maintaining the County Hospital, he is concerned about the funding mechanism proposed. In that regard, he distributed and reviewed a handout comparing the County Funding Structure in 1980 with that in 2003 (Attachment 5). In 1980, the only Special District (Secondary Property Tax) was Flood Control. This contrasts with 2003, with additional sales or property tax funded districts, as well as other levies moved from primary to secondary. Mr. McCarthy pointed out that the County has \$3.6 billion in general obligation bonding authority, of which about \$39 million (less than 2 percent) is being used, and that it already has the authority to request the money from the taxpayers for County needs. Additionally, in regard to operations, the County has the authority to go to the voters and request a levy limit override. He questioned the necessity to create a new taxing jurisdiction to solve the problem.

Mr. McCarthy urged Members to consider the following:

- Challenge the premise that \$40 million is needed on an ongoing basis each year.
- Use Maintenance of Effort provisions that have become more common.
- The County can charge new special districts for services. He cautioned that special districts can become siphons.
- Debt financing mechanisms should be voter approved.
- Debt limit for the new jurisdiction is \$2.4 billion. The entire debt limit for the County is \$3.6 billion. Consider what is a reasonable debt capacity.
- The reference to a single issue on the ballot. Two questions should be asked:
  - i) whether or not taxpayers want to form the special district; and
  - ii) whether they want to pay an increased secondary property tax to do so.

In response to a query by Mr. Lopes concerning the maintenance of effort provision, Mr. McCarthy quoted from the bill, page 30, lines 40 to 45.

Ms. Lopez clarified that the bill does not create a special hospital district. Rather, it allows the matter to go to the voters to decide whether to create a special hospital district.

Chairman Gullett announced that many people have asked to speak in support of the bill.

Jason Schechterle, Phoenix, representing himself, testified that the County Hospital was located within his beat when he was a patrol officer in 2000-2001. During that time he recognized the importance of the institution and got to know many of the doctors, never knowing that he would need their services when he suffered extensive burns when his patrol car was hit and burst into flames. He said he would not have survived if he had had to be flown out of the county, and urged that the voters be given a chance to have a say in the matter.

John Schaper, Mesa, representing himself, said he was fortunate to be taken to County Hospital following a gunshot wound that very few people survive, and he is alive today because of the experience and dedication of the personnel there.

Lorena Casillas, Camp Verde, representing herself, described the wonderful care she said her six-year-old daughter has received at County Hospital for the past ten months, following an accident that resulted in severe burns over 90-95 percent of her body.

Dr. J. Chris Carey, representing Medical Professional Associates of Arizona (MedPro), a multi-specialty physicians' group that provides medical care at MIHS, said rather than read a prepared speech following the preceding emotional testimony, he would urge Members not to destroy what will take years to rebuild. He urged support for the bill.

Dick White, Co-Chairman, East Valley Interfaith, speaking on behalf of other Valley Interfaith Project members present in support of the bill, said while he recognizes the financial difficulties facing the County, he believes the real issue is political will. He stated that a significant number of people understand the problem and are committed to supporting this effort.

Chairman Gullett recognized other members present in support who did not speak:

Robert Mings, representing East Valley Interfaith  
Leslie Paulus, M.D., Ph.D., Chairman, Human Rights Committee, representing Arizona  
Interfaith, Valley Interfaith Project and himself  
Teresa Castro, representing Valley Interfaith Project  
Enrique Hernandez, representing Valley Interfaith Project and Immaculate Heart  
Rosa Hernandez, representing Valley Interfaith Project and Immaculate Heart  
Lydia Hernandez, representing Valley Interfaith Project  
Alejandro Chavez, representing Valley Interfaith Project  
Paula Osterday, R.N., representing Valley Interfaith Project  
Marcie Escobedo, representing Valley Interfaith Project  
Betty Jane Rector, representing Valley Interfaith Project and Shepherd of the Hills United  
Church of Christ  
Tom Donovan, representing Franciscan Renewal Center  
Margaret Snider, representing Franciscan Renewal Center and Valley Interfaith Project  
Bonnie Danowski, representing Franciscan Renewal Center and Valley Interfaith Project

Dr. Kipp Charlton, Scottsdale, representing himself, described his work at Maricopa Medical Center beginning in 1970. He noted that many county governments across the country underwrite indigent care and said MIHS, which provides a health care safety net, would like to approach the taxpayers again to be able to continue the effort. He added that, for him, working at the County has been a mission that he would like to continue. He urged support for the bill.

