

REFERENCE TITLE: 2009-2010 budget reconciliation; health; welfare

State of Arizona
House of Representatives
Forty-ninth Legislature
First Regular Session
2009

HB 2641

Introduced by
Representatives Tobin: Adams, Kavanagh, McComish, Yarbrough (with
permission of Committee on Rules)

AN ACT

AMENDING SECTIONS 11-292 AND 12-302, ARIZONA REVISED STATUTES; AMENDING TITLE 12, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 21; AMENDING SECTIONS 23-722.01, 35-701, 36-550.06, 36-1161, 36-2239 AND 36-2907, ARIZONA REVISED STATUTES; REPEALING SECTIONS 36-2930 AND 36-2981.01, ARIZONA REVISED STATUTES; AMENDING SECTIONS 38-651, 41-1954, 46-136, 46-217 AND 46-295, ARIZONA REVISED STATUTES; REPEALING LAWS 2007, CHAPTER 263, SECTION 42; MAKING APPROPRIATIONS; RELATING TO HEALTH AND WELFARE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 11-292, Arizona Revised Statutes, is amended to
3 read:

4 11-292. Medical care; definition

5 A. The board of supervisors, subject to the applicable provisions of
6 title 42, chapter 17, articles 2 and 3, shall include in its annual budget an
7 amount equal to fifty per cent of the amount budgeted by the county board of
8 supervisors or the amount expended, whichever is less, for the
9 hospitalization and medical care of the indigent sick pursuant to this
10 article for fiscal year 1980-1981, except for Yuma and La Paz counties. The
11 contribution amounts of those counties shall be equal to the amount Yuma
12 county would have made pursuant to this subsection if a division had not
13 occurred apportioned between the counties. The office of the auditor general
14 shall determine the amount Yuma county would otherwise have included if a
15 division had not occurred and shall then determine the contribution amounts
16 of Yuma and La Paz counties based on the proportionate share of the estimated
17 population in these counties as of July 1, 1982.

18 B. For fiscal year 1994-1995, and for each fiscal year thereafter, the
19 state treasurer shall withhold an amount sufficient to meet the county
20 portion of the nonfederal costs of providing long-term care system services,
21 pursuant to title 36, chapter 29, article 2, excluding services to the
22 developmentally disabled, from monies otherwise payable to the county under
23 section 42-5029, subsection D, paragraph 2. This amount and the state
24 portion of the nonfederal costs shall be specified in the annual
25 appropriation for the maintenance and operation of the Arizona health care
26 cost containment system. For fiscal years 1994-1995, 1995-1996 and
27 1996-1997, monies shall be withheld from each county based on the following
28 percentages derived from a state auditor general's certified audit of fiscal
29 year 1987-1988 county long-term care and home health care expenditures,
30 except that amounts withheld shall be adjusted to reflect amounts paid by
31 counties pursuant to section 36-2952:

32	1. Apache:	0.22%
33	2. Cochise:	2.49%
34	3. Coconino:	0.66%
35	4. Gila:	2.56%
36	5. Graham:	0.64%
37	6. Greenlee:	0.34%
38	7. La Paz:	0.34%
39	8. Maricopa:	56.55%
40	9. Mohave:	2.73%
41	10. Navajo:	0.91%
42	11. Pima:	20.55%
43	12. Pinal:	5.09%
44	13. Santa Cruz:	1.05%

1 total state population. If an individual county's contribution when
2 expressed as a per capita contribution exceeds the statewide per capita
3 county contribution, the county's contribution shall be reduced so that the
4 county's contribution equals the statewide per capita contribution and the
5 difference shall be paid by the state. For the purposes of this paragraph,
6 "population" means the population estimate approved by the director of the
7 department of economic security for the most recent fiscal year.

8 D. The director of the Arizona health care cost containment system
9 administration shall notify each county of the amount determined pursuant to
10 subsection A of this section to be included in its annual budget no later
11 than May 1 of each year.

12 E. If a county does not provide funding as specified in subsection A
13 of this section, the state treasurer shall subtract the amount owed to the
14 Arizona health care cost containment system fund by the county from any
15 payments required to be made by the state treasurer to that county pursuant
16 to section 42-5029, subsection D, paragraph 2, plus interest on that amount
17 pursuant to section 44-1201 retroactive to the first day the funding was
18 due. If the monies the state treasurer withholds are insufficient to meet
19 that county's funding requirement as specified in subsection A of this
20 section, the state treasurer shall withhold from any other monies payable to
21 that county from whatever state funding source is available an amount
22 necessary to fulfill that county's requirement. The state treasurer shall
23 not withhold distributions from the highway user revenue fund pursuant to
24 title 28, chapter 18, article 2.

25 F. Each month payment of an amount equal to one-twelfth of the total
26 amount determined pursuant to subsection A of this section shall be made to
27 the state treasurer. Payment of this amount shall be made to the state
28 treasurer on or before the fifth day of each month. Upon request from the
29 director of the Arizona health care cost containment system administration,
30 the state treasurer shall require that up to three months' payments be made
31 in advance, if necessary.

32 G. The state treasurer shall deposit the amounts paid pursuant to
33 subsection F of this section and amounts withheld pursuant to subsection E of
34 this section in the Arizona health care cost containment system fund
35 established by section 36-2913.

36 H. If payments made pursuant to subsection F of this section exceed
37 the amount required to meet the costs incurred by the Arizona health care
38 cost containment system for the hospitalization and medical care of a person
39 who is defined as an eligible person pursuant to section 36-2901, paragraph
40 6, subdivision (a), the director of the Arizona health care cost containment
41 system administration may instruct the state treasurer either to reduce
42 remaining payments to be paid pursuant to this section by a specified amount
43 or to provide to the counties specified amounts from the Arizona health care
44 cost containment system fund.

1 I. The amount of the county contribution to the Arizona health care
2 cost containment system fund established by section 36-2913 shall not exceed
3 thirty-three per cent of the amount that the system administration expended
4 in the county for fiscal year 1983-1984. For the purposes of this
5 subsection, system administration expenditures in a county for fiscal year
6 1983-1984 are the total capitation and fee for service amounts paid by the
7 system administration to providers in a county before February 1, 1986 for
8 services rendered during fiscal year 1983-1984 to persons eligible for the
9 system.

10 J. The state treasurer shall deposit the monies withheld from the
11 counties and contributed by the state pursuant to subsection B of this
12 section in the long-term care system fund established by section 36-2913, in
13 twelve equal monthly installments. The monthly installments shall be
14 deposited in the fund by the state treasurer by the fourth working day of
15 each month.

16 K. By July 1 or within sixty days after enactment of the annual
17 appropriation for the maintenance and operation of the Arizona health care
18 cost containment system, whichever is later, and after consulting with the
19 joint legislative budget committee and the governor's office of strategic
20 planning and budgeting, the state treasurer shall notify each county of the
21 amount to be withheld pursuant to subsection B of this section.

22 L. If the monies deposited in the long-term care system fund pursuant
23 to subsection J of this section are insufficient to meet the funding
24 requirement as specified in the annual appropriation for the maintenance and
25 operation of the Arizona health care cost containment system pursuant to
26 subsection B of this section, the state treasurer shall withhold from any
27 other monies payable to that county from any available state funding source,
28 other than the highway user revenue fund, the amount required to fulfill
29 fifty per cent of the funding requirement and shall deposit the monies in the
30 long-term care system fund. The state shall pay the remaining fifty per cent
31 of the funding requirement.

32 M. If any monies in the funds for the purpose of title 36, chapter 29,
33 article 2 remain unexpended at the end of the fiscal year, the director of
34 the Arizona health care cost containment system administration shall specify
35 to the state treasurer the amount to be withdrawn from the long-term care
36 system fund. Of the amount specified, the state treasurer shall distribute
37 fifty per cent to the counties pursuant to subsection B or C of this section,
38 EXCEPT THAT WHILE THE STATE IS RECEIVING THE ENHANCED FEDERAL MATCHING RATE,
39 OF THE AMOUNT SPECIFIED, THE STATE TREASURER SHALL DISTRIBUTE SIXTY-ONE AND
40 FOUR TENTHS PER CENT TO THE COUNTIES PURSUANT TO SUBSECTION B OR C OF THIS
41 SECTION. The remaining ~~fifty per cent~~ AMOUNT shall be distributed to the
42 state.

43 N. The board of supervisors of a county that is a program contractor
44 pursuant to section 36-2940 shall include in its annual budget, subject to
45 title 42, chapter 17, articles 2 and 3, monies received from the Arizona

1 health care cost containment system fund and long-term care system fund for
2 the purposes of title 36, chapter 29, article 2.

3 0. Notwithstanding any law to the contrary, beginning in fiscal year
4 2005-2006 and in each fiscal year thereafter, the state treasurer shall
5 withhold a total of two million three hundred ninety-five thousand four
6 hundred dollars for the county contribution for the administrative costs of
7 implementing sections 36-2901.01 and 36-2901.04 beginning with the second
8 monthly distribution of transaction privilege tax revenues otherwise
9 distributable after subtracting any amounts withheld for the county long-term
10 care contribution. Beginning in fiscal year 2006-2007, the state treasurer
11 shall adjust the amount withheld according to the annual changes in the GDP
12 price deflator and as calculated by the joint legislative budget committee
13 staff. Beginning in fiscal year 2006-2007, the joint legislative budget
14 committee shall calculate an additional adjustment of the allocation required
15 by this subsection based on changes in the population as reported by the
16 department of economic security. For the purposes of this subsection, "GDP
17 price deflator" has the same meaning prescribed in section 41-563. Each
18 county's annual contribution is as follows:

- 19 1. Apache, 3.296 per cent.
- 20 2. Cochise, 6.148 per cent.
- 21 3. Coconino, 6.065 per cent.
- 22 4. Gila, 2.491 per cent.
- 23 5. Graham, 1.7710 per cent.
- 24 6. Greenlee, 0.455 per cent.
- 25 7. La Paz, 0.9430 per cent.
- 26 8. Mohave, 7.079 per cent.
- 27 9. Navajo, 4.640 per cent.
- 28 10. Pima, 42.168 per cent.
- 29 11. Pinal, 8.251 per cent.
- 30 12. Santa Cruz, 1.950 per cent.
- 31 13. Yavapai, 7.794 per cent.
- 32 14. Yuma, 6.949 per cent.

33 P. The state treasurer shall deposit the amounts paid pursuant to
34 subsection 0 of this section in the budget neutrality compliance fund
35 established by section 36-2928.

36 Q. Beginning in fiscal year 2006-2007 for a county that is subject to
37 section 12-269, the county's contributions pursuant to this section shall be
38 reduced by the amount of state aid for probation services that the county
39 would have received in the first fiscal year in which the county does not
40 receive state aid for probation services. Any increase in the county's
41 contributions in subsequent years shall be reduced according to its
42 proportionate share of the base contribution. County contributions shall be
43 reduced in the following priority:

- 44 1. First as applied to the contribution provided for in subsection 0
45 of this section.

1 2. Second as applied to the contribution provided for in subsection A
2 of this section or any other contribution for acute care or for the provision
3 of hospitalization and medical care that would otherwise be required.

4 3. Third as applied to the contribution provided for in subsection C
5 of this section.

6 R. Beginning in fiscal year 2007-2008 for a county that is subject to
7 section 22-117, subsection D, the county's contributions pursuant to this
8 section shall be reduced by the amount of the state reimbursement that the
9 county would have received in fiscal year 2007-2008 for the salaries of
10 justices of the peace pursuant to section ~~22-217~~ 22-117, subsection B. Any
11 increase in the county's contributions in subsequent years shall be reduced
12 according to its proportionate share of the base contribution. County
13 contributions shall be reduced in the following priority:

14 1. First as applied to the contribution provided for in subsection O
15 of this section.

16 2. Second as applied to the contribution provided for in subsection A
17 of this section or any other contribution for acute care or for the provision
18 of hospitalization and medical care that would otherwise be required.

19 S. For the purposes of this section, "net assessed value" includes the
20 values used to determine voluntary contributions collected pursuant to title
21 9, chapter 4, article 3 and title 48, chapter 1, article 8.

22 Sec. 2. Section 12-302, Arizona Revised Statutes, is amended to read:

23 12-302. Extension of time for payment of fees and costs; relief
24 from default for nonpayment; deferral or waiver of
25 court fees and costs; definitions

26 A. The court or any judge may for good cause shown extend the time for
27 paying any court fees and costs required by law or may relieve against a
28 default caused by nonpayment of a fee within the time provided by law, but no
29 fees paid shall be refunded.

30 B. The supreme court shall adopt forms and procedures for deferral or
31 waiver of court fees and costs.

32 C. Except as provided in subsection E of this section, the court shall
33 grant an application for deferral of court fees and costs if the applicant
34 establishes by affidavit, including supporting documentation, that the
35 applicant either:

36 1. Is receiving benefits pursuant to one or more of the following
37 programs:

38 (a) The temporary assistance for needy families program established by
39 section 403 of title 4 of the social security act as it exists after August
40 21, 1996.

41 (b) The food stamp program (7 United States Code sections 2011 through
42 2029).

43 ~~(c) The general assistance program pursuant to title 46, chapter 2,~~
44 ~~article 2.~~

1 2. Is receiving benefits pursuant to the supplemental security income
2 program (42 United States Code sections 1381 through 1385).

3 3. Has an income that is insufficient or barely sufficient to meet the
4 daily essentials of life and that includes no allotment that could be
5 budgeted for the fees and costs that are required to gain access to the
6 court. In considering insufficient income pursuant to this paragraph, the
7 court may consider the following as evidence of insufficient income:

8 (a) The applicant has a gross income that as computed on a monthly
9 basis is one hundred fifty per cent or less of the current poverty level
10 established by the United States department of health and human services.
11 Gross monthly income includes the applicant's share of community property
12 income.

13 (b) The applicant's income is considered to be sufficient, but the
14 applicant provides proof of extraordinary expenses, including medical
15 expenses, costs of care for elderly or disabled family members or other
16 expenses that are deemed extraordinary, that reduce the applicant's gross
17 monthly income to at or below one hundred fifty per cent of the current
18 poverty level established by the United States department of health and human
19 services.

20 D. ~~Upon~~ ON proof that the applicant is permanently unable to pay fees
21 or costs, the court shall waive them. For THE purposes of this subsection,
22 "permanently unable to pay" means the applicant's income and liquid assets
23 are insufficient or barely sufficient to meet the daily essentials of life
24 and the income and liquid assets are unlikely to change in the foreseeable
25 future.

