

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2650

(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 36-405, Arizona Revised Statutes, is amended to  
3 read:

4 36-405. Powers and duties of the director

5 A. The director shall adopt rules to establish minimum standards and  
6 requirements for the construction, modification and licensure of health care  
7 institutions necessary to assure the public health, safety and welfare. The  
8 standards and requirements shall relate to the construction, equipment,  
9 sanitation, staffing for medical, nursing and personal care services, and  
10 record keeping pertaining to the administration of medical, nursing and  
11 personal care services, in accordance with generally accepted practices of  
12 health care. The director shall use the current standards adopted by the  
13 joint commission on accreditation of hospitals and the commission on  
14 accreditation of the American osteopathic association or those adopted by any  
15 recognized accreditation organization approved by the department as  
16 guidelines in prescribing minimum standards and requirements under this  
17 section.

18 B. The director ~~may~~, by rule, MAY:

19 1. Classify and subclassify health care institutions according to  
20 character, size, range of services provided, medical or dental specialty  
21 offered, duration of care and standard of patient care required for the  
22 purposes of licensure. Classes of health care institutions may include  
23 hospitals, infirmaries, outpatient treatment centers, health screening  
24 services centers and residential care facilities. Whenever the director  
25 reasonably deems distinctions in rules and standards to be appropriate among  
26 different classes or subclasses of health care institutions the director may  
27 make such distinctions.

28 2. Prescribe standards for determining a health care institution's  
29 substantial compliance with licensure requirements.

1           3. Prescribe the criteria for the licensure inspection process.

2           4. Prescribe standards for the selection of health care related  
3 demonstration projects.

4           5. Prescribe standards for training programs for assisted living  
5 facilities.

6           6. ESTABLISH AND COLLECT NONREFUNDABLE FEES FOR HEALTH CARE  
7 INSTITUTIONS FOR LICENSE APPLICATIONS, INITIAL LICENSES, RENEWAL LICENSES AND  
8 ARCHITECTURAL DRAWING REVIEWS.

9           C. The director may:

10           1. Grant, deny, suspend and revoke approval of training programs for  
11 assisted living facilities.

12           2. Impose a civil penalty pursuant to section 36-431.01 against a  
13 training program that violates this chapter or rules adopted pursuant to this  
14 chapter.

15           ~~D. The director shall establish and collect the following  
16 nonrefundable fees for health care institutions:~~

17           ~~1. Fees of not to exceed fifty dollars for a license application.~~

18           ~~2. Architectural drawing review fees of not to exceed the following  
19 amounts:~~

20           ~~(a) For a project with a cost of less than one hundred thousand  
21 dollars, fifty dollars.~~

22           ~~(b) For a project with a cost of one hundred thousand dollars or more  
23 and less than five hundred thousand dollars, one hundred dollars.~~

24           ~~(c) For a project with a cost of five hundred thousand dollars or  
25 more, one hundred fifty dollars.~~

26           ~~3. Initial license and license renewal fees of not to exceed the  
27 following amounts:~~

28           ~~(a) For a facility with no licensed capacity, one hundred dollars.~~

29           ~~(b) For a facility with a licensed capacity of one to fifty-nine beds,  
30 one hundred dollars, plus an additional fee in the amount of the licensed  
31 capacity times ten dollars.~~

1           ~~(c) For a facility with a licensed capacity of sixty to ninety-nine~~  
2           ~~beds, two hundred dollars, plus an additional fee in the amount of the~~  
3           ~~licensed capacity times ten dollars.~~

4           ~~(d) For a facility with a licensed capacity of one hundred to one~~  
5           ~~hundred forty nine beds, three hundred dollars, plus an additional fee in the~~  
6           ~~amount of the licensed capacity times ten dollars.~~

7           ~~(e) For a facility with a licensed capacity of one hundred fifty beds~~  
8           ~~or more, five hundred dollars, plus an additional fee in the amount of the~~  
9           ~~licensed capacity times ten dollars.~~

10           D. BEGINNING JANUARY 1, 2010, NINETY PER CENT OF THE FEES COLLECTED  
11           PURSUANT TO THIS SECTION SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146 AND  
12           35-147, IN THE HEALTH SERVICES LICENSING FUND ESTABLISHED BY SECTION 36-414  
13           AND TEN PER CENT OF THE FEES COLLECTED PURSUANT TO THIS SECTION SHALL BE  
14           DEPOSITED, PURSUANT TO SECTIONS 35-146 AND 35-147, IN THE STATE GENERAL FUND.

15           E. Subsection ~~D~~ B, PARAGRAPH 6 of this section does not apply to a  
16           health care institution operated by a state agency pursuant to state or  
17           federal law or to adult foster care residential settings.

18           Sec. 2. Title 36, chapter 4, article 1, Arizona Revised Statutes, is  
19           amended by adding section 36-414, to read:

20           36-414. Health services licensing fund; exemption

21           A. THE HEALTH SERVICES LICENSING FUND IS ESTABLISHED CONSISTING OF  
22           MONIES DEPOSITED PURSUANT TO SECTIONS 36-405, 36-882 AND 36-897.01. THE  
23           DEPARTMENT OF HEALTH SERVICES SHALL ADMINISTER THE FUND.

