

ARIZONA HOUSE OF REPRESENTATIVES
Forty-ninth Legislature – Second Regular Session

COMMITTEE ON APPROPRIATIONS

Minutes of Meeting
Wednesday, February 17, 2010
House Hearing Room 1 -- 2:00 p.m.

Chairman Kavanagh called the meeting to order at 2:57 p.m. and attendance was noted by the secretary.

Members Present

Ms. Cajero Bedford	Mr. Jones	Ms. Sinema
Mr. Campbell CL	Mrs. McLain	Mr. Williams
Mr. Court	Mr. Murphy	Mr. Biggs, Vice-Chairman
Mr. Crandall	Mr. Schapira	Mr. Kavanagh, Chairman
Mr. Heinz		

Members Absent

None

Committee Action

HB2038 – DP (11-1-0-1)	HB2500 – DP (7-5-0-1)
HB2240 – DPA S/E (12-0-0-1)	HB2538 – DP FAILED (6-6-0-1)
HB2385 – HELD	HB2587 – DP (12-0-0-1)

CONSIDERATION OF BILLS

HB2385 – schools; ADM calculation – HELD

Chairman Kavanagh announced that HB2385 will be held.

**PRESENTATION ON POTENTIAL MEDICAL HELICOPTER TRANSPORTATION
COST SAVINGS**

Chairman Kavanagh stated that a few weeks ago he was approached by an individual who suggested there could possibly be some budget savings by tightening up the rules for air ambulance service. The average charge is about \$25,000. He said he requested information from the Department of Health Services (DHS) and the Arizona Health Care Cost Containment System (AHCCCS) and asked the Auditor General's Office to monitor the meeting in case some follow-up is necessary.

Dr. Chris Salvino, representing self, gave a presentation that included his background and the findings and recommendations of the State Trauma Advisory Board's Helicopter Review Committee, which he chaired in 2009. He stated that medical air transport has an important role in the state; however, it is inherently dangerous. The volume has increased over the past decade and there is no Certificate of Necessity (CON) required for helicopter licenses. There has been some overuse as 40 percent or greater trauma patients are discharged from the hospital within 24 hours. It is a costly mode of transport. Guidelines were established by the Helicopter Review Committee for safety and medical issues, but not cost. He provided ideas for potential cost savings:

- Transport to the closest trauma center or hospital, for example, do not overfly to a hospital by 40 or 50 miles, and if that is done, AHCCCS should not pay the difference.
- Place discharge doctors on notice that this mode of transportation is important, but it is necessary to be cognizant of resources.
- Usage of revised trauma scores.
- Central Command Center to approve all flights.
- Require all flight programs to co-locate an ambulance next to their helicopter.
- CONs for future helicopter licenses.

Dr. Salvino added that the amount that can be saved is an open question, which depends on what, if any, recommendations are implemented.

Chairman Kavanagh stated that he was told by tribal insurance carriers that air transport costs a lot and it is a concern, but the carriers do not want to get involved in dictating whether someone should be transported by air or ground, which places them in a bad position. He was told that one company was eliminated because it charged over \$1 million for flights from outside the country, so there is some potential for abuse. Chairman Kavanagh noted that he spoke to DHS, which is not involved in regulation; many of the rates and regulations are federal. Even a small percentage of savings could save money in the budget and restore programs the Legislature does not want to cut.

Discussion followed about fixed wing versus rotary transport.

Mr. Heinz stated that as an emergency room physician, he tries to save the \$25,000 whenever it sounds like a patient is stable enough not to fly, but he is often trumped by the provider (usually a physician assistant or nurse practitioner) at the bedside of the patient. Multiple times non-traumatic patients fly in because it is faster. He acknowledged that potential litigation is a factor considered in deciding whether or not air transport is necessary.

Ms. Sinema expressed concern that a press release went out stating that GOP Congressional candidate Dr. Salvino will be testifying before the House Appropriations Committee, which could be perceived by some people as inappropriate.

Chairman Kavanagh commented that he believes Dr. Salvino's extensive background and ideas for potential savings is useful for the Committee to hear.

Duane Huffman, Legislative Liaison, Arizona Department of Health Services (DHS), stated that it is very complicated to license or regulate air ambulances partly because of the Federal

Aviation Administration (FAA). He said he does not believe DHS considered a CON for air ambulances, but it is something that can be looked into.

Roy Ryals, President, Arizona Ambulance Association, stated that members of the Association provide air and ground ambulance service to about 98 percent of the population of Arizona.