26 E. Except in cases of dissolution of marriage, legal separation,
27 annulment or establishment, enforcement or modification of child support, and
28 notwithstanding subsection A of this section or chapter 9, article 4 of this
29 title, if the applicant is an inmate who is confined to a correctional
30 facility operated by the state department of corrections and who initiates a
31 civil action or proceeding, the inmate is responsible for the full payment of
32 actual court fees and costs. On filing the civil action or proceeding, the
33 clerk of the court shall assess and, when monies exist, collect as a partial
34 payment of any court fees and costs required by law a first time payment of
35 twenty per cent. Thereafter the state department of corrections shall
36 withhold twenty per cent of all deposits into the prisoner's spendable
37 account administered by the department until the actual court fees and costs
38 are collected in full. The state department of corrections shall annually
39 forward any monies withheld to the clerk of the court of each court of
40 jurisdiction before January 31. If a prisoner is released before the full
41 fees and costs are collected, the state department of corrections shall
42 forward the amount of fees and costs collected through the date of the
43 prisoner's release. The clerk of the court of each court of jurisdiction is
44 responsible for sending the state department of corrections a copy of the
45 order mandating the amount of fees and costs to be paid. This subsection

1 does not prohibit an applicant from filing a civil action or proceeding if
2 the applicant is unable to pay the filing fees.

3 F. At the time an applicant signs and submits the application for
4 deferral to the court, the applicant shall acknowledge under oath and sign a
5 consent to judgment. By signing the consent to judgment, the applicant
6 consents to judgment being entered against the applicant for all fees and
7 costs that are deferred but that remain unpaid after thirty calendar days
8 following the entry of final judgment or order. A consent judgment may be
9 entered against the applicant unless one of the following applies:

10 1. The applicant has an established schedule of payment in effect and
11 is current with payments.

12 2. A supplemental application for further deferral or waiver has been
13 filed and is pending.

14 3. In response to a supplemental application, the court orders that
15 the fees and costs be further deferred or waived.

16 4. Within twenty days of the date the court denies the supplemental
17 application, the applicant either pays the fees or requests a hearing on the
18 court's final order denying further deferral or waiver. If the applicant
19 requests a hearing, the court shall not enter a consent judgment unless a
20 hearing is held, further deferral or waiver is denied and payment has not
21 been made within the time prescribed by the court.

22 G. An applicant who is granted a deferral or waiver or a party to the
23 action who knows of any change in the financial circumstances of the
24 applicant shall promptly notify the court of the change in the applicant's
25 financial circumstances during the pendency of the action that affects the
26 applicant's ability to pay court fees and costs. If within ten days after
27 notice and a hearing the court determines that the applicant's financial
28 circumstances have changed and that the applicant no longer meets the
29 eligibility requirements of this section, the court shall order the applicant
30 to pay the deferred or waived fees and costs.

31 H. The following court fees and costs may be deferred or waived,
32 except that the county shall pay the fees and costs in paragraphs 6 and 7 of
33 this subsection on the granting of an application for deferral or waiver and
34 an applicant who has been granted a deferral shall reimburse the county for
35 the fees and costs in paragraphs 6 and 7 of this subsection:

36 1. Filing fees.

37 2. Fees for issuance of either a summons or subpoena.

38 3. Fees for obtaining one certified copy of a temporary order in a
39 domestic relations case.

40 4. Fees for obtaining one certified copy of a final order, judgment or
41 decree in all civil proceedings.

42 5. Sheriff, marshal, constable and law enforcement fees for service of
43 process if any of the following applies:

1 (a) The applicant established by affidavit that the applicant has
2 attempted without success to obtain voluntary acceptance of service of
3 process.

4 (b) The applicant's attempt to obtain voluntary acceptance of service
5 of process would be futile or dangerous.

6 (c) An order of protection or an injunction against harassment in
7 favor of the applicant and against the party sought to be served exists and
8 is enforceable.

9 6. The fee for service by publication if service is required by law
10 and if the applicant establishes by affidavit specific facts to show that the
11 applicant has exercised due diligence in attempting to locate the person to
12 be served and has been unable to do so.

13 7. Court reporter's fees for the preparation of court transcripts if
14 the court reporter is employed by the court.

15 8. Appeal preparation and filing fees at all levels of appeal and
16 photocopy fees for the preparation of the record on appeal pursuant to
17 sections 12-119.01, 12-120.31 and 12-2107 and section 12-284, subsection A.

18 I. If the case is appealed, the initial deferral or waiver remains in
19 effect unless there is a change in the applicant's financial circumstances.
20 If a case is appealed an applicant may be required to submit to the appellate
21 court a new application for a deferral or waiver of the court fees and costs.

22 J. If a judgment is rendered for court fees and costs, the court fees
23 and costs deferred but unpaid and the expenses paid by the county under this
24 section shall be included in the judgment and shall be paid directly to the
25 clerk of the court by the party against whom the court fees and costs were
26 assessed.

27 K. A waiver of court fees or costs shall not be granted for:

28 1. Matters that are filed as class actions pursuant to rule 23 of the
29 Arizona rules of civil procedure.

30 2. Civil actions other than cases of dissolution of marriage, legal
31 separation, annulment or establishment, enforcement or modification of child
32 support that are filed by persons who at the time of filing the application
33 are incarcerated as a result of a felony conviction in an out-of-state
34 correctional facility or in a jail waiting to be transported to a state
35 department of corrections facility.

36 L. This section does not limit the court's discretion in deferring,
37 waiving or ordering the county to pay any fees and costs as may be necessary
38 and appropriate.

39 M. For the purposes of this section:

40 1. "Deferral" means either postponement of an obligation to pay fees
41 or establishment of a schedule for payment of fees.

42 2. "Further deferral" means the establishment of a schedule for
43 payment of fees.

1 Sec. 3. Title 12, Arizona Revised Statutes, is amended by adding
2 chapter 21, to read:

3 CHAPTER 21
4 MEDICAL FALSE CLAIMS
5 ARTICLE 1. GENERAL PROVISIONS

6 12-3001. Definitions

7 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

8 1. "CLAIM" INCLUDES ANY REQUEST OR DEMAND, WHETHER UNDER A CONTRACT OR
9 OTHERWISE, FOR MEDICAL ASSISTANCE THAT IS MADE TO ANY CONTRACTOR, GRANTEE OR
10 OTHER RECIPIENT IF THIS STATE WILL PAY FOR ANY PORTION OF THE MEDICAL
11 ASSISTANCE THAT IS REQUESTED OR DEMANDED OR IF THIS STATE WILL REIMBURSE THE
12 CONTRACTOR, GRANTEE OR OTHER RECIPIENT FOR ANY PORTION OF THE MEDICAL
13 ASSISTANCE THAT IS REQUESTED OR DEMANDED.

14 2. "KNOWINGLY", WITH RESPECT TO INFORMATION, MEANS HAVING ACTUAL
15 KNOWLEDGE OF THE INFORMATION, ACTING IN DELIBERATE IGNORANCE OF THE TRUTH OR
16 FALSITY OF THE INFORMATION OR ACTING IN RECKLESS DISREGARD OF THE TRUTH OR
17 FALSITY OF THE INFORMATION. KNOWINGLY DOES NOT MEAN SPECIFICALLY INTENDING
18 TO DEFRAUD.

19 3. "PROCEEDS" INCLUDES DAMAGES AND CIVIL PENALTIES REALIZED BY THIS
20 STATE AS A RESULT OF AN ACTION OR SETTLEMENT OF A CLAIM.

21 12-3002. Medical false claims; cause of action; civil penalties

22 A. A PERSON WHO DOES ANY OF THE FOLLOWING IS LIABLE TO THIS STATE:

23 1. KNOWINGLY PRESENTS OR CAUSES TO BE PRESENTED TO ANY OFFICER OR
24 EMPLOYEE OF THIS STATE A FALSE CLAIM FOR MEDICAL ASSISTANCE.

25 2. KNOWINGLY MAKES, USES OR CAUSES TO BE MADE OR USED A FALSE RECORD
26 OR STATEMENT TO OBTAIN APPROVAL OR PAYMENT OF A FALSE CLAIM FOR MEDICAL
27 ASSISTANCE.

28 3. CONSPIRES TO DEFRAUD THIS STATE BY OBTAINING ALLOWANCE OR PAYMENT
29 OF A FALSE CLAIM FOR MEDICAL ASSISTANCE OR BY KNOWINGLY MAKING OR USING, OR
30 CAUSING TO BE MADE OR USED, A FALSE RECORD OR STATEMENT TO CONCEAL, AVOID OR
31 DECREASE AN OBLIGATION TO PAY OR TRANSMIT MONEY OR PROPERTY TO THE MEDICAL
32 ASSISTANCE PROGRAM.

33 4. KNOWINGLY MAKES OR USES, OR CAUSES TO BE MADE OR USED, A FALSE
34 RECORD OR STATEMENT TO CONCEAL, AVOID OR DECREASE ANY OBLIGATION TO PAY OR
35 TRANSMIT MONEY OR PROPERTY TO THE MEDICAL ASSISTANCE PROGRAM.

36 B. A PERSON WHO VIOLATES SUBSECTION A IS LIABLE FOR THREE TIMES THE
37 AMOUNT OF DAMAGES THAT THIS STATE SUSTAINS BECAUSE OF THE ACT OF THAT PERSON
38 AND IS LIABLE TO THIS STATE FOR A CIVIL PENALTY OF AT LEAST FIVE THOUSAND
39 DOLLARS AND NOT MORE THAN TEN THOUSAND DOLLARS FOR EACH VIOLATION.

40 C. NOTWITHSTANDING SUBSECTION B, THE COURT MAY ASSESS AT LEAST TWO
41 TIMES AND NOT MORE THAN THREE TIMES THE AMOUNT OF DAMAGES THAT THIS STATE
42 SUSTAINS BECAUSE OF THE ACT OF THE PERSON AND SHALL NOT ASSESS A CIVIL
43 PENALTY IF THE COURT FINDS ALL OF THE FOLLOWING:

1 1. THE PERSON WHO COMMITS THE ACT FURNISHED THE ATTORNEY GENERAL WITH
2 ALL INFORMATION KNOWN TO THE PERSON ABOUT THE ACT WITHIN THIRTY DAYS AFTER
3 THE DATE ON WHICH THE PERSON OBTAINED THE INFORMATION.

4 2. THE PERSON FULLY COOPERATED WITH ANY INVESTIGATION OF THE ACT BY
5 THIS STATE.

6 3. AT THE TIME THAT THE PERSON FURNISHED THE ATTORNEY GENERAL WITH
7 INFORMATION CONCERNING THE ACT, NO CRIMINAL PROSECUTION, CIVIL ACTION OR
8 ADMINISTRATIVE ACTION HAD BEEN COMMENCED WITH RESPECT TO ANY ACT, AND THE
9 PERSON DID NOT HAVE ACTUAL KNOWLEDGE OF THE EXISTENCE OF ANY INVESTIGATION
10 INTO ANY ACT.

11 D. EXCEPT AS PROVIDED IN SUBSECTIONS I, P AND Q, A PERSON MAY BRING A
12 CIVIL ACTION AGAINST A PERSON WHO COMMITS AN ACT IN VIOLATION OF SUBSECTION A
13 FOR THE PERSON BRINGING THE SUIT AND FOR THIS STATE IN THE NAME OF THIS
14 STATE. THE PLAINTIFF SHALL SERVE ON THE ATTORNEY GENERAL A COPY OF THE
15 COMPLAINT AND DOCUMENTS DISCLOSING SUBSTANTIALLY ALL MATERIAL EVIDENCE AND
16 INFORMATION THAT THE PERSON POSSESSES. THE PLAINTIFF SHALL FILE A COPY OF
17 THE COMPLAINT WITH THE COURT FOR INSPECTION IN CAMERA. THE COMPLAINT SHALL
18 REMAIN UNDER SEAL FOR A PERIOD OF SIXTY DAYS AFTER THE DATE OF FILING AND
19 SHALL NOT BE SERVED ON THE DEFENDANT UNTIL THE COURT SO ORDERS. WITHIN SIXTY
20 DAYS AFTER THE DATE OF SERVICE ON THE ATTORNEY GENERAL OF THE COMPLAINT,
21 EVIDENCE AND INFORMATION PURSUANT TO THIS SUBSECTION, THE ATTORNEY GENERAL
22 MAY INTERVENE IN THE ACTION. THE ATTORNEY GENERAL, FOR GOOD CAUSE SHOWN, MAY
23 PETITION THE COURT FOR ONE OR MORE EXTENSIONS OF THE PERIOD DURING WHICH A
24 COMPLAINT IN AN ACTION UNDER THIS SUBSECTION REMAINS UNDER SEAL. BEFORE THE
25 EXPIRATION OF THE PERIOD DURING WHICH THE COMPLAINT REMAINS UNDER SEAL, THE
26 ATTORNEY GENERAL MUST PROCEED WITH EITHER THE ACTION OR AN ALTERNATE REMEDY
27 UNDER SUBSECTION I, IN WHICH CASE THE ACTION OR PROCEEDING UNDER SUBSECTION I
28 SHALL BE PROSECUTED BY THIS STATE, OR NOTIFY THE COURT THAT THE ATTORNEY
29 GENERAL DECLINES TO PROCEED WITH THE ACTION, IN WHICH CASE THE PERSON
30 BRINGING THE ACTION MAY PROCEED WITH THE ACTION. IF A PERSON BRINGS A VALID
31 ACTION UNDER THIS SUBSECTION OR PURSUANT TO THE FEDERAL FALSE CLAIMS ACT (31
32 UNITED STATES CODE SECTIONS 3729 THROUGH 3733) OR ANY OTHER SIMILAR PROVISION
33 OF LAW IN ANY OTHER STATE, ANOTHER PERSON, OTHER THAN THIS STATE, MAY NOT
34 INTERVENE OR BRING A RELATED ACTION BASED ON THE SAME FACTS UNDERLYING THE
35 PENDING ACTION. IN ANY ACTION OR OTHER PROCEEDING UNDER SUBSECTION I BROUGHT
36 PURSUANT TO THIS SUBSECTION, THE PLAINTIFF IS REQUIRED TO PROVE ALL ESSENTIAL
37 ELEMENTS OF THE CAUSE OF ACTION OR COMPLAINT, INCLUDING DAMAGES, BY A
38 PREPONDERANCE OF THE EVIDENCE. A PERSON, CORPORATION OR ENTITY THAT
39 KNOWINGLY MAKES A FRIVOLOUS, FALSE OR MISLEADING ALLEGATION OF FRAUD PURSUANT
40 TO THIS SECTION IS SUBJECT TO CIVIL LIABILITY IN AN AMOUNT OF AT LEAST THE
41 AMOUNT OF FRAUD ALLEGED BY THE PARTY. THE ATTORNEY GENERAL SHALL INVESTIGATE
42 AND PROSECUTE ALL SUCH CLAIMS.