24           B. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION.

25           C. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190  
26           RELATING TO LAPSING OF APPROPRIATIONS.

27           Sec. 3. Repeal

28           Senate Bill 1145, section 4, forty-ninth legislature, first regular  
29           session, as transmitted to the governor, is repealed.

30           Sec. 4. Repeal

31           Senate Bill 1145, section 6, forty-ninth legislature, first regular  
32           session, as transmitted to the governor, is repealed.

1           Sec. 5. Section 36-882, Arizona Revised Statutes, is amended to read:

2           36-882. License; posting; transfer prohibited; fees; provisional  
3                           license; renewal

4           A. A child care facility shall not receive any child for care,  
5 supervision or training unless the facility is licensed by the department of  
6 health services.

7           B. An application for a license shall be made on a written or  
8 electronic form prescribed by the department and shall include:

9           1. Information required by the department for the proper  
10 administration of this chapter and rules adopted pursuant to this chapter.

11           2. The name and business or residential address of each controlling  
12 person.

13           3. An affirmation by the applicant that no controlling person has been  
14 denied a certificate to operate a child care group home or a license to  
15 operate a child care facility for the care of children in this state or  
16 another state or has had a license to operate a child care facility or a  
17 certificate to operate a child care group home revoked for reasons that  
18 relate to the endangerment of the health and safety of children.

19           C. An application for an initial license shall include:

20           1. The form required pursuant to section 36-883.02, subsection C that  
21 is completed by the applicant.

22           2. A copy of a valid fingerprint clearance card issued to the  
23 applicant pursuant to title 41, chapter 12, article 3.1.

24           3. If the applicant's facility is located within one-fourth mile of  
25 any agricultural land, the names and addresses of the owners and lessees of  
26 the agricultural land and a copy of the agreement required pursuant to  
27 subsection D of this section.

28           D. The department shall deny any license that affects agricultural  
29 land regulated pursuant to section 3-365, except that the owner of the  
30 agricultural land may agree to comply with the buffer zone requirements of  
31 section 3-365. If the owner agrees in writing to comply with the buffer zone  
32 requirements and records the agreement in the office of the county recorder

1 as a restrictive covenant running with the title to the land, the department  
2 may license the child care facility to be located within the affected buffer  
3 zone. The agreement may include any stipulations regarding the child care  
4 facility, including conditions for future expansion of the facility and  
5 changes in the operational status of the facility that will result in a  
6 breach of the agreement. This subsection shall not apply to the issuance or  
7 renewal of a license for a child care facility located in the same location  
8 for which a child care facility license was previously issued.

9 E. On receipt of an application for an initial license, the department  
10 shall inspect the applicant's physical space, activities and standards of  
11 care. If the department determines that the applicant and the applicant's  
12 facility are in substantial compliance with this chapter and rules adopted  
13 pursuant to this chapter and the applicant agrees to carry out a plan  
14 acceptable to the department to eliminate any deficiencies, the department  
15 shall issue an initial license to the applicant.

16 ~~F. The fee for an initial application for licensure is one hundred~~  
17 ~~fifty dollars and is not refundable. The application fee is for the first~~  
18 ~~full licensure period, including any provisional period. The application fee~~  
19 ~~for renewal of a license is one hundred fifty dollars and is not refundable.~~  
20 ~~An applicant for renewal who fails to submit the application forty-five days~~  
21 ~~before the expiration of the license is subject to a fifty dollar late filing~~  
22 ~~fee. The department shall deposit, pursuant to sections 35-146 and 35-147,~~  
23 ~~late filing fees in the state general fund.~~

24 F. THE DIRECTOR, BY RULE, MAY ESTABLISH AND COLLECT NONREFUNDABLE FEES  
25 FOR CHILD CARE FACILITIES FOR INITIAL AND RENEWAL LICENSE APPLICATIONS AND  
26 FOR LATE FILING OF APPLICATIONS. BEGINNING JANUARY 1, 2010, NINETY PER CENT  
27 OF THE FEES COLLECTED PURSUANT TO THIS SECTION SHALL BE DEPOSITED, PURSUANT  
28 TO SECTIONS 35-146 AND 35-147, IN THE HEALTH SERVICES LICENSING FUND  
29 ESTABLISHED BY SECTION 36-414 AND TEN PER CENT OF THE FEES COLLECTED PURSUANT  
30 TO THIS SECTION SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146 AND 35-147,  
31 IN THE STATE GENERAL FUND.

1           G. A license is valid for three years from the date of issuance and  
2 shall specify the following:

- 3           1. The name of the applicant.  
4           2. The exact address where the applicant will locate the facility.  
5           3. The maximum number and age limitations of children that shall be  
6 cared for at any one time.  
7           4. The classification of services that the facility is licensed to  
8 provide.

9           H. The department may issue a provisional license, not to exceed six  
10 months, to an applicant or a licensed child care facility if:

- 11           1. The facility changes director.  
12           2. The department determines that an applicant for an initial license  
13 or a licensed child care facility is not in substantial compliance with this  
14 chapter and rules adopted pursuant to this chapter and the immediate  
15 interests of children, families and the general public are best served if the  
16 child care facility or the applicant is given an opportunity to correct  
17 deficiencies.