Craig Yale, Aero Medical Transport, addressed dispatching, the comment that 40 percent or greater trauma patients are discharged from the hospital within 24 hours and increasing costs versus reimbursement for air transport of AHCCCS patients.

Chairman Kavanagh commented that there may be some abuse of ambulance service in emergency rooms. He is concerned about the lack of a CON, Dr. Salvino's comment during the presentation that some hospitals might transport patients by air because a CAT scan machine is not available, the training level of people calling in the ambulances and the disparity in charges. He wondered if situations occur in which an air ambulance bypasses a Level 1 trauma center to go to one that is further, unless the first one is not available for some reason, and if that is considered abuse.

Dr. Salvino stated that bypassing the closest trauma center to go to another happens on occasion, but not often.

Mr. Yale discussed overflights in relation to the reduction in trauma centers.

Mr. Huffman stated that the FAA does not allow DHS to direct routes or flights, which is what a CON does, so it would be difficult to have a CON for air ambulances.

Chairman Kavanagh remarked that at \$25,000 per flight, he believes there is the potential for savings. He will ask the Auditor General to conduct a study to determine appropriateness of the standards, ground versus air, whether hospitals are spending more for flights than it would cost to purchase a CAT scan machine, etc.

CONSIDERATION OF BILLS (CONTINUED)

HB2587 – school districts; unification assistance – DO PASS

Vice-Chairman Biggs moved that HB2587 do pass.

Mike Huckins, Majority Research Analyst, explained that HB2587 allows a new unified school district to increase the Revenue Control Limit (RCL) and the District Support Level (DSL) over a three-year period (Attachment 1).

Representative Andy Tobin, sponsor, stated that two school districts decided to consolidate. This is a great opportunity to set the pace for other school districts around the state. It is all about putting money into the classroom.

Mr. Crandall commented that some impressive testimony was given in the Education Committee.

Anjali Abraham, Associate Government Affairs Director, Yavapai County School Superintendent's Office, spoke in favor of HB2587. She related that this came about when the governing boards of Mingus Union High School and Cottonwood-Oak Creek Elementary asked the superintendents to look into ways to reduce costs, particularly administrative costs, with the idea of parlaying those dollars back to the classroom. Discussions about shared services led to discussions of voluntary unification. The Mingus Union High School District has a higher salary and benefit structure than Cottonwood-Oak Creek, and about \$1 million is needed to equalize that, which can be accomplished with this bill. In addition, the benefit of unification will leave the school districts with about \$400,000 every year to redirect administrative costs to the classroom. She added that she is not aware of any opposition and requested the Members' support.

Vice-Chairman Biggs announced the names of those who signed up in support of HB2587 but did not speak:

Barbara U'ren, Cottonwood-Oak Creek School District
Lorna Romero, Arizona Chamber of Commerce & Industry
Marv Lamer, Superintendent, Valley Academy for Career and Technology Education
Tim Carter, Yavapai County School Superintendent
Janice Palmer, Governmental Relations Analyst, Arizona School Boards Association

Question was called on the motion that HB2587 do pass. The motion carried by a roll call vote of 12-0-0-1 (Attachment 2).

HB2500 – noncustodial federal monies; legislative appropriation – DO PASS

Vice-Chairman Biggs moved that HB2500 do pass.

Kieren Smyers, Majority Research Intern, explained that HB2500 gives the Legislature the authority to appropriate noncustodial federal monies (Attachment 3).

Vice-Chairman Biggs announced the names of those who signed up in opposition to HB2500 but did not speak:

Virginia Ginter, representing self
Craig McDermott, representing self

Vice-Chairman Biggs announced the names of those who signed up in support of HB2500 but did not speak:

Lorna Romero, Arizona Chamber of Commerce & Industry
Robin Quinn, representing self
Michelle Bolton, Vice President of Public Affairs, Greater Phoenix Chamber of Commerce

Question was called on the motion that HB2500 do pass. The motion carried by a roll call vote of 7-5-0-1 (Attachment 4).

HB2240 – admissibility of expert opinion testimony. – DO PASS AMENDED S/E
S/E: recovery audits

Vice-Chairman Biggs moved that HB2240 do pass.

Vice-Chairman Biggs moved that the Kavanagh two-page S/E amendment to HB2240 dated 2/15/10 (Attachment 5) be adopted.