Chairman Gullett recognized others present in support who did not speak:

Susan Charlton, representing MedPro  
Chris Herstam, representing Phoenix Children's Hospital and Banner Health System  
Sue Chasin, representing Banner Health Arizona  
David Landrith, Vice President, Policy, Arizona Medical Association (ArMA)  
Marla Weston, representing Arizona Nurses' Association  
Fredrick Hermann, Mesa, representing himself  
Gayla Wigal, M.D., representing herself  
William Dachman, Scottsdale, representing himself  
Sharon Anthony, Phoenix, representing herself  
Jennifer Dunn, representing MedPro  
Peg Loos, representing MedPro  
Doug Buchanan, representing MedPro  
Brian McAnallen, representing Scottsdale Healthcare  
Jaime A. Molera, representing University of Arizona Health Science Center

Laurie Lange, Vice President, Public Affairs, Arizona Hospital and Healthcare Association (AzHHA), said the bill is the result of four years work and much compromise. She added that this essential community asset must be preserved, and urged support.

Dr. Norberto Adame, Jr., Chairman, Department of Emergency Medicine, Maricopa Medical Center (MMC), asserted that health care in Maricopa County and in Arizona is in a state of emergency, and said he believes the proposed legislation is pivotal. He added that he works in the emergency room and sees the valuable service provided daily to the community. He concluded by asserting that the staff at MMC are compassionate, passionate, and driven to provide care.

Chairman Gullett recognized the following persons who did not speak:

Bernard Lumbert, representing himself (neutral on the bill, believes County Hospital should be merged with Value Options)  
Jay Kaprosy, representing Greater Phoenix Chamber of Commerce (neutral)  
Michelle Covell Bolton, representing National Federation of Independent Business (NFIB) (opposed)

Chairman Gullett recognized the following Maricopa County Supervisors:

Fulton Brock, Chairman  
Mary Rose Wilcox

Mr. Lopes asked where in the proposed legislation there is a commitment by the health system to continue to be the safety net provider in the community. He said the closest reference he can find is to the “underserved” populations, but there is no mention of “poor” or “uninsured.”

Bill Sims, Attorney, representing Maricopa County, said the issue was hotly debated when the bill was drafted. He noted that the hospital’s mission does not use the word “poor” because it is ill-defined, and because of a concern over lawsuits. Moreover, the term is not in statute. He quoted the language used, and pointed out that it is intended to protect the people served and to ensure that it will not result in litigation.

Mr. Lopes asked if MIHS will continue to provide the same level of care to the uninsured that it provides today. Mr. Sims cited the bill, page 25, paragraph H, that states “. . including underserved populations, to the extent of taxes approved by the qualified electors . .” and said he believes there will be revenues to serve the underserved.

Following further discussion, Mr. Sims said he believes the resulting legislation is a fair compromise that recognizes that the taxpayers are paying for the facility.

**Mr. Hanson moved that H.B. 2530 do pass.**

**Mr. Hanson moved that H.B. 2530 be amended as follows:**

**Page 28, line 30 strike “48-5565” insert “48-5566”**

**The motion carried.**

**Mr. Hanson moved that H.B. 2530 as amended do pass. The motion carried by a roll call vote of 9-1-0-2 (Attachment 6).**

Without objection, the meeting adjourned at 4:10 p.m.

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Carole Price, Committee Secretary  
May 12, 2003

(Original minutes, attachments and tape are on file in the Office of the Chief Clerk.)