18           I. A provisional license shall state the reason for the provisional  
19 status.

20           J. On the expiration of a provisional license, the department shall  
21 issue a regular license for the remainder of the license period if the  
22 department determines that the licensee and the child care facility are in  
23 substantial compliance with this chapter and rules adopted pursuant to this  
24 chapter and the applicant agrees to carry out a plan acceptable to the  
25 department to eliminate any deficiencies.

26           K. Except as provided in section 36-893, subsection A, on receipt of a  
27 renewal application that complies with this chapter and rules adopted  
28 pursuant to this chapter, the department shall issue a renewal license to the  
29 child care facility.

30           L. The licensee shall notify the department in writing within ten days  
31 of any change in the child care facility's director.

1 M. The license is not transferable from person to person and is valid  
2 only for the quarters occupied at the time of issuance.

3 N. The license shall be conspicuously posted in the child care  
4 facility.

5 O. The licensee shall conspicuously post a schedule of fees charged  
6 for services and the established policy for a refund of fees for services not  
7 rendered.

8 P. The licensee shall keep current department inspection reports at  
9 the child care facility and shall make them available to parents on request.  
10 The licensee shall conspicuously post a notice that identifies the location  
11 where these inspection reports are available for review.

12 Q. The department of health services shall notify the department of  
13 public safety if the department of health services receives credible evidence  
14 that a licensee who possesses a valid fingerprint clearance card either:

15 1. Is arrested for or charged with an offense listed in section  
16 41-1758.03, subsection B.

17 2. Falsified information on any form required by section 36-883.02.

18 Sec. 6. Section 36-897.01, Arizona Revised Statutes, is amended to  
19 read:

20 36-897.01. Certification; application; fees; rules;  
21 fingerprinting; renewal

22 A. A child care group home shall be certified by the department. An  
23 application for a certificate shall be made on a written or electronic form  
24 prescribed by the department and shall contain all information required by  
25 the department.

26 B. If a child care group home is within one-fourth mile of agriculture  
27 land, the application shall include the names and addresses of the owners and  
28 lessees of any agricultural land within one-fourth mile of the facility.  
29 Within ten days after receipt of an application for a certificate, the  
30 department shall notify the owners and lessees of agricultural land as listed  
31 on the application. The department shall deny a certificate that affects  
32 agricultural land regulated pursuant to section 3-365, except that the owner

1 of the agricultural land may agree to comply with the buffer zone  
2 requirements of section 3-365. If the owner agrees in writing to comply with  
3 the buffer zone requirements and records the agreement in the office of the  
4 county recorder as a restrictive covenant running with the title to the land,  
5 the department may issue a certificate to the child care group home to be  
6 located within the affected buffer zone. The agreement may include any  
7 stipulations regarding the child care group home, including conditions for  
8 future expansion of the facility and changes in the operational status of the  
9 facility that will result in a breach of the agreement. This subsection  
10 applies to the renewal of a certificate for a child care group home located  
11 in the same location if the child care group home certificate was not  
12 previously issued under this subsection.

13 ~~C. An application for an initial certificate shall be accompanied by a~~  
14 ~~nonrefundable application fee of thirty dollars.~~

15 C. THE DIRECTOR, BY RULE, MAY ESTABLISH AND COLLECT NONREFUNDABLE FEES  
16 FOR CHILD CARE GROUP HOMES FOR INITIAL AND RENEWAL CERTIFICATE APPLICATIONS  
17 AND FOR LATE FILING FEES. BEGINNING JANUARY 2010, NINETY PER CENT OF THE  
18 FEES COLLECTED PURSUANT TO THIS SECTION SHALL BE DEPOSITED, PURSUANT TO  
19 SECTIONS 35-146 AND 35-147, IN THE HEALTH SERVICES LICENSING FUND ESTABLISHED  
20 BY SECTION 36-414 AND TEN PER CENT OF THE FEES COLLECTED PURSUANT TO THIS  
21 SECTION SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146 AND 35-147, IN THE  
22 STATE GENERAL FUND.

23 D. The department shall issue an initial certificate if the department  
24 determines that the applicant and the applicant's child care group home are  
25 in substantial compliance with the requirements of this article and  
26 department rules and the facility agrees to carry out a plan acceptable to  
27 the director to eliminate any deficiencies.

28 E. A certificate is valid for three years and may be renewed for  
29 successive three-year periods by submitting a renewal application as  
30 prescribed by the department and submitting a nonrefundable renewal  
31 application fee ~~of thirty dollars~~ ESTABLISHED PURSUANT TO SUBSECTION C OF  
32 THIS SECTION. An applicant for renewal who fails to submit the application

1        forty-five days before the expiration of the certificate is subject to a  
2        ~~twenty five dollar~~ late filing fee ESTABLISHED PURSUANT TO SUBSECTION C OF  
3        THIS SECTION. ~~Late filing fees collected pursuant to this subsection shall~~  
4        ~~be deposited, pursuant to sections 35-146 and 35-147, in the state general~~  
5        ~~fund.~~

6                F. In order to ensure that the equipment and services of a child care  
7        group home and the good character of an applicant are conducive to the  
8        welfare of children, the department by rule shall establish the criteria for  
9        granting, denying, suspending and revoking a certificate.

