

REFERENCE TITLE: health; welfare; budget reconciliation; 2012-2013

State of Arizona
House of Representatives
Fiftieth Legislature
Second Regular Session
2012

HB 2857

Introduced by
Representative Kavanagh (with permission of Committee on Rules)

AN ACT

AMENDING SECTION 35-142.01, ARIZONA REVISED STATUTES; AMENDING LAWS 2011,
CHAPTER 31, SECTION 34; MAKING A TRANSFER; 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 35-142.01, Arizona Revised Statutes, is amended to
3 read:

4 35-142.01. Reimbursement of appropriated funds; receipt and
5 deposit; prohibition

6 A. EXCEPT AS PROVIDED IN SUBSECTION B OF THIS SECTION, when monies are
7 appropriated to a budget unit for a specific program or purpose ~~which~~ THAT is
8 subject to reimbursement in whole or in part from federal monies or any other
9 source, and ~~which~~ THAT is so noted in the appropriation bill, the budget
10 unit, upon receipt of such reimbursement, shall deposit the monies, pursuant
11 to sections 35-146 and 35-147, in the state general fund or the fund from
12 which the appropriation was originally made. If the reimbursement is not
13 noted in the appropriation bill, it may be credited to the account out of
14 which the expenditure was incurred if the director of the budget unit
15 determines that reimbursement within the fiscal year is necessary for
16 operation of the budget unit and was not specifically considered and rejected
17 by the legislature at the time of appropriating monies to the budget unit.
18 The director of the budget unit shall notify the joint legislative budget
19 committee, the governor's office of strategic planning and budgeting and the
20 state comptroller in writing of determinations made pursuant to this section.

21 B. WHEN MONIES ARE APPROPRIATED TO THE ARIZONA HEALTH CARE COST
22 CONTAINMENT SYSTEM ADMINISTRATION OR THE DEPARTMENT OF HEALTH SERVICES AND
23 THE SPECIFIC PROGRAM OR PURPOSE FOR WHICH THE MONIES ARE APPROPRIATED IS
24 SUBJECT TO REIMBURSEMENT FOR RECONCILIATION PAYMENTS FROM OR PENALTIES
25 AGAINST PROGRAM CONTRACTORS OR HEALTH PLANS, THE DEPARTMENT OR
26 ADMINISTRATION, ON RECEIPT OF SUCH REIMBURSEMENT, SHALL DEPOSIT THE MONIES,
27 PURSUANT TO SECTIONS 35-146 AND 35-147, IN THE STATE GENERAL FUND OR THE FUND
28 FROM WHICH THE APPROPRIATION WAS ORIGINALLY MADE. THE ARIZONA HEALTH CARE
29 COST CONTAINMENT SYSTEM ADMINISTRATION AND THE DEPARTMENT OF HEALTH SERVICES
30 ARE PROHIBITED FROM ALLOWING RECONCILIATION PAYMENTS FROM OR PENALTIES
31 AGAINST PROGRAM CONTRACTORS OR HEALTH PLANS TO BE CREDITED AGAINST FUTURE
32 PAYMENTS TO THE PROGRAM CONTRACTOR OR HEALTH PLAN.

33 Sec. 2. Laws 2011, chapter 31, section 34 is amended to read:

34 Sec. 34. Exemption from rule making; Arizona health care cost
35 containment system; retroactivity

36 A. Notwithstanding any other law, the Arizona health care cost
37 containment system is authorized to adopt rules necessary to implement a
38 program within available appropriations and is exempt from the rule making
39 requirements of title 41, chapter 6, Arizona Revised Statutes, through ~~June~~
40 ~~30, 2013~~ JANUARY 1, 2012 for the following purposes:

- 41 1. Making changes to the amount, duration or scope of services
42 provided pursuant to section 36-2907, subsection D, Arizona Revised Statutes.
- 43 2. Establishing and maintaining rules regarding standards, methods and
44 procedures for determining eligibility necessary to implement a program
45 within the available appropriation.

1 3. Making changes to reimbursement rates and methodologies, including
2 rules relating to cost sharing responsibilities of eligible persons.

3 4. Implementing any provisions of this act.