43 E. IF THIS STATE PROCEEDS WITH AN ACTION UNDER SUBSECTION D OR AN
44 ALTERNATE REMEDY UNDER SUBSECTION I, THIS STATE HAS PRIMARY RESPONSIBILITY
45 FOR PROSECUTING THE ACTION OR PROCEEDING UNDER SUBSECTION I. THIS STATE IS

1 NOT BOUND BY ANY ACT OF THE PERSON BRINGING THE ACTION, BUT THAT PERSON HAS
2 THE RIGHT TO CONTINUE AS A PARTY TO THE ACTION, SUBJECT TO THE LIMITATIONS
3 PRESCRIBED PURSUANT TO SUBSECTION F.

4 F. THIS STATE MAY MOVE TO DISMISS AN ACTION BROUGHT PURSUANT TO
5 SUBSECTION D OR AN ADMINISTRATIVE PROCEEDING BROUGHT PURSUANT TO SUBSECTION I
6 TO WHICH THE STATE IS A PARTY, NOTWITHSTANDING OBJECTION OF THE PERSON
7 BRINGING THE ACTION, IF THAT PERSON IS SERVED WITH A COPY OF THE STATE'S
8 MOTION AND IS PROVIDED WITH AN OPPORTUNITY TO OPPOSE THE MOTION BEFORE THE
9 COURT OR THE ADMINISTRATIVE AGENCY BEFORE WHICH THE PROCEEDING IS CONDUCTED.
10 WITH THE APPROVAL OF THE GOVERNOR, THE ATTORNEY GENERAL MAY COMPROMISE AND
11 SETTLE AN ACTION UNDER SUBSECTION D OR AN ADMINISTRATIVE PROCEEDING UNDER
12 SUBSECTION I TO WHICH THE STATE IS A PARTY, NOTWITHSTANDING OBJECTION OF THE
13 PERSON BRINGING THE ACTION, IF THE COURT DETERMINES, AFTER GIVING THE PERSON
14 BRINGING THE ACTION THE RIGHT TO A HEARING, THAT THE PROPOSED SETTLEMENT IS
15 FAIR, ADEQUATE AND REASONABLE CONSIDERING THE RELEVANT CIRCUMSTANCES
16 PERTAINING TO THE VIOLATION. ON A SHOWING OF GOOD CAUSE, THE HEARING MAY BE
17 HELD IN CAMERA. ON A SHOWING BY THE STATE THAT UNRESTRICTED PARTICIPATION IN
18 THE PROSECUTION OF AN ACTION UNDER SUBSECTION D OR AN ALTERNATE PROCEEDING
19 UNDER SUBSECTION I TO WHICH THE STATE IS A PARTY BY THE PERSON BRINGING THE
20 ACTION WOULD INTERFERE WITH OR UNDULY DELAY THE PROSECUTION OF THE ACTION OR
21 PROCEEDING, OR WOULD RESULT IN CONSIDERATION OF REPETITIOUS OR IRRELEVANT
22 EVIDENCE OR EVIDENCE PRESENTED FOR PURPOSES OF HARASSMENT, THE COURT MAY
23 LIMIT THE PERSON'S PARTICIPATION IN THE PROSECUTION. ON A SHOWING BY A
24 DEFENDANT THAT UNRESTRICTED PARTICIPATION IN THE PROSECUTION OF AN ACTION
25 UNDER SUBSECTION D OR AN ALTERNATE PROCEEDING UNDER SUBSECTION I TO WHICH THE
26 STATE IS A PARTY BY THE PERSON BRINGING THE ACTION WOULD RESULT IN HARASSMENT
27 OR WOULD CAUSE THE DEFENDANT UNDUE BURDEN OR UNNECESSARY EXPENSE, THE COURT
28 MAY LIMIT THE PERSON'S PARTICIPATION IN THE PROSECUTION.

29 G. EXCEPT AS PROVIDED IN SUBSECTION F, IF THE STATE ELECTS NOT TO
30 PARTICIPATE IN AN ACTION FILED UNDER SUBSECTION D, THE PERSON BRINGING THE
31 ACTION MAY PROSECUTE THE ACTION. IF THE ATTORNEY GENERAL REQUESTS, THE
32 ATTORNEY GENERAL, AT THE STATE'S EXPENSE, SHALL BE SERVED WITH COPIES OF ALL
33 PLEADINGS AND DEPOSITION TRANSCRIPTS IN THE ACTION. IF THE PERSON BRINGING
34 THE ACTION INITIATES PROSECUTION OF THE ACTION, THE COURT, WITHOUT LIMITING
35 THE STATUS AND RIGHTS OF THAT PERSON, MAY PERMIT THE STATE TO INTERVENE AT A
36 LATER DATE ON A SHOWING BY THE STATE OF GOOD CAUSE FOR THE PROPOSED
37 INTERVENTION.

38 H. WHETHER OR NOT THE STATE PARTICIPATES IN AN ACTION UNDER SUBSECTION
39 D, ON A SHOWING IN CAMERA BY THE ATTORNEY GENERAL THAT DISCOVERY BY THE
40 PERSON BRINGING THE ACTION WOULD INTERFERE WITH THE STATE'S ONGOING
41 INVESTIGATION OR PROSECUTION OF A CRIMINAL OR CIVIL MATTER ARISING OUT OF THE
42 SAME FACTS AS THE FACTS ON WHICH THE ACTION IS BASED, THE COURT MAY STAY
43 DISCOVERY IN WHOLE OR IN PART FOR A PERIOD OF NOT MORE THAN SIXTY DAYS. THE
44 COURT MAY EXTEND THE PERIOD OF ANY STAY ON FURTHER SHOWING IN CAMERA BY THE
45 ATTORNEY GENERAL THAT THE STATE HAS PURSUED THE CRIMINAL OR CIVIL

1 INVESTIGATION OF THE MATTER WITH REASONABLE DILIGENCE AND THE PROPOSED
2 DISCOVERY IN THE ACTION BROUGHT UNDER SUBSECTION D WILL INTERFERE WITH THE
3 ONGOING CRIMINAL OR CIVIL INVESTIGATION OR PROSECUTION.

4 I. THE ATTORNEY GENERAL MAY PURSUE A CLAIM RELATING TO AN ALLEGED
5 VIOLATION OF SUBSECTION A THROUGH AN ALTERNATE REMEDY AVAILABLE TO THIS STATE
6 OR ANY STATE AGENCY, INCLUDING AN ADMINISTRATIVE PROCEEDING TO ASSESS A CIVIL
7 FORFEITURE. IF THE ATTORNEY GENERAL ELECTS ANY SUCH ALTERNATE REMEDY, THE
8 PERSON BRINGING THE ACTION UNDER SUBSECTION D HAS THE SAME RIGHTS IN THE
9 ALTERNATE VENUE AS THE PERSON WOULD HAVE HAD IF THE ACTION HAD CONTINUED
10 UNDER SUBSECTION D. ANY FINDING OF FACT OR CONCLUSION OF LAW MADE BY A COURT
11 OR BY A STATE AGENCY IN THE ALTERNATE VENUE THAT HAS BECOME FINAL IS
12 CONCLUSIVE ON ALL PARTIES NAMED IN AN ACTION UNDER SUBSECTION D. FOR THE
13 PURPOSES OF THIS SUBSECTION, A FINDING OR CONCLUSION IS FINAL IF IT HAS BEEN
14 FINALLY DETERMINED ON APPEAL, IF ALL TIME FOR FILING AN APPEAL OR PETITION
15 FOR REVIEW WITH RESPECT TO THE FINDING OR CONCLUSION HAS EXPIRED OR IF THE
16 FINDING OR CONCLUSION IS NOT SUBJECT TO JUDICIAL REVIEW.

17 J. IF THE STATE PROCEEDS WITH AN ACTION BROUGHT BY A PERSON UNDER
18 SUBSECTION D OR PURSUES AN ALTERNATE REMEDY RELATING TO THE SAME ACTS UNDER
19 SUBSECTION I, THE PERSON WHO BRINGS THE ACTION SHALL RECEIVE AT LEAST FIFTEEN
20 PER CENT BUT NOT MORE THAN TWENTY-FIVE PER CENT OF THE PROCEEDS OF THE ACTION
21 OR SETTLEMENT OF THE CLAIM, DEPENDING ON THE EXTENT TO WHICH THE PERSON
22 CONTRIBUTED TO THE PROSECUTION OF THE ACTION OR CLAIM.

23 K. EXCEPT AS PROVIDED PURSUANT TO SUBSECTION N, IF AN ACTION OR CLAIM
24 IS ONE THE COURT OR OTHER ADJUDICATOR FINDS TO BE BASED PRIMARILY ON
25 DISCLOSURES OF SPECIFIC INFORMATION NOT PROVIDED BY THE PERSON WHO BRINGS AN
26 ACTION UNDER SUBSECTION D RELATING TO ALLEGATIONS OR TRANSACTIONS
27 SPECIFICALLY IN A CRIMINAL, CIVIL OR ADMINISTRATIVE HEARING, OR IN A
28 LEGISLATIVE OR ADMINISTRATIVE REPORT, HEARING, AUDIT OR INVESTIGATION OR A
29 REPORT MADE BY THE NEWS MEDIA, THE COURT OR OTHER ADJUDICATOR MAY AWARD AN
30 AMOUNT IT CONSIDERS APPROPRIATE, BUT NOT MORE THAN TEN PER CENT OF THE
31 PROCEEDS OF THE ACTION OR SETTLEMENT OF THE CLAIM, DEPENDING ON THE
32 SIGNIFICANCE OF THE INFORMATION AND THE ROLE OF THE PERSON BRINGING THE
33 ACTION IN ADVANCING THE PROSECUTION OF THE ACTION OR CLAIM.

34 L. EXCEPT AS PROVIDED PURSUANT TO SUBSECTION N, IN ADDITION TO ANY
35 AMOUNT RECEIVED PURSUANT TO SUBSECTION J OR K, A PERSON BRINGING AN ACTION
36 UNDER SUBSECTION D SHALL BE AWARDED REASONABLE EXPENSES NECESSARILY INCURRED
37 IN BRINGING THE ACTION TOGETHER WITH THE PERSON'S COSTS AND REASONABLE ACTUAL
38 ATTORNEY FEES. THE COURT OR OTHER ADJUDICATOR SHALL ASSESS ANY AWARD UNDER
39 THIS SUBSECTION AGAINST THE DEFENDANT.

40 M. EXCEPT AS PROVIDED PURSUANT TO SUBSECTION N, IF THE STATE DOES NOT
41 PROCEED WITH AN ACTION OR AN ALTERNATE PROCEEDING UNDER SUBSECTION I, THE
42 PERSON BRINGING THE ACTION SHALL RECEIVE AN AMOUNT THAT THE COURT DECIDES IS
43 REASONABLE FOR COLLECTION OF THE CIVIL PENALTY AND DAMAGES. THIS AMOUNT
44 SHALL BE AT LEAST TWENTY-FIVE PER CENT BUT NOT MORE THAN THIRTY PER CENT OF
45 THE PROCEEDS OF THE ACTION AND SHALL BE PAID FROM THE PROCEEDS. IN ADDITION,

1 THE PERSON SHALL BE PAID THE PERSON'S EXPENSES, COSTS AND FEES PURSUANT TO
2 SUBSECTION L.

3 N. WHETHER OR NOT THE STATE PROCEEDS WITH THE ACTION OR AN ALTERNATE
4 PROCEEDING UNDER SUBSECTION I, IF THE COURT OR OTHER ADJUDICATOR FINDS THAT
5 AN ACTION UNDER SUBSECTION D WAS BROUGHT BY A PERSON WHO PLANNED OR INITIATED
6 THE VIOLATION ON WHICH THE ACTION OR PROCEEDING IS BASED, THE COURT, TO THE
7 EXTENT THAT THE COURT CONSIDERS APPROPRIATE, MAY REDUCE THE SHARE OF THE
8 PROCEEDS OF THE ACTION THAT THE PERSON WOULD OTHERWISE RECEIVE PURSUANT TO
9 SUBSECTION J, K OR M, TAKING INTO ACCOUNT THE ROLE OF THAT PERSON IN
10 ADVANCING THE PROSECUTION OF THE ACTION OR CLAIM AND ANY OTHER RELEVANT
11 CIRCUMSTANCE PERTAINING TO THE VIOLATION, EXCEPT THAT IF THE PERSON BRINGING
12 THE ACTION IS CONVICTED OF CRIMINAL CONDUCT ARISING FROM THE PERSON'S ROLE IN
13 A VIOLATION OF SUBSECTION A, THE COURT OR OTHER ADJUDICATOR SHALL DISMISS THE
14 PERSON AS A PARTY, AND THE PERSON SHALL NOT RECEIVE ANY SHARE OF THE PROCEEDS
15 OF THE ACTION OR CLAIM OR ANY EXPENSES, COSTS AND FEES PURSUANT TO
16 SUBSECTION L.

17 O. IF THE ATTORNEY GENERAL DOES NOT PROCEED WITH THE ACTION AND THE
18 PERSON BRINGING THE ACTION CONDUCTS THE ACTION, THE COURT MAY AWARD THE
19 DEFENDANT ITS REASONABLE ATTORNEY FEES AND EXPENSES IF THE DEFENDANT PREVAILS
20 IN THE ACTION AND THE COURT FINDS THAT THE CLAIM OF THE PERSON BRINGING THE
21 ACTION WAS CLEARLY FRIVOLOUS OR CLEARLY VEXATIOUS OR BROUGHT PRIMARILY FOR
22 THE PURPOSE OF HARASSMENT.

23 P. A COURT DOES NOT HAVE JURISDICTION OVER AN ACTION BROUGHT BY A
24 PRIVATE PERSON UNDER SUBSECTION D AGAINST A STATE PUBLIC OFFICIAL IF THE
25 ACTION IS BASED ON INFORMATION KNOWN TO THE ATTORNEY GENERAL AT THE TIME THE
26 ACTION IS BROUGHT.

27 Q. A PERSON MAY NOT BRING AN ACTION UNDER SUBSECTION D THAT IS BASED
28 ON ALLEGATIONS OR TRANSACTIONS THAT ARE THE SUBJECT OF A CIVIL ACTION OR AN
29 ADMINISTRATIVE PROCEEDING TO ASSESS A CIVIL FORFEITURE IN WHICH THIS STATE OR
30 THE UNITED STATES IS A PARTY IF THAT ACTION OR PROCEEDING WAS COMMENCED
31 BEFORE THE DATE THE ACTION IS FILED.