10               G. The director shall adopt rules and prescribe forms as may be  
11        necessary for the proper administration and enforcement of this article.

12               H. The certificate shall be conspicuously posted in the child care  
13        group home for viewing by parents and the public.

14               I. Current department inspection reports shall be kept at the child  
15        care group home and shall be made available to parents on request.

16               J. A certificate is not transferable and is valid only for the  
17        location occupied at the time it is issued.

18               K. An application for an initial certificate shall include:

19                1. The form required pursuant to section 36-897.03, subsection B that  
20        is completed by the applicant.

21                2. A copy of a valid fingerprint clearance card issued to the  
22        applicant pursuant to title 41, chapter 12, article 3.1.

23               L. Except as provided in section 36-897.10, subsection A, on receipt  
24        of a renewal application that complies with this chapter and rules adopted  
25        pursuant to this chapter, the department shall issue a renewal certificate to  
26        the child care group home.

27               M. The department of health services shall notify the department of  
28        public safety if the department of health services receives credible evidence  
29        that a person who possesses a valid fingerprint clearance card either:

30                1. Is arrested for or charged with an offense listed in section  
31        41-1758.03, subsection B.

32                2. Falsified information on any form required by section 36-897.03.

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Sec. 7. Repeal

Senate Bill 1145, section 10, forty-ninth legislature, first regular session, as transmitted to the governor, is repealed.

Sec. 8. Senate Bill 1145, section 11, forty-ninth legislature, first regular session, as transmitted to the governor, is amended to read:

Sec. 11. Repeal; KidsCare parents

Section 36-2981.01, Arizona Revised Statutes, is repealed FROM AND AFTER SEPTEMBER 30, 2009, EXCEPT THAT IF THE EFFECTIVE DATE OF THIS ACT IS AFTER SEPTEMBER 30, 2009, SECTION 36-2981.01, ARIZONA REVISED STATUTES, IS REPEALED ON THE EFFECTIVE DATE OF THIS ACT.

Sec. 9. Repeal

Senate Bill 1145, section 12, forty-ninth legislature, first regular session, as transmitted to the governor, is repealed.

Sec. 10. Repeal

Senate Bill 1145, section 13, forty-ninth legislature, first regular session, as transmitted to the governor, is repealed.

Sec. 11. Senate Bill 1145, section 14, forty-ninth legislature, first regular session, as transmitted to the governor, is amended to read:

Sec. 14. Section 38-651, Arizona Revised Statutes, is amended to read:

~~38-651.~~ Expenditure of monies for health and accident insurance; definition

A. The department of administration may expend public monies appropriated for such purpose to procure health and accident coverage for full-time officers and employees of ~~the~~ THIS state and its departments and agencies. The department of administration may adopt rules ~~which~~ THAT provide that if an employee dies while the employee's surviving spouse's health insurance is in force, the surviving spouse ~~shall be~~ IS entitled to no more than thirty-six months of extended coverage at one hundred two per cent of the group rates by paying the premiums. No public monies may be expended to pay all or any part of the premium of health insurance continued in force by the surviving spouse. The department of administration shall seek a variety of plans, including indemnity health insurance, hospital and medical

1 service plans, dental plans and health maintenance organizations. On a  
2 recommendation of the department of administration and the review of the  
3 joint legislative budget committee, the department of administration may  
4 self-insure for the purposes of this subsection. If the department of  
5 administration self-insures, the department may contract directly with  
6 preferred provider organizations, physician and hospital networks, indemnity  
7 health insurers, hospital and medical service plans, dental plans and health  
8 maintenance organizations. If the department self-insures, the department  
9 shall provide that the self-insurance program include all health coverage  
10 benefits that are mandated pursuant to title 20. The self-insurance program  
11 shall include provisions to provide for the protection of the officers and  
12 employees, including grievance procedures for claim or treatment denials,  
13 creditable coverage determinations, dissatisfaction with care and access to  
14 care issues. The department of administration by rule shall designate and  
15 adopt performance standards, including cost competitiveness, utilization  
16 review issues, network development and access, conversion and implementation,  
17 report timeliness, quality outcomes and customer satisfaction for qualifying  
18 plans. The qualifying plans for which the standards are adopted include  
19 indemnity health insurance, hospital and medical service plans, closed panel  
20 medical and dental plans and health maintenance organizations, and for  
21 eligibility of officers and employees to participate in such plans. Any  
22 indemnity health insurance or hospital and medical service plan designated as  
23 a qualifying plan by the department of administration must be open for  
24 enrollment to all permanent full-time state employees, except that any plan  
25 established prior to June 6, 1977 may be continued as a separate plan. Any  
26 closed panel medical or dental plan or health maintenance organization  
27 designated as the qualifying plan by the department of administration must be  
28 open for enrollment to all permanent full-time state employees residing  
29 within the geographic area or area to be served by the plan or organization.  
30 Officers and employees may select coverage under the available options.