4 B. The agency shall provide public notice and an opportunity for
5 public comment on proposed rules at least thirty days before rules are
6 adopted or amended pursuant to this section.

7 C. The Arizona health care cost containment system administration is
8 exempt from the rule making requirements of title 41, chapter 6, Arizona
9 Revised Statutes, for one year after ~~the effective date of this act,~~ JULY 20,
10 2011 to implement the requirements of section 36-2903.01, subsection H,
11 Arizona Revised Statutes, ~~as amended by this act.~~

12 D. ANY RULES ADOPTED BY THE ARIZONA HEALTH CARE COST CONTAINMENT
13 SYSTEM ADMINISTRATION IMPLEMENTING PROGRAM CHANGES PURSUANT TO THIS SECTION
14 SHALL CONTINUE IN EFFECT THROUGH JUNE 30, 2013. AFTER JUNE 30, 2013, THE
15 ADMINISTRATION MAY NOT CONTINUE ANY PROGRAM CHANGES MADE PURSUANT TO THIS
16 SECTION WITHOUT SPECIFIC STATUTORY AUTHORIZATION.

17 ~~D-~~ E. This section ~~is effective,~~ AS AMENDED BY THIS ACT, APPLIES
18 retroactively to ~~April 1, 2011~~ JANUARY 1, 2012.

19 Sec. 3. ALTCs; county contributions; fiscal year 2012-2013

20 A. Notwithstanding section 11-292, Arizona Revised Statutes, county
21 contributions for the Arizona long-term care system for fiscal year 2012-2013
22 are as follows:

23	1. Apache	\$ 611,200
24	2. Cochise	\$ 5,266,800
25	3. Coconino	\$ 1,834,500
26	4. Gila	\$ 2,146,400
27	5. Graham	\$ 1,434,200
28	6. Greenlee	\$ 192,800
29	7. La Paz	\$ 625,200
30	8. Maricopa	\$148,533,600
31	9. Mohave	\$ 8,000,100
32	10. Navajo	\$ 2,529,300
33	11. Pima	\$ 39,316,400
34	12. Pinal	\$ 15,081,500
35	13. Santa Cruz	\$ 1,904,900
36	14. Yavapai	\$ 8,450,900
37	15. Yuma	\$ 7,292,700

38 B. If the overall cost for the Arizona long-term care services line
39 item exceeds the amount specified in the general appropriations act for
40 fiscal year 2012-2013, the state treasurer shall collect from the counties
41 the difference between the amount specified in subsection A of this section
42 and the counties' share of the state's actual contribution. The counties'
43 share of the state contribution shall be in compliance with any federal
44 maintenance of effort requirements. The director of the Arizona health care
45 cost containment system administration shall notify the state treasurer of

1 the counties' share of the state's contribution and report the amount to the
2 director of the joint legislative budget committee. The state treasurer
3 shall withhold from any other monies payable to that county from whatever
4 state funding source is available an amount necessary to fulfill that
5 county's requirement specified in this subsection. The state treasurer shall
6 not withhold distributions from the highway user revenue fund pursuant to
7 title 28, chapter 18, article 2, Arizona Revised Statutes. The state
8 treasurer shall deposit the amounts withheld pursuant to this subsection and
9 amounts paid pursuant to subsection A of this section in the long-term care
10 system fund established by section 36-2913, Arizona Revised Statutes.

11 Sec. 4. Sexually violent persons; county reimbursement; fiscal
12 year 2012-2013; deposit; tax withholding

13 A. Notwithstanding any other law, if this state pays the costs of a
14 commitment of an individual determined to be sexually violent by the court,
15 the county shall reimburse the department of health services for fifty per
16 cent of these costs for fiscal year 2012-2013.

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

21 C. Each county shall make the reimbursements for these costs as
22 specified in subsection A of this section within thirty days after a request
23 by the department of health services. If the county does not make the
24 reimbursement, the superintendent of the Arizona state hospital shall notify
25 the state treasurer of the amount owed and the treasurer shall withhold the
26 amount, including any additional interest as provided in section 42-1123,
27 Arizona Revised Statutes, from any transaction privilege tax distributions to
28 the county. The treasurer shall deposit the withholdings, pursuant to
29 sections 35-146 and 35-147, Arizona Revised Statutes, in the Arizona state
30 hospital fund established by section 36-545.08, Arizona Revised Statutes.