Mike Huckins, Majority Research Analyst, explained that the S/E amendment to HB2240 requires the Auditor General (AG) to contract with consultants for a recovery audit of state payments made to vendors (Attachment 6). In response to questions, he related that a few companies conduct this type of auditing. A fiscal note was not requested, but the S/E amendment provides for reasonable compensation for services provided under the contract. Most likely it will be a fee based on what the consultant is able to recover.

Mr. Crandall said he understands it will be contingency-based, so there is no cost to the state, but recovery from payments that are due the state.

Vice-Chairman Biggs announced the names of those who signed up as neutral on HB2240 but did not speak:

Chris Salvino, trauma surgeon, representing self

Vice-Chairman Biggs announced the names of those who signed up in support of HB2240 but did not speak:

Wendy Briggs, Lobbyist, Recovery Audit Specialists

Vice-Chairman Biggs announced the names of those who signed up in opposition to HB2240 but did not speak:

Seth Apfel, representing self

Jay Kaprosy, Lobbyist, in support of HB2240, stated that he represents one of many contractors that would be eligible if this S/E amendment passes. This is good business practice based on what has been done in the public and private sector and activity that is being incentivized by actions at the federal level. There would be no fiscal impact to the state; it is hoped that there will be recovery through this that will help with the budget problem. He added that this is a very competitive environment and a number of entities are very capable of carrying out these audits; the bill is not structured in a way to favor any particular contractor.

Vice-Chairman Biggs noted that Subsection F requires notification to certain parties after the Auditor General receives a report from the consultant. He suggested inclusion of the vendor, which Mr. Kaprosy agreed would be helpful.

Mrs. McLain remarked that state agencies are large bureaucracies and there are internal controls, so she is concerned about going to an outside party to see if vendors are being overpaid or not.

Question was called on the motion that the Kavanagh two-page S/E amendment to HB2240 dated 2/15/10 (Attachment 5) be adopted. The motion carried.

Vice-Chairman Biggs moved that HB2240 as amended do pass. The motion carried by a roll call vote of 12-0-0-1 (Attachment 7).

HB2038 – residential contractors’ recovery fund – DO PASS

Vice-Chairman Biggs moved that HB2038 do pass.

Daniel Gonzalez-Plumhoff, Majority Assistant Research Analyst, explained that HB2038 allows the Registrar of Contractors (ROC) to allocate 14 percent of prior fiscal year revenues deposited into the Residential Contractor’s Recovery Fund for operational and administrative purposes (Attachment 8).

Chairman Kavanagh stated there was discussion about the percentage to be allocated (between 10 and 14 percent), which may be amended later.

Scot Mussi, Deputy Director of Legislative Affairs, Home Builders Association of Central Arizona, neutral on HB2038, related that the Association is concerned that if there is not much money available for payouts, too much of it should not be used for administration. The ROC is concerned that without administration, payouts cannot be made. He believes an agreement was reached with the ROC, which will probably be addressed in a Floor amendment.

Vice-Chairman Biggs announced the names of those who signed up in support of HB2038 but did not speak:

Virginia Ginter, representing self

David Jones, President/Chief Executive Officer, Arizona Contractors Association, Incorporated

Vice-Chairman Biggs announced the names of those who signed up as neutral on HB2038 but did not speak:

Tyler Palmer, Registrar of Contractors

Question was called on the motion that HB2038 do pass. The motion carried by a roll call vote of 11-1-0-1 (Attachment 9).

HB2538 – federal mandates; proof of constitutionality – DO PASS- FAILED

Vice-Chairman Biggs moved that HB2538 do pass.

Kieren Smyers, Majority Research Intern, explained that HB2538 prohibits appropriating state money pursuant to a federal mandate without a federal report regarding the constitutionality of the mandate (Attachment 10).

Mike Huckins, Majority Research Analyst, in response to a question, advised that the bill prohibits the Legislature from appropriating monies unless the report is related to the mandate by the federal government.

Ms. Sinema suggested including language stating that if the bill passes someone will send a note to the federal government advising of this requirement.

Chairman Kavanagh asked staff to ask the Sponsor to deal with that issue.

Vice-Chairman Biggs announced the names of those who signed up in opposition to HB2538 but did not speak:

Virginia Ginter, representing self

Seth Apfel, representing self

Question was called on the motion that HB2538 do pass. The motion failed by a roll call vote of 6-6-0-1 (Attachment 11).

Without objection, the meeting adjourned at 4:40 p.m.

Linda Taylor, Committee Secretary
March 4, 2010

(Original minutes, attachments and audio on file in the Chief Clerk's Office; video archives available at <http://www.azleg.gov>)