31 B. The department of administration may expend public monies  
32 appropriated for such purpose to procure health and accident coverage for the

1 dependents of full-time officers and employees of ~~the~~ THIS state and its  
2 departments and agencies. The department of administration shall seek a  
3 variety of plans, including indemnity health insurance, hospital and medical  
4 service plans, dental plans and health maintenance organizations. On a  
5 recommendation of the department of administration and the review of the  
6 joint legislative budget committee, the department of administration may  
7 self-insure for the purposes of this subsection. If the department of  
8 administration self-insures, the department may contract directly with  
9 preferred provider organizations, physician and hospital networks, indemnity  
10 health insurers, hospital and medical service plans, dental plans and health  
11 maintenance organizations. If the department self-insures, the department  
12 shall provide that the self-insurance program include all health coverage  
13 benefits that are mandated pursuant to title 20. The self-insurance program  
14 shall include provisions to provide for the protection of the officers and  
15 employees, including grievance procedures for claim or treatment denials,  
16 creditable coverage determinations, dissatisfaction with care and access to  
17 care issues. The department of administration by rule shall designate and  
18 adopt performance standards, including cost competitiveness, utilization  
19 review issues, network development and access, conversion and implementation,  
20 report timeliness, quality outcomes and customer satisfaction for qualifying  
21 plans. The qualifying plans for which the standards are adopted include  
22 indemnity health insurance, hospital and medical service plans, closed panel  
23 medical and dental plans and health maintenance organizations, and for  
24 eligibility of the dependents of officers and employees to participate in  
25 such plans. Any indemnity health insurance or hospital and medical service  
26 plan designated as a qualifying plan by the department of administration must  
27 be open for enrollment to all permanent full-time state employees, except  
28 that any plan established prior to June 6, 1977 may be continued as a  
29 separate plan. Any closed panel medical or dental plan or health maintenance  
30 organization designated as a qualifying plan by the department of  
31 administration must be open for enrollment to all permanent full-time state  
32 employees residing within the geographic area or area to be served by the

1 plan or organization. Officers and employees may select coverage under the  
2 available options.

3 C. The department of administration may designate the Arizona health  
4 care cost containment system established by title 36, chapter 29 as a  
5 qualifying plan for the provision of health and accident coverage to  
6 full-time state officers and employees and their dependents. The Arizona  
7 health care cost containment system shall not be the exclusive qualifying  
8 plan for health and accident coverage for state officers and employees either  
9 on a statewide or regional basis.

10 D. Except as provided in section 38-652, public monies expended  
11 pursuant to this section each month shall not exceed:

12 1. Five hundred dollars multiplied by the number of officers and  
13 employees who receive individual coverage.

14 2. One thousand two hundred dollars multiplied by the number of  
15 married couples if both members of the couple are either officers or  
16 employees and each receives individual coverage or family coverage.

17 3. One thousand two hundred dollars multiplied by the number of  
18 officers or employees who receive family coverage if the spouses of the  
19 officers or employees are not officers or employees.

20 E. Subsection D of this section:

21 1. Establishes a total maximum expenditure of public monies pursuant  
22 to this section.

23 2. Does not establish a minimum or maximum expenditure for each  
24 individual officer or employee.

25 F. In order to ensure that an officer or employee does not suffer a  
26 financial penalty or receive a financial benefit based on the officer's or  
27 employee's age, gender or health status, the department of administration  
28 shall consider implementing the following:

29 1. Requests for proposals for health insurance that specify that the  
30 carrier's proposed premiums for each plan be based on the expected age,  
31 gender and health status of the entire pool of employees and officers and  
32 their family members enrolled in all qualifying plans and not on the age,

1 gender or health status of the individuals expected to enroll in the  
2 particular plan for which the premium is proposed.

3 2. Recommendations from a legislatively established study group on  
4 risk adjustments relating to a system for reallocating premium revenues among  
5 the contracting qualifying plans to the extent necessary to adjust the  
6 revenues received by any carrier to reflect differences between the average  
7 age, gender and health status of the enrollees in that carrier's plan or  
8 plans and the average age, gender and health status of all enrollees in all  
9 qualifying plans.

10 G. Each officer or employee shall certify on the initial application  
11 for family coverage that ~~such~~ THE officer or employee is not receiving more  
12 than the contribution for which eligible pursuant to subsection D of this  
13 section. Each officer or employee shall also provide ~~such~~ THE certification  
14 on any change of coverage or marital status.

15 H. If a qualifying health maintenance organization is not available to  
16 an officer or employee within fifty miles of the officer's or employee's  
17 residence and the officer or employee is enrolled in a qualifying plan, the  
18 officer or employee shall be offered the opportunity to enroll with a health  
19 maintenance organization when the option becomes available. If a health  
20 maintenance organization is available within fifty miles and it is determined  
21 by the department of administration that there is an insufficient number of  
22 medical providers in the organization, the department may provide for a  
23 change in enrollment from plans designated by the director when additional  
24 medical providers join the organization.

25 I. Notwithstanding ~~the provisions of~~ subsection H of this section,  
26 officers and employees who enroll in a qualifying plan and reside outside the  
27 area of a qualifying health maintenance organization shall be offered the  
28 option to enroll with a qualified health maintenance organization offered  
29 through their provider under the same premiums as if they lived within the  
30 area boundaries of the qualified health maintenance organization, ~~provided~~  
31 ~~that~~ IF:

1           1. All medical services are rendered and received at an office  
2 designated by the qualifying health maintenance organization or at a facility  
3 referred by the health maintenance organization.