32 R. A COURT DOES NOT HAVE JURISDICTION OVER AN ACTION BROUGHT PURSUANT
33 TO SUBSECTION D BASED ON THE PUBLIC DISCLOSURE OF ALLEGATIONS OR TRANSACTIONS
34 IN A CRIMINAL, CIVIL OR ADMINISTRATIVE HEARING IN A LEGISLATIVE OR
35 ADMINISTRATIVE REPORT, HEARING, AUDIT OR INVESTIGATION OR FROM THE NEWS
36 MEDIA, UNLESS THE ACTION IS BROUGHT BY THE ATTORNEY GENERAL OR THE PERSON
37 BRINGING THE ACTION IS AN ORIGINAL SOURCE OF THE INFORMATION. FOR THE
38 PURPOSES OF THIS SUBSECTION, "ORIGINAL SOURCE" MEANS AN INDIVIDUAL WHO HAS
39 DIRECT AND INDEPENDENT KNOWLEDGE OF THE INFORMATION ON WHICH THE ALLEGATIONS
40 ARE BASED AND WHO HAS VOLUNTARILY PROVIDED THE INFORMATION TO THE GOVERNMENT
41 BEFORE FILING AN ACTION PURSUANT TO SUBSECTION D THAT IS BASED ON THAT
42 INFORMATION.

43 S. THIS STATE IS NOT LIABLE FOR ANY EXPENSES INCURRED BY A PRIVATE
44 PERSON IN BRINGING AN ACTION UNDER SUBSECTION D.

1 T. AN EMPLOYEE WHO IS DISCHARGED, DEMOTED, SUSPENDED, THREATENED,
2 HARASSED OR IN ANY OTHER MANNER DISCRIMINATED AGAINST REGARDING THE TERMS OF
3 THAT EMPLOYMENT BY THE EMPLOYEE'S EMPLOYER BECAUSE OF LAWFUL ACTIONS TAKEN BY
4 THE EMPLOYEE ON BEHALF OF THE EMPLOYEE OR OTHERS IN FURTHERANCE OF AN ACTION
5 OR CLAIM FILED UNDER THIS SECTION, INCLUDING INVESTIGATION FOR, INITIATION
6 OF, TESTIMONY FOR OR ASSISTANCE IN AN ACTION OR CLAIM FILED OR TO BE FILED
7 PURSUANT TO SUBSECTION D, IS ENTITLED TO RELIEF NECESSARY TO MAKE THE
8 EMPLOYEE WHOLE. THE EMPLOYEE MAY BRING AN ACTION FOR RELIEF IN THE
9 APPROPRIATE COURT AS PRESCRIBED IN THIS SECTION. RELIEF SHALL INCLUDE:

10 1. REINSTATEMENT WITH THE SAME SENIORITY STATUS THE EMPLOYEE WOULD
11 HAVE HAD BUT FOR THE DISCRIMINATION.

12 2. TWICE THE AMOUNT OF BACK PAY AND INTEREST ON THE BACK PAY.

13 3. COMPENSATION FOR ANY SPECIAL DAMAGES SUSTAINED AS A RESULT OF THE
14 DISCRIMINATION, INCLUDING LITIGATION COSTS AND REASONABLE ATTORNEY FEES.

15 U. A CIVIL ACTION BROUGHT PURSUANT TO THIS SECTION MAY NOT BE BROUGHT
16 MORE THAN SIX YEARS AFTER THE DATE ON WHICH THE VIOLATION OF SUBSECTION A IS
17 COMMITTED OR MORE THAN THREE YEARS AFTER THE DATE WHEN FACTS MATERIAL TO THE
18 RIGHT OF ACTION ARE KNOWN OR REASONABLY SHOULD HAVE BEEN KNOWN BY THE
19 ATTORNEY GENERAL, BUT IN ANY EVENT NOT MORE THAN TEN YEARS AFTER THE DATE ON
20 WHICH THE VIOLATION IS COMMITTED.

21 V. A FINAL JUDGMENT OF GUILT ENTERED AGAINST A DEFENDANT IN A CRIMINAL
22 ACTION IN WHICH THE DEFENDANT IS CHARGED WITH FRAUD OR MAKING FALSE
23 STATEMENTS PREVENTS THE DEFENDANT FROM DENYING THE ESSENTIAL ELEMENTS OF THE
24 OFFENSE IN ANY ACTION UNDER SUBSECTION D THAT INVOLVES THE SAME ELEMENTS AS
25 IN THE CRIMINAL ACTION.

26 W. THE REMEDIES PROVIDED FOR UNDER THIS SECTION ARE IN ADDITION TO ANY
27 OTHER REMEDIES PROVIDED FOR UNDER ANY OTHER LAW OR AVAILABLE UNDER THE COMMON
28 LAW.

29 X. ON THE THIRTIETH DAY AFTER THE EFFECTIVE DATE OF THIS SECTION, AND
30 ANNUALLY ON THAT DATE THEREAFTER, THE ATTORNEY GENERAL SHALL SUBMIT A WRITTEN
31 REPORT TO THE GOVERNOR, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE
32 PRESIDENT OF THE SENATE AND SHALL PROVIDE A COPY OF THE REPORT TO THE
33 SECRETARY OF STATE AND THE DIRECTOR OF THE ARIZONA STATE LIBRARY, ARCHIVES
34 AND PUBLIC RECORDS. THE REPORT SHALL INCLUDE THE FOLLOWING INFORMATION:

35 1. THE NUMBER OF CASES THE ATTORNEY GENERAL FILED DURING THE PREVIOUS
36 CALENDAR YEAR PURSUANT TO THIS SECTION AND THE NUMBER OF CASES PRIVATE
37 INDIVIDUALS FILED PURSUANT TO THIS SECTION DURING THE PREVIOUS CALENDAR YEAR,
38 INCLUDING THOSE CASES THAT REMAIN UNDER SEAL. FOR THE PURPOSES OF THIS
39 PARAGRAPH THE REPORT SHALL SPECIFY:

40 (a) THE STATE OR FEDERAL COURTS IN WHICH THOSE CASES WERE FILED.

41 (b) THE STATE PROGRAM OR AGENCY THAT IS INVOLVED IN EACH CASE.

42 (c) THE NUMBER OF CASES FILED BY ANY PRIVATE INDIVIDUAL WHO PREVIOUSLY
43 HAD FILED AN ACTION BASED ON THE SAME OR SIMILAR TRANSACTIONS OR ALLEGATIONS
44 UNDER THE FEDERAL FALSE CLAIMS ACT OR THE FALSE CLAIMS ACT OF ANOTHER STATE.

1 2. THE AMOUNT THAT WAS RECOVERED BY THE STATE IN SETTLEMENT, DAMAGES,
2 PENALTIES AND LITIGATION COSTS, IF KNOWN. FOR THE PURPOSES OF THIS PARAGRAPH
3 THE REPORT SHALL SPECIFY:

4 (a) THE CASE NUMBER AND PARTIES FOR EACH CASE IN WHICH THERE WAS A
5 RECOVERY.

6 (b) THE SEPARATE AMOUNTS OF ANY MONIES RECOVERED FOR DAMAGES,
7 PENALTIES AND LITIGATION COSTS.

8 (c) THE PERCENTAGE OF THE RECOVERY AND THE AMOUNT THAT THE STATE PAID
9 TO ANY PRIVATE PERSON WHO BROUGHT THE ACTION.

10 3. THE AMOUNT THAT WAS EXPENDED BY THIS STATE PURSUANT TO THIS SECTION
11 IN INVESTIGATION, LITIGATION AND PERSONNEL COSTS AND RESOURCES.

12 Sec. 4. Section 23-722.01, Arizona Revised Statutes, is amended to
13 read:

14 23-722.01. Employer reporting; exceptions; retention of
15 records; unauthorized disclosure; civil penalty;
16 new hire directory; definitions

17 A. Subject to the requirements of subsection E, the department of
18 economic security shall implement a program to require all employers doing
19 business in this state to report the following to the department of economic
20 security:

21 1. The hiring of any employee who resides or works in this state.

22 2. The rehiring or returning to work of any employee who was laid off,
23 furloughed, separated, granted a leave without pay or terminated from
24 employment.

25 B. The department of economic security shall eliminate all unnecessary
26 reporting in the information requested to reduce the burden of employers.

27 C. Employers shall report by submitting a W-4 form or an equivalent
28 form at the option of the employer. The information may be submitted
29 magnetically, electronically or by first class mail, telefacsimile or any
30 other means that are authorized by the department of economic security.

31 D. Employers shall submit the reports within twenty days after the
32 employee is hired or rehired or returns to work. Employers who submit
33 reports magnetically or electronically shall submit the reports in two
34 monthly transmissions not more than sixteen days apart. The report shall
35 contain all of the following:

36 1. The employee's name, address and social security number.

37 2. The employer's name, address and federal tax identification number.

38 E. An employer who has employees who are employed in two or more
39 states and who transmits new hire reports magnetically or electronically may
40 comply with the new hire reporting requirements by designating one state in
41 which the employer has employees to transmit the report. An employer who has
42 employees in two or more states shall notify the United States secretary of
43 health and human services of the state to which the employer shall send
44 reports.

1 F. Except as provided in subsection L, the department of economic
2 security or its agent may use the information collected pursuant to this
3 section only for the following purposes:

4 1. The administration and enforcement of child support pursuant to
5 title IV-D of the social security act. Except as provided by federal law,
6 the information collected shall only be used to locate a person to establish
7 paternity and to establish, modify and enforce support obligations. The
8 information may be disclosed to an agent under contract with the department
9 of economic security to carry out this purpose. The information may also be
10 disclosed to agencies of this state, political subdivisions of this state,
11 federal agencies involved with support and other states and their political
12 subdivisions seeking to locate persons to enforce support pursuant to title
13 IV-D of the social security act.

14 2. The identification and prevention of benefit fraud in assistance
15 programs under title 46, chapter 2, ~~articles 2 and~~ ARTICLE 5.

16 3. The administration of employment security services pursuant to this
17 chapter and workers' compensation programs pursuant to chapter 6 of this
18 title.

19 G. The information collected pursuant to this section shall not be
20 disclosed pursuant to title 39, chapter 1. An employee or agent of this
21 state who discloses any information collected pursuant to this section
22 without authorization is subject to a civil penalty of one thousand dollars
23 for each offense. The department of economic security may impose and collect
24 the penalty and shall deposit any collections in the state general fund. Any
25 unauthorized release of information is cause for the administrative
26 discipline of the employee or agent.

27 H. The department shall operate a state directory of new hires
28 comprised of information received from employers. The department shall enter
29 information received from employers into the state directory of new hires
30 within five business days after receipt. The information shall be forwarded
31 to the national directory of new hires within three business days after entry
32 into the state directory of new hires. For the purposes of this section, a
33 business day is a day when state offices are open for regular business.

34 I. The department of economic security shall conduct, directly or by
35 contract, an automated comparison of social security numbers reported by
36 employers pursuant to this section and the social security numbers on record
37 in the state case registry of child support orders.

38 J. If a comparison conducted pursuant to subsection I reveals a match
39 of the social security number of an obligor required to pay support in a
40 title IV-D case, the department, within two business days, shall issue an
41 income withholding order to the employer of the person obligated to pay
42 support directing the employer to withhold the ordered amount from the income
43 of the employee.

44 K. This section does not allow the department to impose penalties on
45 employers for failing to comply with this section's reporting requirements.

1 L. The department of economic security and the Arizona health care
2 cost containment system administration may use the information collected
3 pursuant to this section to verify eligibility under title XIX of the social
4 security act.

5 M. For the purposes of this section:

6 1. "Employee" means a person who is employed within the meaning of
7 chapter 24 of the internal revenue code of 1986. Employee does not include
8 an employee of a federal or state agency performing intelligence or
9 counterintelligence functions if the head of the agency has determined that
10 reporting with respect to the employee could endanger the safety of the
11 employee or compromise an ongoing investigation or intelligence mission.

12 2. "Employer" has the same meaning prescribed in section 3401(d) of
13 the internal revenue code of 1986 and includes any governmental entity and
14 any labor organization.

15 Sec. 5. Section 35-701, Arizona Revised Statutes, is amended to read:

16 35-701. Definitions

17 In this chapter, unless the context otherwise requires:

18 1. "Corporation" means any corporation organized as an authority as
19 provided in this chapter.

20 2. "Designated area" means any area of this state which is either
21 designated pursuant to section 36-1479 as a slum or blighted area as defined
22 in section 36-1471, designated by regulation as a pocket of poverty or a
23 neighborhood strategy area by the United States department of housing and
24 urban development pursuant to title I of the housing and community
25 development act of 1977 (P.L. 95-128; 42 United States Code sections 5301
26 through 5320), as amended, and the department of housing and urban
27 development act (P.L. 89-174; 42 United States Code section 3535(d)) or
28 designated by the United States department of housing and urban development
29 as an empowerment or enterprise zone pursuant to the federal omnibus budget
30 reconciliation act of 1993 (P.L. 103-66; 26 United States Code section
31 1391(g)) or an area certified as an enterprise zone pursuant to section
32 41-1524, subsection B.

33 3. "Governing body" means:

34 (a) The board or body in which the general legislative powers of the
35 municipality or the county are vested.

36 (b) The Arizona board of regents with respect to a corporation formed
37 with the permission of the Arizona board of regents.

38 4. "Income" means gross earnings from wages, salary, commissions,
39 bonuses or tips from all jobs, net earnings from such person's or family's
40 own nonfarm business, professional practice or partnership, and net earnings
41 from such person's or family's own farm. Income includes income, other than
42 earnings, that consists of amounts received from social security or railroad
43 retirement, interest, dividends, veterans payments, pensions and other
44 regular payments, public assistance or welfare payments, including aid for
45 dependent children, old age assistance, ~~general assistance~~ and aid to the

1 blind or totally disabled, but excluding separate payments for hospital or
2 other medical care.

3 5. "Manufactured house" means a structure that is manufactured in a
4 factory after June 15, 1976, that is delivered to a homesite in more than one
5 section and that is placed on a permanent foundation. The dimensions of the
6 completed house shall not be less than twenty feet by forty feet, the roof
7 must be sloping, the siding and roofing must be the same as those found in
8 site-built houses and the house must be eligible for thirty year real estate
9 mortgage financing.

10 6. "Municipality" or "county" means the Arizona board of regents or
11 any incorporated city or town, including charter cities, or any county in
12 this state in which a corporation may be organized and in which it is
13 contemplated the corporation will function.

14 7. "Persons of low and moderate income" means, for the purposes of
15 financing owner-occupied single family dwelling units in areas which the
16 municipality has found, pursuant to section 36-1479, to be slum or blighted
17 areas, as defined in section 36-1471, persons and families whose income does
18 not exceed two and one-half times the median family income of this state. In
19 all other areas it means persons and families whose income does not exceed
20 one and one-half times the median family income of this state.