4           2. All nonemergency or nonurgent travel, ambulatory and other expenses  
5 from the residence area of the officer or employee to the designated office  
6 of the qualifying health maintenance organization or the facility referred by  
7 the health maintenance organization ~~shall be~~ ARE the responsibility of and at  
8 the expense of the officer or employee.

9           3. All emergency or urgent travel, ambulatory and other expenses from  
10 the residence area of the officer or employee to the designated office of the  
11 qualifying health maintenance organization or the facility referred by the  
12 health maintenance organization ~~shall be~~ ARE paid pursuant to any agreement  
13 between the health maintenance organization and the officer or employee  
14 living outside the area of the qualifying health maintenance organization.

15           J. The department of administration shall allow any school district in  
16 this state that meets the requirements of section 15-388, a charter school in  
17 this state that meets the requirements of section 15-187.01 or a city, town,  
18 county, community college district, special taxing district, authority or  
19 public entity organized pursuant to the laws of this state that meets the  
20 requirements of section 38-656 to participate in the health and accident  
21 coverage prescribed in this section, except that participation is only  
22 allowed in a health plan that is offered by the department and that is  
23 subject to title 20, chapter 1, article 1. A school district, a charter  
24 school, a city, a town, a county, a community college district, a special  
25 taxing district, an authority or any public entity organized pursuant to the  
26 laws of this state rather than ~~the~~ THIS state shall pay directly to the  
27 benefits provider the premium for its employees.

28           K. The department of administration shall determine the actual  
29 administrative and operational costs associated with school districts,  
30 charter schools, cities, towns, counties, community college districts,  
31 special taxing districts, authorities and public entities organized pursuant  
32 to the laws of this state participating in the state health and accident

1 insurance coverage. These costs shall be allocated to each school district,  
2 charter school, city, town, county, community college district, special  
3 taxing district, authority and public entity organized pursuant to the laws  
4 of this state based ~~upon~~ ON the total number of employees participating in  
5 the coverage. This subsection only applies to a health plan that is offered  
6 by the department and that is subject to title 20, chapter 1, article 1.

7 L. Insurance providers contracting with ~~the~~ THIS state shall  
8 separately maintain records that delineate claims and other expenses  
9 attributable to participation of a school district, charter school, city,  
10 town, county, community college district, special taxing district, authority  
11 and public entity organized pursuant to the laws of this state in the state  
12 health and accident insurance coverage and, by November 1 of each year, shall  
13 report to the department of administration the extent to which state costs  
14 are impacted by participation of school districts, charter schools, cities,  
15 towns, counties, community college districts, special taxing districts,  
16 authorities and public entities organized pursuant to the laws of this state  
17 in the state health and accident insurance coverage. By December 1 of each  
18 year, the director of the department of administration shall submit a report  
19 to the president of the senate and the speaker of the house of  
20 representatives detailing the information provided to the department by the  
21 insurance providers and including any recommendations for possible  
22 legislative action.

23 M. Notwithstanding subsection J of this section, any school district  
24 in this state that meets the requirements of section 15-388, a charter school  
25 in this state that meets the requirements of section 15-187.01 or a city,  
26 town, county, community college district, special taxing district, authority  
27 or public entity organized pursuant to the laws of this state that meets the  
28 requirements of section 38-656 may apply to the department of administration  
29 to participate in the self-insurance program that is provided by this section  
30 pursuant to rules adopted by the department. A participating entity shall  
31 reimburse the department for all premiums and administrative or other  
32 insurance costs. The department shall actuarially prescribe the annual

1 premium for each participating entity to reflect the actual cost of each  
2 participating entity.

3 N. Any person that submits a bid to provide health and accident  
4 coverage pursuant to this section shall disclose any court or administrative  
5 judgments or orders issued against that person within the last ten years  
6 before the submittal.

7 O. For the purposes of this section, ~~beginning October 1, 2009,~~  
8 "dependent":

9 1. BEGINNING OCTOBER 1, 2009, means a spouse under the laws of this  
10 state, a child who is under nineteen years of age or a child who is under  
11 twenty-three years of age and who is a full-time student.

12 2. INCLUDES:

13 (a) ANY PERSON WHO QUALIFIED AS AN ELIGIBLE DEPENDENT AS A DOMESTIC  
14 PARTNER AND WHO WAS ENROLLED IN STATE EMPLOYEE HEALTH AND ACCIDENT COVERAGE  
15 BEFORE OCTOBER 1, 2009 IF THE PERSON CONTINUES TO MEET ALL OTHER  
16 QUALIFICATIONS THAT WERE PRESCRIBED BY THE DEPARTMENT OF ADMINISTRATION AND  
17 THAT WERE IN EFFECT DURING FISCAL YEAR 2008-2009.

18 (b) ANY PERSON WHO QUALIFIED AS AN ELIGIBLE DEPENDENT AS A CHILD OF A  
19 DOMESTIC PARTNER AND WHO WAS ENROLLED IN STATE EMPLOYEE HEALTH AND ACCIDENT  
20 COVERAGE BEFORE OCTOBER 1, 2009 UNTIL THE PERSON REACHES NINETEEN YEARS OF  
21 AGE OR, IF A FULL-TIME STUDENT, TWENTY-THREE YEARS OF AGE IF THE PERSON  
22 CONTINUES TO MEET ALL OTHER QUALIFICATIONS THAT WERE PRESCRIBED BY THE  
23 DEPARTMENT OF ADMINISTRATION AND THAT WERE IN EFFECT DURING FISCAL YEAR  
24 2008-2009.