21 8. "Project" means any land, any building or any other improvement and
22 all real and personal properties, including machinery and equipment whether
23 or not now in existence or under construction and whether located within or
24 without this state or the municipality or county approving the formation of
25 the corporation, that are suitable for any of the following:

26 (a) With respect to a corporation formed with the permission of a
27 municipality or county other than the Arizona board of regents:

28 (i) Any enterprise for the manufacturing, processing or assembling of
29 any agricultural or manufactured products.

30 (ii) Any commercial enterprise for the storing, warehousing,
31 distributing or selling of products of agriculture, mining or industry, or of
32 processes related thereto, including research and development.

33 (iii) Any office building or buildings for use as corporate or company
34 headquarters or regional offices or the adaptive use for offices of any
35 building within this state that is on the national register of historic
36 places or rehabilitation of residential buildings located in registered
37 historic neighborhoods.

38 (iv) A health care institution as defined in section 36-401.

39 (v) Residential real property for dwelling units located within the
40 municipality or county approving the formation of the corporation and, in the
41 case of a county, whether or not also within a municipality that is within
42 the county.

43 (vi) Repairing or rehabilitating single family dwelling units or
44 constructing or repairing residential fences and walls.

45 (vii) Convention or trade show facilities.

- 1 (viii) Airports, docks, wharves, mass commuting facilities, parking
2 facilities or storage or training facilities directly related to any of the
3 facilities as provided in this item.
- 4 (ix) Sewage or solid waste disposal facilities or facilities for the
5 furnishing of electric energy, gas or water.
- 6 (x) Industrial park facilities.
- 7 (xi) Air or water pollution control facilities.
- 8 (xii) Any educational institution that is operated by a nonprofit
9 educational organization that is exempt from taxation under section 501(c)(3)
10 of the United States internal revenue code and that is not otherwise funded
11 by state monies, any educational institution or organization that is
12 established under title 15, chapter 1, article 8 and that is owned by a
13 nonprofit organization, any private nonsectarian school or any private
14 nonsectarian organization established for the purpose of funding a joint
15 technological education school district.
- 16 (xiii) Research and development facilities.
- 17 (xiv) Commercial enterprises, including facilities for office,
18 recreational, hotel, motel and service uses if the facilities authorized by
19 this item are to be located in a designated area.
- 20 (xv) A child welfare agency, as defined in section 8-501, owned and
21 operated by a nonprofit organization.
- 22 (xvi) A transportation facility constructed or operated pursuant to
23 title 28, chapter 22, article 1 or 2.
- 24 (xvii) A museum operated by a nonprofit organization.
- 25 (xviii) Facilities owned or operated by a nonprofit organization
26 described in section 501(c) of the United States internal revenue code of
27 1986.
- 28 (xix) New or existing correctional facilities within this state.
- 29 (b) With respect to a corporation formed with the permission of the
30 Arizona board of regents, any facility consisting of classrooms, lecture
31 halls or conference centers or any facility for research and development or
32 for manufacturing, processing, assembling, marketing, storing and
33 transferring items developed through or connected with research and
34 development or in which the results of such research and development are
35 utilized, but only if the facility is located in an area designated as a
36 research park by the Arizona board of regents.
- 37 9. "Property" means any land, improvements thereon, buildings and any
38 improvements thereto, machinery and equipment of any and all kinds necessary
39 to a project and any other personal properties deemed necessary in connection
40 with a project.
- 41 10. "Research park" means an area of land that has been designated by
42 the Arizona board of regents as a research park for a university and that, at
43 the date of designation, is owned by this state or by the Arizona board of
44 regents.

1 11. "Single family dwelling unit" includes any new, used or
2 manufactured house that meets the insuring requirements of the federal
3 housing administration, the veterans administration or any other insuring
4 entity of the United States government or any private mortgage insurance or
5 surety company that is approved by the federal home loan mortgage corporation
6 or the federal national mortgage association.

7 Sec. 6. Section 36-550.06, Arizona Revised Statutes, is amended to
8 read:

9 36-550.06. Client eligibility

10 A. The seriously mentally ill are eligible for services under this
11 article if they comply with the eligibility screening and application process
12 prescribed in section 36-3408, and UNDER ANY OF THE FOLLOWING CIRCUMSTANCES:

13 1. They voluntarily seek the services. ~~;~~ ~~or~~

14 ~~2. A court appointed guardian requests, in accordance with section~~
15 ~~36-547.04, subsection B, that they receive the services; or~~

16 2. THE DEPARTMENT RECEIVES A REQUEST FOR THESE SERVICES FROM A
17 GUARDIAN WHO IS AUTHORIZED TO CONSENT TO INPATIENT TREATMENT PURSUANT TO
18 SECTION 14-5312.01.

19 3. A court orders that they receive the services. ~~;~~ ~~or~~

20 4. The chief medical officer of the Arizona state hospital recommends
21 they receive such services.

22 B. Programs and services identified in section 36-550.05 may include
23 purchase of care support payments to persons to supplement social security,
24 supplemental security income, ~~general assistance~~ or veterans administration
25 disability payments, and client fees when available.

26 Sec. 7. Section 36-1161, Arizona Revised Statutes, is amended to read:

27 36-1161. Poison and drug information center and Arizona poison
28 control system established; staff; functions

29 A. The department of health services shall establish a poison and drug
30 information center ~~located at and affiliated with the university of Arizona.~~

31 B. The department of health services, in collaboration with the poison
32 and drug information center, shall provide for the establishment of an
33 Arizona poison control system to provide comprehensive poison and drug
34 information and management of the poisoned person.

35 C. The poison and drug information center shall provide statewide
36 coordination for the Arizona poison control system. The center shall employ
37 a full-time staff, including a clinical toxicologist and poison and drug
38 information specialists and treatment consultants.

39 D. The poison and drug information center, in conjunction with the
40 department of health services and regional emergency medical services
41 systems, shall establish or designate regional programs of the Arizona poison
42 control system for purposes of assisting in the coordination of poison
43 control in this state. The regional programs may assume responsibility for
44 the following functions in their respective regions:

- 1 1. Poison prevention.
- 2 2. Data collection.
- 3 3. Education.
- 4 4. Management of the poisoned person.

5 Sec. 8. Section 36-2239, Arizona Revised Statutes, is amended to read:
6 36-2239. Rates or charges of ambulance service

7 A. An ambulance service that applies for an adjustment in its rates or
8 charges shall automatically be granted a rate increase equal to the amount
9 determined under section 36-2234, subsection E, if the ambulance service is
10 so entitled. An automatic rate adjustment **THAT IS** granted pursuant to this
11 subsection and that is filed on or before April 1 is effective June 1 of that
12 year. The department shall notify the applicant and each health care
13 services organization as defined in section 20-1051 of the rate adjustment on
14 or before May 1 of that year.

15 B. Notwithstanding subsection D of this section, if the department
16 does not hold a hearing within ninety days after an ambulance service submits
17 an application to the department for an adjustment of its rates or charges,
18 the ambulance service may adjust its rates or charges to an amount not to
19 exceed the amount sought by the ambulance service in its application to the
20 department. An ambulance service shall not apply for an adjustment of its
21 rates or charges more than once every six months.

22 C. At the time it holds a hearing on the rates or charges of an
23 ambulance service pursuant to section 36-2234, the department may adjust the
24 rates or charges adjusted by the ambulance service pursuant to subsection B
25 of this section, but the adjustment shall not be retroactive.

26 D. An ambulance service shall not charge, demand or collect any
27 remuneration for any service greater or lesser than or different from the
28 rate or charge determined and fixed by the department as the rate or charge
29 for that service. An ambulance service may charge for disposable supplies,
30 medical supplies and medication and oxygen related costs if the charges do
31 not exceed the manufacturer's suggested retail price, are uniform throughout
32 the ambulance service's certificated area and are filed with the director. An
33 ambulance service shall not refund or limit in any manner or by any device
34 any portion of the rates or charges for a service which the department has
35 determined and fixed or ordered as the rate or charge for that service.

36 E. The department shall determine and render its decision regarding
37 all rates or charges within ninety days after commencement of the applicant's
38 hearing for an adjustment of rates or charges. If the department does not
39 render its decision as required by this subsection, the ambulance service may
40 adjust its rates and charges to an amount that does not exceed the amounts
41 sought by the ambulance service in its application to the department. If the
42 department renders a decision to adjust the rates or charges to an amount
43 less than that requested in the application and the ambulance service has
44 made an adjustment to its rates and charges that is higher than the
45 adjustment approved by the department, within thirty days after the

1 department's decision the ambulance service shall refund to the appropriate
2 ratepayer the difference between the ambulance service's adjusted rates and
3 charges and the rates and charges ordered by the department. The ambulance
4 service shall provide evidence to the department that the refund has been
5 made. If the ambulance service fails to comply with this subsection, the
6 director may impose a civil penalty subject to the limitations provided in
7 section 36-2245.

8 F. An ambulance service shall charge the advanced life support base
9 rate as prescribed by the director under any of the following circumstances:

10 1. A person requests an ambulance by dialing telephone number 911, or
11 a similarly designated telephone number for emergency calls, and the
12 ambulance service meets the following:

13 (a) The ambulance is staffed with at least one ambulance attendant.

14 (b) The ambulance is equipped with all required advanced life support
15 medical equipment and supplies for the advanced life support attendants in
16 the ambulance.

17 (c) The patient receives advanced life support services or is
18 transported by the advanced life support unit.

19 2. Advanced life support is requested by a medical authority or by the
20 patient.

21 3. The ambulance attendants administer one or more specialized
22 treatment activities or procedures as prescribed by the department by rule.

23 G. An ambulance service shall charge the basic life support base rate
24 as prescribed by the director under any of the following circumstances:

25 1. A person requests an ambulance by dialing telephone number 911, or
26 a similarly designated telephone number for emergency calls, and the
27 ambulance service meets the following:

28 (a) The ambulance is staffed with two ambulance attendants certified
29 by this state.

30 (b) The ambulance is equipped with all required basic life support
31 medical equipment and supplies for the basic life support medical attendants
32 in the ambulance.

33 (c) The patient receives basic life support services or is transported
34 by the basic life support unit.

35 2. Basic life support transportation or service is requested by a
36 medical authority or by the patient, unless any provision of subsection F of
37 this section applies, in which case the advanced life support rate shall
38 apply.

39 H. ~~Subsection F, paragraph 1~~ SUBSECTIONS D, F AND G of this section
40 ~~does~~ DO not apply to a remuneration made pursuant to the Arizona health care
41 cost containment system.

42 I. In establishing rates and charges the director shall consider the
43 following factors:

44 1. The transportation needs assessment of the medical response system
45 in a political subdivision.

1 2. The medical care consumer price index of the United States
2 department of labor, bureau of labor statistics.

3 3. Whether a review is made by a local emergency medical services
4 coordinating system in regions where that system is designated as to the
5 appropriateness of the proposed service level.

6 4. The rate of return on gross revenue.

7 5. Response times pursuant to section 36-2232, subsection A,
8 paragraph 2.

9 J. Notwithstanding section 36-2234, an ambulance service may charge an
10 amount for medical assessment, equipment or treatment that exceeds the
11 requirements of section 36-2205 if requested or required by a medical
12 provider or patient.

13 K. Notwithstanding subsections D, F and G of this section, an
14 ambulance service may provide gratuitous services if an ambulance is
15 dispatched and the patient subsequently declines to be treated or
16 transported.

17 Sec. 9. Section 36-2907, Arizona Revised Statutes, is amended to read:
18 36-2907. Covered health and medical services; modifications;
19 related delivery of service requirements

20 A. Unless modified pursuant to this section, contractors shall provide
21 the following medically necessary health and medical services:

22 1. Inpatient hospital services that are ordinarily furnished by a
23 hospital for the care and treatment of inpatients and that are provided under
24 the direction of a physician or a primary care practitioner. For the
25 purposes of this section, inpatient hospital services ~~excludes~~ EXCLUDE
26 services in an institution for tuberculosis or mental diseases unless
27 authorized under an approved section 1115 waiver.

28 2. Outpatient health services that are ordinarily provided in
29 hospitals, clinics, offices and other health care facilities by licensed
30 health care providers. Outpatient health services include services provided
31 by or under the direction of a physician or a primary care practitioner but
32 do not include occupational therapy, or speech therapy for eligible persons
33 who are twenty-one years of age or older.

34 3. Other laboratory and x-ray services ordered by a physician or a
35 primary care practitioner.

36 4. Medications that are ordered on prescription by a physician or a
37 dentist licensed pursuant to title 32, chapter 11. Beginning January 1,
38 2006, persons who are dually eligible for title XVIII and title XIX services
39 must obtain available medications through a medicare licensed or certified
40 medicare advantage prescription drug plan, a medicare prescription drug plan
41 or any other entity authorized by medicare to provide a medicare part D
42 prescription drug benefit.

43 5. Emergency dental care and extractions for persons who are at least
44 twenty-one years of age.

1 6. Medical supplies, equipment and prosthetic devices, not including
2 hearing aids OR DENTURES, ordered by a physician or a primary care
3 practitioner ~~or dentures ordered by a dentist licensed pursuant to title 32,~~
4 ~~chapter 11.~~ Suppliers of durable medical equipment shall provide the
5 administration with complete information about the identity of each person
6 who has an ownership or controlling interest in their business and shall
7 comply with federal bonding requirements in a manner prescribed by the
8 administration.

9 7. For persons who are at least twenty-one years of age, treatment of
10 medical conditions of the eye excluding eye examinations for prescriptive
11 lenses and the provision of prescriptive lenses.

12 8. Early and periodic health screening and diagnostic services as
13 required by section 1905(r) of title XIX of the social security act for
14 members who are under twenty-one years of age.

15 9. Family planning services that do not include abortion or abortion
16 counseling. If a contractor elects not to provide family planning services,
17 this election does not disqualify the contractor from delivering all other
18 covered health and medical services under this chapter. In that event, the
19 administration may contract directly with another contractor, including an
20 outpatient surgical center or a noncontracting provider, to deliver family
21 planning services to a member who is enrolled with the contractor that elects
22 not to provide family planning services.

23 10. Podiatry services performed by a podiatrist licensed pursuant to
24 title 32, chapter 7 and ordered by a primary care physician or primary care
25 practitioner.

26 11. Nonexperimental transplants approved for title XIX reimbursement.

27 12. Ambulance and nonambulance transportation.

28 B. Beginning on October 1, 2002, circumcision of newborn males is not
29 a covered health and medical service.

30 C. The system shall pay noncontracting providers only for health and
31 medical services as prescribed in subsection A of this section and as
32 prescribed by rule.