25 Sec. 12. Senate Bill 1145, section 21, forty-ninth legislature, first  
26 regular session, as transmitted to the governor, is amended to read:

27 Sec. 21. Competency restoration treatment; city and county  
28 reimbursement; fiscal year 2009-2010; deposit; tax  
29 withholding

30 A. Notwithstanding section 13-4512, Arizona Revised Statutes, if this  
31 state pays the costs of a defendant's inpatient competency restoration  
32 treatment pursuant to section 13-4512, Arizona Revised Statutes, the city or

1 county shall reimburse the department of health services for ~~eighty-six~~ ONE  
2 HUNDRED per cent of these costs for fiscal year 2009-2010. ~~, except for~~  
3 ~~those counties with populations of less than eight hundred thousand persons~~  
4 ~~who shall pay fifty per cent of these costs for fiscal year 2009-2010.~~

5 B. The department of health services shall deposit the reimbursements,  
6 pursuant to sections 35-146 and 35-147, Arizona Revised Statutes, in the  
7 Arizona state hospital fund established by section 36-545.08, Arizona Revised  
8 Statutes.

9 C. Each city and county shall make the reimbursements for these costs  
10 as specified in subsection A of this section within thirty days after a  
11 request by the department of health services. If the city or county does not  
12 make the reimbursement, the superintendent of the Arizona state hospital  
13 shall notify the state treasurer of the amount owed and the treasurer shall  
14 withhold the amount, including any additional interest as provided in section  
15 42-1123, Arizona Revised Statutes, from any transaction privilege tax  
16 distributions to the city or county. The treasurer shall deposit the  
17 withholdings, pursuant to sections 35-146 and 35-147, Arizona Revised  
18 Statutes, in the Arizona state hospital fund established by section  
19 36-545.08, Arizona Revised Statutes.

20 D. Notwithstanding any other law, a county may meet any statutory  
21 funding requirements of this section from any source of county revenue  
22 designated by the county, including funds of any countywide special taxing  
23 district in which the board of supervisors serves as the board of directors.

24 E. COUNTY CONTRIBUTIONS MADE PURSUANT TO THIS SECTION ARE EXCLUDED  
25 FROM THE COUNTY EXPENDITURE LIMITATIONS.

26 Sec. 13. Senate Bill 1145, section 23, forty-ninth legislature, first  
27 regular session, as transmitted to the governor, is amended to read:

28 Sec. 23. AHCCCS; reimbursement rates

29 A. Notwithstanding any other law, for rates effective October 1, 2009  
30 through September 30, 2010, the Arizona health care cost containment system  
31 administration shall not increase the ~~institutional or noninstitutional~~  
32 ~~provider~~ INPATIENT HOSPITAL PER DIEM RATES, INPATIENT HOSPITAL OUTLIER

1 THRESHOLDS OR AGGREGATE OUTPATIENT HOSPITAL FEE SCHEDULE rates above the  
2 rates in effect on September 30, ~~2008~~ 2009, EXCEPT THAT THE ADMINISTRATION  
3 SHALL CONTINUE THE PHASE-IN OF OUTLIER COST-TO-CHARGE RATIOS AS REQUIRED BY  
4 SECTION 36-2903.01, SUBSECTION H, PARAGRAPH 10, ARIZONA REVISED STATUTES.

5 B. Notwithstanding any other law, in addition to any rate adjustments  
6 made pursuant to subsection A OF THIS SECTION, for rates effective October 1,  
7 2009 through September 30, 2010, the Arizona health care cost containment  
8 system administration may reduce ~~institutional and~~ noninstitutional provider  
9 rates up to five per cent.

10 ~~C. Any rate reductions made pursuant to subsections A and B in  
11 combination shall not exceed five per cent.~~

12 Sec. 14. Senate Bill 1145, section 31, forty-ninth legislature, first  
13 regular session, as transmitted to the governor, is amended to read:

14 Sec. 31. AHCCCS; capitation payments; suspension

15 A. Notwithstanding any other law, the Arizona health care cost  
16 containment system shall suspend ONE HUNDRED PER CENT OF THE June 2010  
17 capitation payments for one month for acute care health care plans that have  
18 at least one hundred thousand members enrolled in May 2010 and ~~for fifteen~~  
19 ~~days~~ FIFTY PER CENT OF THE JUNE 2010 CAPITATION PAYMENTS FOR ONE MONTH for  
20 acute care health care plans that have less than one hundred thousand members  
21 enrolled in May 2010.

22 B. NOTWITHSTANDING SECTIONS 35-342 AND 44-1201, ARIZONA REVISED  
23 STATUTES, DELINQUENT PAYMENTS TO HEALTH CARE PLANS THAT ARE MADE PURSUANT TO  
24 SUBSECTION A OF THIS SECTION AND THAT ARE DUE IN JUNE 2010 BEAR INTEREST AT A  
25 RATE OF FIVE-TENTHS OF ONE PER CENT A YEAR.