33 D. The director shall adopt rules necessary to limit, to the extent
34 possible, the scope, duration and amount of services, including maximum
35 limitations for inpatient services that are consistent with federal
36 regulations under title XIX of the social security act (P.L. 89-97; 79 Stat.
37 344; 42 United States Code section 1396 (1980)). To the extent possible and
38 practicable, these rules shall provide for the prior approval of medically
39 necessary services provided pursuant to this chapter.

40 E. The director shall make available home health services in lieu of
41 hospitalization pursuant to contracts awarded under this article. For the
42 purposes of this subsection, "home health services" means the provision of
43 nursing services, home health aide services or medical supplies, equipment
44 and appliances, which are provided on a part-time or intermittent basis by a
45 licensed home health agency within a member's residence based on the orders

1 of a physician or a primary care practitioner. Home health agencies shall
2 comply with the federal bonding requirements in a manner prescribed by the
3 administration.

4 F. The director shall adopt rules for the coverage of behavioral
5 health services for persons who are eligible under section 36-2901, paragraph
6 6, subdivision (a). The administration shall contract with the department of
7 health services for the delivery of all medically necessary behavioral health
8 services to persons who are eligible under rules adopted pursuant to this
9 subsection. The division of behavioral health in the department of health
10 services shall establish a diagnostic and evaluation program to which other
11 state agencies shall refer children who are not already enrolled pursuant to
12 this chapter and who may be in need of behavioral health services. In
13 addition to an evaluation, the division of behavioral health shall also
14 identify children who may be eligible under section 36-2901, paragraph 6,
15 subdivision (a) or section 36-2931, paragraph 5 and shall refer the children
16 to the appropriate agency responsible for making the final eligibility
17 determination.

18 G. The director shall adopt rules for the provision of transportation
19 services and rules providing for copayment by members for transportation for
20 other than emergency purposes. Prior authorization is not required for
21 medically necessary ambulance transportation services rendered to members or
22 eligible persons initiated by dialing telephone number 911 or other
23 designated emergency response systems.

24 H. The director may adopt rules to allow the administration, at the
25 director's discretion, to use a second opinion procedure under which surgery
26 may not be eligible for coverage pursuant to this chapter without
27 documentation as to need by at least two physicians or primary care
28 practitioners.

29 I. If the director does not receive bids within the amounts budgeted
30 or if at any time the amount remaining in the Arizona health care cost
31 containment system fund is insufficient to pay for full contract services for
32 the remainder of the contract term, the administration, on notification to
33 system contractors at least thirty days in advance, may modify the list of
34 services required under subsection A of this section for persons defined as
35 eligible other than those persons defined pursuant to section 36-2901,
36 paragraph 6, subdivision (a). The director may also suspend services or may
37 limit categories of expense for services defined as optional pursuant to
38 title XIX of the social security act (P.L. 89-97; 79 Stat. 344; 42 United
39 States Code section 1396 (1980)) for persons defined pursuant to section
40 36-2901, paragraph 6, subdivision (a). Such reductions or suspensions do not
41 apply to the continuity of care for persons already receiving these services.

42 J. Additional, reduced or modified hospitalization and medical care
43 benefits may be provided under the system to enrolled members who are
44 eligible pursuant to section 36-2901, paragraph 6, subdivision (b), (c), (d)
45 or (e).

1 K. All health and medical services provided under this article shall
2 be provided in the geographic service area of the member, except:

3 1. Emergency services and specialty services provided pursuant to
4 section 36-2908.

5 2. That the director may permit the delivery of health and medical
6 services in other than the geographic service area in this state or in an
7 adjoining state if the director determines that medical practice patterns
8 justify the delivery of services or a net reduction in transportation costs
9 can reasonably be expected. Notwithstanding the definition of physician as
10 prescribed in section 36-2901, if services are procured from a physician or
11 primary care practitioner in an adjoining state, the physician or primary
12 care practitioner shall be licensed to practice in that state pursuant to
13 licensing statutes in that state similar to title 32, chapter 13, 15, 17 or
14 25 and shall complete a provider agreement for this state.

15 L. Covered outpatient services shall be subcontracted by a primary
16 care physician or primary care practitioner to other licensed health care
17 providers to the extent practicable for purposes including, but not limited
18 to, making health care services available to underserved areas, reducing
19 costs of providing medical care and reducing transportation costs.

20 M. The director shall adopt rules that prescribe the coordination of
21 medical care for persons who are eligible for system services. The rules
22 shall include provisions for the transfer of patients, the transfer of
23 medical records and the initiation of medical care.

24 Sec. 10. Repeal; temporary medical coverage program; reversion

25 A. Section 36-2930, Arizona Revised Statutes, is repealed.

26 B. Any monies remaining in the temporary medical coverage program fund
27 on the effective date of this act revert to the state general fund.

28 Sec. 11. Repeal; KidsCare parents

29 Section 36-2981.01, Arizona Revised Statutes, is repealed.

30 Sec. 12. Section 38-651, Arizona Revised Statutes, is amended to read:

31 38-651. Expenditure of monies for health and accident
32 insurance; definition

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

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

29 B. The department of administration may expend public monies
30 appropriated for such purpose to procure health and accident coverage for the
31 dependents of full-time officers and employees of ~~the~~ THIS state and its
32 departments and agencies. The department of administration shall seek a
33 variety of plans, including indemnity health insurance, hospital and medical
34 service plans, dental plans and health maintenance organizations. On a
35 recommendation of the department of administration and the review of the
36 joint legislative budget committee, the department of administration may
37 self-insure for the purposes of this subsection. If the department of
38 administration self-insures, the department may contract directly with
39 preferred provider organizations, physician and hospital networks, indemnity
40 health insurers, hospital and medical service plans, dental plans and health
41 maintenance organizations. If the department self-insures, the department
42 shall provide that the self-insurance program include all health coverage
43 benefits that are mandated pursuant to title 20. The self-insurance program
44 shall include provisions to provide for the protection of the officers and
45 employees, including grievance procedures for claim or treatment denials,

1 creditable coverage determinations, dissatisfaction with care and access to
2 care issues. The department of administration by rule shall designate and
3 adopt performance standards, including cost competitiveness, utilization
4 review issues, network development and access, conversion and implementation,
5 report timeliness, quality outcomes and customer satisfaction for qualifying
6 plans. The qualifying plans for which the standards are adopted include
7 indemnity health insurance, hospital and medical service plans, closed panel
8 medical and dental plans and health maintenance organizations, and for
9 eligibility of the dependents of officers and employees to participate in
10 such plans. Any indemnity health insurance or hospital and medical service
11 plan designated as a qualifying plan by the department of administration must
12 be open for enrollment to all permanent full-time state employees, except
13 that any plan established prior to June 6, 1977 may be continued as a
14 separate plan. Any closed panel medical or dental plan or health maintenance
15 organization designated as a qualifying plan by the department of
16 administration must be open for enrollment to all permanent full-time state
17 employees residing within the geographic area or area to be served by the
18 plan or organization. Officers and employees may select coverage under the
19 available options.

20 C. The department of administration may designate the Arizona health
21 care cost containment system established by title 36, chapter 29 as a
22 qualifying plan for the provision of health and accident coverage to
23 full-time state officers and employees and their dependents. The Arizona
24 health care cost containment system shall not be the exclusive qualifying
25 plan for health and accident coverage for state officers and employees either
26 on a statewide or regional basis.

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

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

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

34 3. One thousand two hundred dollars multiplied by the number of
35 officers or employees who receive family coverage if the spouses of the
36 officers or employees are not officers or employees.

37 E. Subsection D of this section:

38 1. Establishes a total maximum expenditure of public monies pursuant
39 to this section.

40 2. Does not establish a minimum or maximum expenditure for each
41 individual officer or employee.

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

1 1. Requests for proposals for health insurance that specify that the
2 carrier's proposed premiums for each plan be based on the expected age,
3 gender and health status of the entire pool of employees and officers and
4 their family members enrolled in all qualifying plans and not on the age,
5 gender or health status of the individuals expected to enroll in the
6 particular plan for which the premium is proposed.

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

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

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

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

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

39 2. All nonemergency or nonurgent travel, ambulatory and other expenses
40 from the residence area of the officer or employee to the designated office
41 of the qualifying health maintenance organization or the facility referred by
42 the health maintenance organization ~~shall be~~ ARE the responsibility of and at
43 the expense of the officer or employee.

44 3. All emergency or urgent travel, ambulatory and other expenses from
45 the residence area of the officer or employee to the designated office of the

1 qualifying health maintenance organization or the facility referred by the
2 health maintenance organization ~~shall be~~ ARE paid pursuant to any agreement
3 between the health maintenance organization and the officer or employee
4 living outside the area of the qualifying health maintenance organization.

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

18 K. The department of administration shall determine the actual
19 administrative and operational costs associated with school districts,
20 charter schools, cities, towns, counties, community college districts,
21 special taxing districts, authorities and public entities organized pursuant
22 to the laws of this state participating in the state health and accident
23 insurance coverage. These costs shall be allocated to each school district,
24 charter school, city, town, county, community college district, special
25 taxing district, authority and public entity organized pursuant to the laws
26 of this state based ~~upon~~ ON the total number of employees participating in
27 the coverage. This subsection only applies to a health plan that is offered
28 by the department and that is subject to title 20, chapter 1, article 1.

29 L. Insurance providers contracting with ~~the~~ THIS state shall
30 separately maintain records that delineate claims and other expenses
31 attributable to participation of a school district, charter school, city,
32 town, county, community college district, special taxing district, authority
33 and public entity organized pursuant to the laws of this state in the state
34 health and accident insurance coverage and, by November 1 of each year, shall
35 report to the department of administration the extent to which state costs
36 are impacted by participation of school districts, charter schools, cities,
37 towns, counties, community college districts, special taxing districts,
38 authorities and public entities organized pursuant to the laws of this state
39 in the state health and accident insurance coverage. By December 1 of each
40 year, the director of the department of administration shall submit a report
41 to the president of the senate and the speaker of the house of
42 representatives detailing the information provided to the department by the
43 insurance providers and including any recommendations for possible
44 legislative action.

1 M. Notwithstanding subsection J of this section, any school district
2 in this state that meets the requirements of section 15-388, a charter school
3 in this state that meets the requirements of section 15-187.01 or a city,
4 town, county, community college district, special taxing district, authority
5 or public entity organized pursuant to the laws of this state that meets the
6 requirements of section 38-656 may apply to the department of administration
7 to participate in the self-insurance program that is provided by this section
8 pursuant to rules adopted by the department. A participating entity shall
9 reimburse the department for all premiums and administrative or other
10 insurance costs. The department shall actuarially prescribe the annual
11 premium for each participating entity to reflect the actual cost of each
12 participating entity.

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

17 O. FOR THE PURPOSES OF THIS SECTION, BEGINNING OCTOBER 1, 2009,
18 "DEPENDENT" MEANS A SPOUSE UNDER THE LAWS OF THIS STATE, A CHILD WHO IS UNDER
19 NINETEEN YEARS OF AGE OR A CHILD WHO IS UNDER TWENTY-THREE YEARS OF AGE AND
20 WHO IS A FULL-TIME STUDENT.

21 Sec. 13. Section 41-1954, Arizona Revised Statutes, is amended to
22 read:

23 41-1954. Powers and duties

24 A. In addition to the powers and duties of the agencies listed in
25 section 41-1953, subsection E, the department shall:

26 1. Administer the following services:

27 (a) Employment services, which shall include manpower programs and
28 work training, field operations, technical services, unemployment
29 compensation, community work and training and other related functions in
30 furtherance of programs under the social security act, as amended, the
31 Wagner-Peyser act, as amended, the federal unemployment tax act, as amended,
32 33 United States Code, the family support act of 1988 (P.L. 100-485) and
33 other related federal acts and titles.

34 (b) Individual and family services, which shall include a section on
35 aging, services to children, youth and adults and other related functions in
36 furtherance of social service programs under the social security act, as
37 amended, title IV, grants to states for aid and services to needy families
38 with children and for child-welfare services, title XX, grants to states for
39 services, the older Americans act, as amended, the family support act of 1988
40 (P.L. 100-485) and other related federal acts and titles.

41 (c) Income maintenance services, which shall include categorical
42 assistance programs, special services unit, child support collection
43 services, establishment of paternity services, maintenance and operation of a
44 state case registry of child support orders, a state directory of new hires,
45 a support payment clearinghouse and other related functions in furtherance of

1 programs under the social security act, title IV, grants to states for aid
2 and services to needy families with children and for child-welfare services,
3 title XX, grants to states for services, as amended, and other related
4 federal acts and titles.

5 (d) Rehabilitation services, which shall include vocational
6 rehabilitation services and sections for the blind and visually impaired,
7 communication disorders, correctional rehabilitation and other related
8 functions in furtherance of programs under the vocational rehabilitation act,
9 as amended, the Randolph-Sheppard act, as amended, and other related federal
10 acts and titles.

11 (e) Administrative services, which shall include the coordination of
12 program evaluation and research, interagency program coordination and
13 in-service training, planning, grants, development and management,
14 information, legislative liaison, budget, licensing and other related
15 functions.

16 (f) Manpower planning, which shall include a state manpower planning
17 council for the purposes of the federal-state-local cooperative manpower
18 planning system and other related functions in furtherance of programs under
19 the comprehensive employment and training act of 1973, as amended, and other
20 related federal acts and titles.

21 (g) Economic opportunity services, which shall include the furtherance
22 of programs prescribed under the economic opportunity act of 1967, as
23 amended, and other related federal acts and titles.

24 (h) Mental retardation and other developmental disability programs,
25 with emphasis on referral and purchase of services. The program shall
26 include educational, rehabilitation, treatment and training services and
27 other related functions in furtherance of programs under the developmental
28 disabilities services and facilities construction act, Public Law 91-517, and
29 other related federal acts and titles.

30 (i) Nonmedical home and community based services and functions
31 including department designated case management, housekeeping services, chore
32 services, home health aid, personal care, visiting nurse services, adult day
33 care or adult day health, respite sitter care, attendant care, home delivered
34 meals and other related services and functions.

35 2. Provide a coordinated system of initial intake, screening,
36 evaluation and referral of persons served by the department.

37 3. Adopt rules it deems necessary or desirable to further the
38 objectives and programs of the department.

39 4. Formulate policies, plans and programs to effectuate the missions
40 and purposes of the department.

41 5. Employ, determine the conditions of employment and prescribe the
42 duties and powers of administrative, professional, technical, secretarial,
43 clerical and other persons as may be necessary in the performance of its
44 duties, contract for the services of outside advisors, consultants and aides
45 as may be reasonably necessary and reimburse department volunteers,

1 designated by the director, for expenses in transporting clients of the
2 department on official business.

3 6. Make contracts and incur obligations within the general scope of
4 its activities and operations subject to the availability of funds.

5 7. Contract with or assist other departments, agencies and
6 institutions of the state, local and federal governments in the furtherance
7 of its purposes, objectives and programs.

8 8. Be designated as the single state agency for the purposes of
9 administering and in furtherance of each federally supported state plan.

10 9. Accept and disburse grants, matching funds and direct payments from
11 public or private agencies for the conduct of programs which are consistent
12 with the overall purposes and objectives of the department.

13 10. Provide information and advice on request by local, state and
14 federal agencies and by private citizens, business enterprises and community
15 organizations on matters within the scope of its duties subject to the
16 departmental rules on the confidentiality of information.

17 11. Establish and maintain separate financial accounts as required by
18 federal law or regulations.

19 12. Advise with and make recommendations to the governor and the
20 legislature on all matters concerning its objectives.

21 13. Have an official seal which shall be judicially noticed.

22 14. Annually estimate the current year's population of each county,
23 city and town in this state, using the periodic census conducted by the
24 United States department of commerce, or its successor agency, as the basis
25 for such estimates and deliver such estimates to the economic estimates
26 commission before December 15.

27 15. Estimate the population of any newly annexed areas of a political
28 subdivision as of July 1 of the fiscal year in which the annexation occurs
29 and deliver such estimates as promptly as is feasible after the annexation
30 occurs to the economic estimates commission.

31 16. Establish and maintain a statewide program of services for persons
32 who are both hearing impaired and visually impaired and coordinate
33 appropriate services with other agencies and organizations to avoid
34 duplication of these services and to increase efficiency. The department of
35 economic security shall enter into agreements for the utilization of the
36 personnel and facilities of the department of economic security, the
37 department of health services and other appropriate agencies and
38 organizations in providing these services.

39 17. Establish and charge fees for deposit in the department of economic
40 security prelayoff assistance services fund to employers who voluntarily
41 participate in the services of the department which provide job service and
42 retraining for persons who have been or are about to be laid off from
43 employment. The department shall charge only those fees necessary to cover
44 the costs of administering the job service and retraining services.

1 18. Establish a focal point for addressing the issue of hunger in
2 Arizona and provide coordination and assistance to public and private
3 nonprofit organizations which aid hungry persons and families throughout this
4 state. Specifically such activities shall include:

5 (a) Collecting and disseminating information regarding the location
6 and availability of surplus food for distribution to needy persons, the
7 availability of surplus food for donation to charity food bank organizations,
8 and the needs of charity food bank organizations for surplus food.

9 (b) Coordinating the activities of federal, state, local and private
10 nonprofit organizations that provide food assistance to the hungry.

11 (c) Accepting and disbursing federal monies, and any state monies
12 appropriated by the legislature, to private nonprofit organizations in
13 support of the collection, receipt, handling, storage and distribution of
14 donated or surplus food items.

15 (d) Providing technical assistance to private nonprofit organizations
16 that provide or intend to provide services to the hungry.

17 (e) Developing a state plan on hunger which, at a minimum, identifies
18 the magnitude of the hunger problem in this state, the characteristics of the
19 population in need, the availability and location of charity food banks and
20 the potential sources of surplus food, assesses the effectiveness of the
21 donated food collection and distribution network and other efforts to
22 alleviate the hunger problem, and recommends goals and strategies to improve
23 the status of the hungry. The state plan on hunger shall be incorporated
24 into the department's state comprehensive plan prepared pursuant to section
25 41-1956.

26 (f) Establishing a special purpose advisory council on hunger pursuant
27 to section 41-1981.

28 19. Establish an office to address the issue of homelessness and to
29 provide coordination and assistance to public and private nonprofit
30 organizations that prevent homelessness or aid homeless individuals and
31 families throughout this state. These activities shall include:

32 (a) Promoting and participating in planning for the prevention of
33 homelessness and the development of services to homeless persons.

34 (b) Identifying and developing strategies for resolving barriers in
35 state agency service delivery systems that inhibit the provision and
36 coordination of appropriate services to homeless persons and persons in
37 danger of being homeless.

38 (c) Assisting in the coordination of the activities of federal, state
39 and local governments and the private sector that prevent homelessness or
40 provide assistance to homeless people.

41 (d) Assisting in obtaining and increasing funding from all appropriate
42 sources to prevent homelessness or assist in alleviating homelessness.

43 (e) Serving as a clearinghouse on information regarding funding and
44 services available to assist homeless persons and persons in danger of being
45 homeless.

1 (f) Developing an annual state comprehensive homeless assistance plan
2 to prevent and alleviate homelessness.

3 (g) Submitting an annual report by January 1, 1992 and each year
4 thereafter to the governor, the president of the senate and the speaker of
5 the house of representatives on the status of homelessness and efforts to
6 prevent and alleviate homelessness.

7 20. Cooperate with the Arizona-Mexico commission in the governor's
8 office and with researchers at universities in this state to collect data and
9 conduct projects in the United States and Mexico on issues that are within
10 the scope of the department's duties and that relate to quality of life,
11 trade and economic development in this state in a manner that will help the
12 Arizona-Mexico commission to assess and enhance the economic competitiveness
13 of this state and of the Arizona-Mexico region.

14 B. If the department has responsibility for the care, custody or
15 control of a child or is paying the cost of care for a child, it may serve as
16 representative payee to receive and administer social security and veterans
17 administration benefits and other benefits payable to such child.
18 Notwithstanding any law to the contrary, the department:

19 1. Shall deposit, pursuant to sections 35-146 and 35-147, such monies
20 as it receives to be retained separate and apart from the state general fund
21 on the books of the department of administration.

22 2. May use such monies to defray the cost of care and services
23 expended by the department for the benefit, welfare and best interests of the
24 child and invest any of the monies that the director determines are not
25 necessary for immediate use.

26 3. Shall maintain separate records to account for the receipt,
27 investment and disposition of funds received for each child.

28 4. On termination of the department's responsibility for the child,
29 shall release any funds remaining to the child's credit in accordance with
30 the requirements of the funding source or in the absence of such requirements
31 shall release the remaining funds to:

32 (a) The child, if the child is at least eighteen years of age or is
33 emancipated.

34 (b) The person responsible for the child if the child is a minor and
35 not emancipated.

36 C. Subsection B of this section does not pertain to benefits payable
37 to or for the benefit of a child receiving services under title 36.

38 D. Volunteers reimbursed for expenses pursuant to subsection A,
39 paragraph 5 of this section are not eligible for workers' compensation under
40 title 23, chapter 6.

41 E. In implementing the temporary assistance for needy families program
42 pursuant to Public Law 104-193, the department shall provide for cash
43 assistance to two parent families if both parents are able to work only upon
44 documented participation by both parents in work activities described in

1 title 46, chapter 2, article 5, except that payments may be made to families
2 who do not meet the participation requirements if:

3 1. It is determined on an individual case basis that they have
4 emergency needs.

5 2. The family is determined to be eligible for diversion from
6 long-term cash assistance pursuant to title 46, chapter 2, article 5.

7 F. The department shall provide for cash assistance under temporary
8 assistance for needy families pursuant to Public Law 104-193 to two parent
9 families for no longer than six months if both parents are able to work,
10 except that additional assistance may be provided on an individual case basis
11 to families with extraordinary circumstances. The department shall establish
12 by rule the criteria to be used to determine eligibility for additional cash
13 assistance.

14 ~~G. The department may establish a representative payee program to
15 provide representative payee services to manage social security or
16 supplemental security income benefits for persons who are receiving general
17 assistance benefits pursuant to section 46-233 and who require the services
18 of a representative payee to manage social security or supplemental security
19 income benefits. The department may use not more than an average of eight
20 hundred fifty dollars for any one person annually from monies appropriated
21 for general assistance benefits for the purpose of paying persons or agencies
22 to provide representative payee services.~~

23 ~~H.~~ G. The department shall adopt the following discount medical
24 payment system no later than October 1, 1993 for persons who the department
25 determines are eligible and who are receiving rehabilitation services
26 pursuant to subsection A, paragraph 1, subdivision (d) of this section:

27 1. For inpatient hospital admissions and outpatient hospital services
28 the department shall reimburse a hospital according to the tiered per diem
29 rates and outpatient cost-to-charge ratios established by the Arizona health
30 care cost containment system pursuant to section 36-2903.01, subsection H.

31 2. The department's liability for a hospital claim under this
32 subsection is subject to availability of funds.

33 3. A hospital bill is considered received for purposes of paragraph 5
34 of this subsection upon initial receipt of the legible, error-free claim form
35 by the department if the claim includes the following error-free
36 documentation in legible form:

37 (a) An admission face sheet.

38 (b) An itemized statement.

39 (c) An admission history and physical.

40 (d) A discharge summary or an interim summary if the claim is split.

41 (e) An emergency record, if admission was through the emergency room.

42 (f) Operative reports, if applicable.

43 (g) A labor and delivery room report, if applicable.

44 4. The department shall require that the hospital pursue other third
45 party payors before submitting a claim to the department. Payment received

1 by a hospital from the department pursuant to this subsection is considered
2 payment by the department of the department's liability for the hospital
3 bill. A hospital may collect any unpaid portion of its bill from other third
4 party payors or in situations covered by title 33, chapter 7, article 3.

5 5. For inpatient hospital admissions and outpatient hospital services
6 rendered on and after October 1, 1997, if the department receives the claim
7 directly from the hospital, the department shall pay a hospital's rate
8 established according to this section subject to the following:

9 (a) If the hospital's bill is paid within thirty days of the date the
10 bill was received, the department shall pay ninety-nine per cent of the rate.

11 (b) If the hospital's bill is paid after thirty days but within sixty
12 days of the date the bill was received, the department shall pay one hundred
13 per cent of the rate.

14 (c) If the hospital's bill is paid any time after sixty days of the
15 date the bill was received, the department shall pay one hundred per cent of
16 the rate plus a fee of one per cent per month for each month or portion of a
17 month following the sixtieth day of receipt of the bill until the date of
18 payment.

19 6. For medical services other than those for which a rate has been
20 established pursuant to section 36-2903.01, subsection ~~H~~ K, the department
21 shall pay according to the Arizona health care cost containment system capped
22 fee-for-service schedule adopted pursuant to section 36-2904, subsection L or
23 any other established fee schedule the department determines reasonable.

24 ~~I~~ H. The department shall not pay claims for services pursuant to
25 this section that are submitted more than nine months after the date of
26 service for which the payment is claimed.

27 ~~J~~ I. To assist in the location of persons or assets for the purpose
28 of establishing paternity, establishing, modifying or enforcing child support
29 obligations and other related functions, the department has access, including
30 automated access if the records are maintained in an automated ~~data-base~~
31 DATABASE, to records of state and local government agencies, including:

- 32 1. Vital statistics, including records of marriage, birth and divorce.
- 33 2. State and local tax and revenue records, including information on
34 residence address, employer, income and assets.
- 35 3. Records concerning real and titled personal property.
- 36 4. Records of occupational and professional licenses.
- 37 5. Records concerning the ownership and control of corporations,
38 partnerships and other business entities.
- 39 6. Employment security records.
- 40 7. Records of agencies administering public assistance programs.
- 41 8. Records of the motor vehicle division of the department of
42 transportation.
- 43 9. Records of the state department of corrections.

1 10. Any system used by a state agency to locate a person for motor
2 vehicle or law enforcement purposes, including access to information
3 contained in the Arizona criminal justice information system.

4 ~~K.~~ J. Notwithstanding subsection J of this section, the department or
5 its agents shall not seek or obtain information on the assets of an
6 individual unless paternity is presumed pursuant to section 25-814 or
7 established.

8 ~~L.~~ K. Access to records of the department of revenue pursuant to
9 subsection J of this section shall be provided in accordance with section
10 42-2003.

11 ~~M.~~ L. The department also has access to certain records held by
12 private entities with respect to child support obligors or obligees, or
13 individuals against whom such an obligation is sought. The information shall
14 be obtained as follows:

15 1. In response to a child support subpoena issued by the department
16 pursuant to section 25-520, the names and addresses of these persons and the
17 names and addresses of the employers of these persons, as appearing in
18 customer records of public utilities and cable television companies.

19 2. Information on these persons held by financial institutions.

20 ~~N.~~ M. Pursuant to department rules, the department may compromise or
21 settle any support debt owed to the department if the director or an
22 authorized agent determines that it is in the best interest of the state and
23 after considering each of the following factors:

24 1. The obligor's financial resources.

25 2. The cost of further enforcement action.

26 3. The likelihood of recovering the full amount of the debt.

27 ~~O.~~ N. Notwithstanding any law to the contrary, a state or local
28 governmental agency or private entity is not subject to civil liability for
29 the disclosure of information made in good faith to the department pursuant
30 to this section.

31 Sec. 14. Section 46-136, Arizona Revised Statutes, is amended to read:

32 46-136. Powers of state department regarding work projects for
33 unemployed persons

34 A. The state department may institute work projects for the employment
35 of needy unemployed persons being granted public assistance. The nature of
36 the work projects shall be determined by the state department and the
37 governing body of the county, municipal government or school district
38 involved, ~~to~~ to be projects necessary and desirable to the community, including
39 projects designed to improve health and public safety. County or municipal
40 governments, including school districts, shall cooperate in such projects by
41 furnishing supervision, transportation and payment of industrial commission
42 insurance.

43 B. The state department shall act as the official agency for the state
44 in any social welfare activity initiated by the federal government and shall

1 administer state funds appropriated or made available for the relief of
2 dependent persons, except as otherwise provided by law.

3 C. The state department shall expend from ~~appropriations available for~~
4 ~~general assistance, or from~~ any amounts otherwise available by law, ~~as~~ THAT, in the discretion of the director, are determined necessary for such
5 purpose in conjunction with any agency or department of the federal
6 government for the purpose of receiving and distributing food stamps offered
7 to public welfare agencies for needy persons. The amount so determined may
8 be expended by the department in payment of expenses necessarily incurred by
9 reason of the receipt or distribution of such food stamps.

10 Sec. 15. Section 46-217, Arizona Revised Statutes, is amended to read:
11 46-217. Finger imaging program; temporary assistance to needy
12 families

13 A. The department shall establish a finger imaging program.

14 B. Every adult applicant for, ~~OR~~ adult recipient or eligible minor
15 parent recipient of ~~general assistance or~~ temporary assistance for needy
16 families as a condition of eligibility for assistance is required to be
17 finger imaged as required by this section.