26 Sec. 15. Senate Bill 1145, section 35, forty-ninth legislature, first  
27 regular session, as transmitted to the governor, is amended to read:

28 Sec. 35. Department of health services; behavioral health  
29 services; priority; liability

30 A. For fiscal year 2009-2010, the department of health services  
31 ~~division of behavioral health services~~ when allocating the available  
32 appropriated monies to behavioral health services shall ~~give priority to~~

1 ~~services such as assessment, crisis intervention, case management and~~  
2 ~~screenings performed in hospital-based emergency departments and inpatient~~  
3 ~~and other settings~~ ESTABLISH A LIST OF PRIORITY SERVICES FOR THE NON-TITLE  
4 XIX BEHAVIORAL HEALTH POPULATION AND POST THIS LIST ON ITS WEBSITE. THE  
5 DEPARTMENT SHALL PROVIDE AT LEAST THIRTY DAYS NOTICE BEFORE CHANGING THE LIST  
6 OF PRIORITIES.

7 B. During fiscal year 2009-2010, behavioral health providers and  
8 contractors with the division of behavioral health services shall not be  
9 liable for failing or refusing to provide uncompensated or underfunded  
10 nonemergency, non-title XIX behavioral health services to persons who are not  
11 seriously mentally ill.

12 Sec. 16. Sexually violent persons; city and county  
13 reimbursement; fiscal year 2009-2010; deposit; tax  
14 withholding

15 A. Notwithstanding any other law, if this state pays the costs of a  
16 commitment of an individual determined to be sexually violent by the court,  
17 the city or county shall reimburse the department of health services for  
18 twenty-five per cent of these costs for fiscal year 2009-2010.

19 B. The department of health services shall deposit the reimbursements,  
20 pursuant to sections 35-146 and 35-147, Arizona Revised Statutes, in the  
21 Arizona state hospital fund established by section 36-545.08, Arizona Revised  
22 Statutes.

23 C. Each city and county shall make the reimbursements for these costs  
24 as specified in subsection A of this section within thirty days after a  
25 request by the department of health services. If the city or county does not  
26 make the reimbursement, the superintendent of the Arizona state hospital  
27 shall notify the state treasurer of the amount owed and the treasurer shall  
28 withhold the amount, including any additional interest as provided in section  
29 42-1123, Arizona Revised Statutes, from any transaction privilege tax  
30 distributions to the city or county. The treasurer shall deposit the  
31 withholdings, pursuant to sections 35-146 and 35-147, Arizona Revised

1 Statutes, in the Arizona state hospital fund established by section  
2 36-545.08, Arizona Revised Statutes.

3 D. Notwithstanding any other law, a county may meet any statutory  
4 funding requirements of this section from any source of county revenue  
5 designated by the county, including funds of any countywide special taxing  
6 district in which the board of supervisors serves as the board of directors.

7 E. County contributions made pursuant to this section are excluded  
8 from the county expenditure limitations.

9 Sec. 17. Arizona health care cost containment system; local  
10 expenditure; federal matching monies

11 Notwithstanding any other law, subject to the approval of the centers  
12 for medicare and medicaid services, the Arizona health care cost containment  
13 system administration may spend federal monies made available by local or  
14 tribal spending. The administration shall not spend these federal monies if  
15 the expenditure would reduce the enhanced funding available under the  
16 American recovery and reinvestment act of 2009 (P.L. 111-5) or would cause  
17 the administration to exceed any limitations on federal spending.

18 Sec. 18. Appropriation; department of health services

19 The sum of \$4,493,400 is appropriated in fiscal year 2009-2010 from the  
20 health services licensing fund established by section 36-414, Arizona Revised  
21 Statutes, as added by this act, to the department of health services for  
22 assurance and licensure expenditures.

23 Sec. 19. County administrative costs; refund

24 Notwithstanding any other law, for fiscal years 2008-2009 and  
25 2009-2010, the Arizona health care cost containment system administration  
26 shall refund to the counties the portion, if any, of the monies received by  
27 this state from the counties pursuant to section 11-292, subsection 0,  
28 Arizona Revised Statutes, for the costs of administering sections 36-2901.01  
29 and 36-2901.04, Arizona Revised Statutes, as may be necessary to comply with  
30 section 5001 (g)(2) of the American recovery and reinvestment act of 2009  
31 (P.L. 111-5).

1           Sec. 20. Intent

2           It is the intent of the legislature that the additional revenue  
3 generated beginning January 1, 2010 through June 30, 2010 by the fees  
4 authorized in sections 36-405, 36-882 and 36-897.01, Arizona Revised  
5 Statutes, as amended by this act, not exceed \$5,000,000.

6           Sec. 21. Retroactivity

7           Section 36-2907, Arizona Revised Statutes, as amended by Senate Bill  
8 1145, section 8, forty-ninth legislature, first regular session, as  
9 transmitted to the governor, applies retroactively to from and after June 30,  
10 2009.

11          Sec. 22. Conditional enactment

12          This act does not become effective unless Senate Bill 1145, forty-ninth  
13 legislature, first regular session, relating to health and welfare budget  
14 reconciliation, becomes law."

15 Amend title to conform

JOHN KAVANAGH

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