18 C. Finger images obtained pursuant to this section shall be used only
19 for the purposes of determining eligibility for temporary assistance for
20 needy families and ~~general assistance and~~ preventing multiple enrollments in
21 assistance programs and may not be accessed by any other agency of this state
22 for another purpose.

23 D. The department shall adopt rules:

24 1. Setting forth the finger imaging requirements and any exceptions to
25 these requirements for physical or other impairment.

26 2. For administratively appealing multiple enrollment determinations.

27 E. An applicant for or recipient of temporary assistance for needy
28 families ~~or general assistance~~ is not eligible for this assistance unless the
29 adult applicant, adult recipient or eligible minor parent provides finger
30 images pursuant to the finger imaging program.

31 F. If an adult applicant for, ~~OR~~ adult recipient or eligible minor
32 parent recipient of temporary assistance for needy families ~~or general~~
33 ~~assistance~~ refuses to comply with the finger imaging requirements, the
34 department shall deny these benefits to the assistance unit.

35 G. If an adult applicant for, ~~OR~~ adult recipient or eligible minor
36 parent recipient of temporary assistance for needy families ~~or general~~
37 ~~assistance~~ complies with the finger imaging requirements and meets all other
38 eligibility requirements, the department shall approve these benefits. If
39 the finger image of an applicant, adult recipient or eligible minor parent
40 for assistance matches another finger image on file, a fraud investigator
41 shall be notified and the applicant or recipient shall be made aware of the
42 match. If a finger image is not accessed within a one year period, it shall
43 be purged from the file. If the investigator verifies the fraud, the
44 department shall terminate benefits. The applicant or recipient may appeal
45

1 this termination pursuant to section 46-205. If the match is appealed, the
2 finger image match shall be verified by a trained individual before the
3 termination of benefits.

4 H. The director of the department of economic security shall report to
5 the chairperson of the senate appropriations committee and the chairperson of
6 the house of representatives appropriations committee on February 15, 1997,
7 and each year thereafter as to the actual and projected savings from reduced
8 caseloads in the temporary assistance for needy families ~~or general~~
9 ~~assistance programs~~ PROGRAM directly attributable to the finger imaging
10 program prescribed by this section.

11 Sec. 16. Section 46-295, Arizona Revised Statutes, is amended to read:
12 46-295. Recovery of public assistance from legally responsible
13 persons; fund; definition

14 A. If a recipient of public assistance has a person WHO IS legally
15 responsible for that person's support AND who is presently able to reimburse
16 the department for public assistance provided, the department, through the
17 attorney general or county attorney, shall proceed in the following order
18 against:

- 19 1. The spouse of a recipient.
- 20 2. The former spouse of a recipient.
- 21 3. A father or mother not presently receiving public assistance.
- 22 4. Any other legally responsible person.

23 B. If a recipient of public assistance receives an overpayment of
24 support or is determined ineligible pursuant to section ~~46-233, 46-234,~~
25 46-292 or 46-293, the department may recover the support incorrectly paid
26 during that time period. The department shall deposit monies recovered in
27 the public assistance collections fund established pursuant to this section.

28 C. On request of the department, the attorney general or county
29 attorney shall commence an action in the superior court in the county where
30 the recipient of public assistance resides or in the superior court in
31 Maricopa county, against the persons in the order specified in subsection A
32 of this section, to recover the assistance granted and to secure an order
33 requiring payment of amounts that become due in the future for which the
34 person is liable.

35 D. The public assistance collections fund is established consisting of
36 monies received pursuant to this section and section 41-2752. The department
37 shall administer the fund. Subject to legislative appropriation, the
38 department shall use fund monies to improve public assistance collection
39 activities. The department shall deposit, pursuant to sections 35-146 and
40 35-147, twenty-five per cent of the monies collected pursuant to this section
41 in the public assistance collections fund and seventy-five per cent of the
42 monies collected pursuant to this section in the state general fund.
43 Notwithstanding this subsection, pursuant to sections 35-146 and 35-147, the
44 department shall deposit fifty per cent of the monies collected pursuant to
45 section 41-2752 in the public assistance fund and the remaining fifty per

1 cent of the monies collected pursuant to section 41-2752 shall be deposited
2 in the state general fund.

3 E. For the purposes of this section, "public assistance" includes
4 monies paid by the department to or for the benefit of a dependent child and
5 foster care maintenance paid pursuant to 42 United States Code sections 670
6 through 676.

7 Sec. 17. Repeal

8 Laws 2007, chapter 263, section 42 is repealed.

9 Sec. 18. Competency restoration treatment; city and county
10 reimbursement; fiscal year 2009-2010; deposit; tax
11 withholding

12 A. Notwithstanding section 13-4512, Arizona Revised Statutes, if this
13 state pays the costs of a defendant's inpatient competency restoration
14 treatment pursuant to section 13-4512, Arizona Revised Statutes, the city or
15 county shall reimburse the department of health services for eighty-six per
16 cent of these costs for fiscal year 2009-2010, except for those counties with
17 populations of less than eight hundred thousand persons who shall pay fifty
18 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
32 Statutes, in the Arizona state hospital fund established by section
33 36-545.08, Arizona Revised Statutes.

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

38 Sec. 19. State employee health benefits

39 Beginning October 1, 2009, for fiscal year 2009-2010, the department of
40 administration shall not implement a differentiated health insurance premium
41 based on the integrated or nonintegrated status of a health insurance
42 provider available through the state employee health insurance program.

43 Sec. 20. AHCCCS; reimbursement rates

44 A. Notwithstanding any other law, for rates effective October 1, 2009
45 through September 30, 2010, the Arizona health care cost containment system

1 administration shall not increase the institutional or noninstitutional
2 provider rates above the rates in effect on September 30, 2008.

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

8 Sec. 21. AHCCCS; disproportionate share payments

9 Disproportionate share payments for fiscal year 2009-2010 made pursuant
10 to section 36-2903.01, subsection P, Arizona Revised Statutes, include:

11 1. \$89,877,700 for a qualifying nonstate operated public hospital.
12 The Maricopa county special health care district shall provide a certified
13 public expense form for the amount of qualifying disproportionate share
14 hospital expenditures made on behalf of this state to the administration on
15 or before May 1, 2010 for all state plan years as required by the Arizona
16 health care cost containment system 1115 waiver standard terms and
17 conditions. The administration shall assist the district in determining the
18 amount of qualifying disproportionate share hospital expenditures. Once the
19 administration files a claim with the federal government and receives federal
20 funds participation based on the amount certified by the Maricopa county
21 special health care district, if the certification is equal to or greater
22 than \$89,877,700, the administration shall distribute \$4,202,300 to the
23 Maricopa county special health care district and deposit the balance of the
24 federal funds participation in the state general fund. If the certification
25 provided is for an amount less than \$89,877,700, and the administration
26 determines that the revised amount is correct pursuant to the methodology
27 used by the administration pursuant to section 36-2903.01, Arizona Revised
28 Statutes, the administration shall notify the governor, the president of the
29 senate and the speaker of the house of representatives, shall distribute
30 \$4,202,300 to the Maricopa county special health care district and shall
31 deposit the balance of the federal funds participation in the state general
32 fund. If the certification provided is for an amount less than \$89,877,700
33 and the administration determines that the revised amount is not correct
34 pursuant to the methodology used by the administration pursuant to section
35 36-2903.01, Arizona Revised Statutes, the administration shall notify the
36 governor, the president of the senate and the speaker of the house of
37 representatives and shall deposit the total amount of the federal funds
38 participation in the state general fund.

39 2. \$28,474,900 for the Arizona state hospital. The Arizona state
40 hospital shall provide a certified public expense form for the amount of
41 qualifying disproportionate share hospital expenditures made on behalf of the
42 state to the administration on or before March 31, 2010. The administration
43 shall assist the Arizona state hospital in determining the amount of
44 qualifying disproportionate share hospital expenditures. Once the
45 administration files a claim with the federal government and receives federal

1 funds participation based on the amount certified by the Arizona state
2 hospital, the administration shall distribute the entire amount of federal
3 financial participation to the state general fund. If the certification
4 provided is for an amount less than \$28,474,900, the administration shall
5 notify the governor, the president of the senate and the speaker of the house
6 of representatives and shall distribute the entire amount of federal
7 financial participation to the state general fund. The certified public
8 expense form provided by the Arizona state hospital shall contain both the
9 total amount of qualifying disproportionate share hospital expenditures and
10 the amount limited by section 1923(g) of the social security act.

11 3. \$26,147,700 for private qualifying disproportionate share
12 hospitals.

13 Sec. 22. County acute care contribution; fiscal year 2009-2010

14 A. Notwithstanding section 11-292, Arizona Revised Statutes, for
15 fiscal year 2009-2010 for the provision of hospitalization and medical care,
16 the counties shall contribute the following amounts:

17	1. Apache	\$ 268,800
18	2. Cochise	\$ 2,214,800
19	3. Coconino	\$ 742,900
20	4. Gila	\$ 1,413,200
21	5. Graham	\$ 536,200
22	6. Greenlee	\$ 190,700
23	7. La Paz	\$ 212,100
24	8. Maricopa	\$21,035,400
25	9. Mohave	\$ 1,237,700
26	10. Navajo	\$ 310,800
27	11. Pima	\$14,951,800
28	12. Pinal	\$ 2,715,600
29	13. Santa Cruz	\$ 482,800
30	14. Yavapai	\$ 1,427,800
31	15. Yuma	\$ 1,325,100

32 B. If a county does not provide funding as specified in subsection A
33 of this section, the state treasurer shall subtract the amount owed by the
34 county to the Arizona health care cost containment system fund and the
35 long-term care system fund established by section 36-2913, Arizona Revised
36 Statutes, from any payments required to be made by the state treasurer to
37 that county pursuant to section 42-5029, subsection D, paragraph 2, Arizona
38 Revised Statutes, plus interest on that amount pursuant to section 44-1201,
39 Arizona Revised Statutes, retroactive to the first day the funding was due.
40 If the monies the state treasurer withholds are insufficient to meet that
41 county's funding requirements as specified in subsection A of this section,
42 the state treasurer shall withhold from any other monies payable to that
43 county from whatever state funding source is available an amount necessary to
44 fulfill that county's requirement. The state treasurer shall not withhold

1 distributions from the highway user revenue fund pursuant to title 28,
2 chapter 18, article 2, Arizona Revised Statutes.

3 C. Payment of an amount equal to one-twelfth of the total amount
4 determined pursuant to subsection A of this section shall be made to the
5 state treasurer on or before the fifth day of each month. On request from
6 the director of the Arizona health care cost containment system
7 administration, the state treasurer shall require that up to three months'
8 payments be made in advance, if necessary.

9 D. The state treasurer shall deposit the amounts paid pursuant to
10 subsection C of this section and amounts withheld pursuant to subsection B of
11 this section in the Arizona health care cost containment system fund and the
12 long-term care system fund established by section 36-2913, Arizona Revised
13 Statutes.

14 E. If payments made pursuant to subsection C of this section exceed
15 the amount required to meet the costs incurred by the Arizona health care
16 cost containment system for the hospitalization and medical care of those
17 persons defined as an eligible person pursuant to section 36-2901, paragraph
18 6, subdivisions (a), (b) and (c), Arizona Revised Statutes, the director of
19 the Arizona health care cost containment system administration may instruct
20 the state treasurer either to reduce remaining payments to be paid pursuant
21 to this section by a specified amount or to provide to the counties specified
22 amounts from the Arizona health care cost containment system fund and the
23 long-term care system fund.

24 F. It is the intent of the legislature that the Maricopa county
25 contribution pursuant to subsection A of this section be reduced in each
26 subsequent year according to the changes in the GDP price deflator. For the
27 purposes of this subsection, "GDP price deflator" has the same meaning
28 prescribed in section 41-563, Arizona Revised Statutes.

29 Sec. 23. ALTCS; county contributions; fiscal year 2009-2010

30 Notwithstanding section 11-292, Arizona Revised Statutes, county
31 contributions for the Arizona long-term care system for fiscal year 2009-2010
32 are as follows:

33	1. Apache	\$ 655,700
34	2. Cochise	\$ 5,813,900
35	3. Coconino	\$ 1,967,700
36	4. Gila	\$ 2,410,400
37	5. Graham	\$ 1,577,300
38	6. Greenlee	\$ 147,200
39	7. La Paz	\$ 793,700
40	8. Maricopa	\$164,638,800
41	9. Mohave	\$ 7,461,000
42	10. Navajo	\$ 2,713,000
43	11. Pima	\$ 42,511,400
44	12. Pinal	\$ 13,884,800
45	13. Santa Cruz	\$ 1,987,700

1	14. Yavapai	\$ 8,629,800
2	15. Yuma	\$ 7,697,300
3	Sec. 24. <u>Hospitalization and medical care contribution; fiscal</u>	
4	<u>year 2009-2010</u>	

5 A. Notwithstanding any other law, for fiscal year 2009-2010, beginning
6 with the second monthly distribution of transaction privilege tax revenues,
7 the state treasurer shall withhold one-eleventh of the following amounts from
8 state transaction privilege tax revenues otherwise distributable, after any
9 amounts withheld for the county long-term care contribution or the county
10 administration contribution pursuant to section 11-292, subsection 0, Arizona
11 Revised Statutes, for deposit in the Arizona health care cost containment
12 system fund established by section 36-2913, Arizona Revised Statutes, for the
13 provision of hospitalization and medical care:

14	1. Apache	\$ 87,300
15	2. Cochise	\$ 162,700
16	3. Coconino	\$ 160,500
17	4. Gila	\$ 65,900
18	5. Graham	\$ 46,800
19	6. Greenlee	\$ 12,000
20	7. La Paz	\$ 24,900
21	8. Mohave	\$ 187,400
22	9. Navajo	\$ 122,800
23	10. Pima	\$1,115,900
24	11. Pinal	\$ 218,300
25	12. Santa Cruz	\$ 51,600
26	13. Yavapai	\$ 206,200
27	14. Yuma	\$ 183,900

28 B. If the monies the state treasurer withholds are insufficient to
29 meet that county's funding requirement as specified in subsection A of this
30 section, the state treasurer shall withhold from any other monies payable to
31 that county from whatever state funding source is available an amount
32 necessary to fulfill that county's requirement. The state treasurer shall
33 not withhold distributions from the highway user revenue fund pursuant to
34 title 28, chapter 18, article 2, Arizona Revised Statutes.

35 C. On request from the director of the Arizona health care cost
36 containment system administration, the state treasurer shall require that up
37 to three months' payments be made in advance.

38 D. In fiscal year 2009-2010, the sum of \$2,646,200 withheld pursuant
39 to subsection A of this section is allocated for the county acute care
40 contribution for the provision of hospitalization and medical care services
41 administered by the Arizona health care cost containment system
42 administration.

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