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

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

37 Sec. 5. Competency restoration treatment; city and county
38 reimbursement; fiscal year 2012-2013; deposit; tax
39 withholding

40 A. Notwithstanding section 13-4512, Arizona Revised Statutes, if this
41 state pays the costs of a defendant's inpatient competency restoration
42 treatment pursuant to section 13-4512, Arizona Revised Statutes, the city or
43 county shall reimburse the department of health services for one hundred per
44 cent of these costs for fiscal year 2012-2013.

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

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

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

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

22 Sec. 6. State employee health benefits

23 For fiscal year 2012-2013, the department of administration shall not
24 implement a differentiated health insurance premium based on the integrated
25 or nonintegrated status of a health insurance provider available through the
26 state employee health insurance program.

27 Sec. 7. AHCCCS: disproportionate share payments

28 A. Disproportionate share payments for fiscal year 2012-2013 made
29 pursuant to section 36-2903.01, subsection P, Arizona Revised Statutes,
30 include:

31 1. \$89,877,700 for a qualifying nonstate operated public hospital.
32 The Maricopa county special health care district shall provide a certified
33 public expense form for the amount of qualifying disproportionate share
34 hospital expenditures made on behalf of this state to the administration on
35 or before May 1, 2013 for all state plan years as required by the Arizona
36 health care cost containment system 1115 waiver standard terms and
37 conditions. The administration shall assist the district in determining the
38 amount of qualifying disproportionate share hospital expenditures. Once the
39 administration files a claim with the federal government and receives federal
40 funds participation based on the amount certified by the Maricopa county
41 special health care district, if the certification is equal to or greater
42 than \$89,877,700, the administration shall distribute \$4,202,300 to the
43 Maricopa county special health care district and deposit the balance of the
44 federal funds participation in the state general fund. If the certification
45 provided is for an amount less than \$89,877,700, and the administration

1 determines that the revised amount is correct pursuant to the methodology
2 used by the administration pursuant to section 36-2903.01, Arizona Revised
3 Statutes, the administration shall notify the governor, the president of the
4 senate and the speaker of the house of representatives, shall distribute
5 \$4,202,300 to the Maricopa county special health care district and shall
6 deposit the balance of the federal funds participation in the state general
7 fund. If the certification provided is for an amount less than \$89,877,700
8 and the administration determines that the revised amount is not correct
9 pursuant to the methodology used by the administration pursuant to section
10 36-2903.01, Arizona Revised Statutes, the administration shall notify the
11 governor, the president of the senate and the speaker of the house of
12 representatives and shall deposit the total amount of the federal funds
13 participation in the state general fund.

14 2. \$28,474,900 for the Arizona state hospital. The Arizona state
15 hospital shall provide a certified public expense form for the amount of
16 qualifying disproportionate share hospital expenditures made on behalf of the
17 state to the administration on or before March 31, 2013. The administration
18 shall assist the Arizona state hospital in determining the amount of
19 qualifying disproportionate share hospital expenditures. Once the
20 administration files a claim with the federal government and receives federal
21 funds participation based on the amount certified by the Arizona state
22 hospital, the administration shall distribute the entire amount of federal
23 financial participation to the state general fund. If the certification
24 provided is for an amount less than \$28,474,900, the administration shall
25 notify the governor, the president of the senate and the speaker of the house
26 of representatives and shall distribute the entire amount of federal
27 financial participation to the state general fund. The certified public
28 expense form provided by the Arizona state hospital shall contain both the
29 total amount of qualifying disproportionate share hospital expenditures and
30 the amount limited by section 1923(g) of the social security act.

31 3. \$9,284,800 for private qualifying disproportionate share hospitals.
32 The Arizona health care cost containment system administration shall make
33 payments to hospitals consistent with this appropriation and the terms of the
34 section 1115 waiver, however, payments shall be limited to those hospitals
35 that either:

36 (a) Meet the mandatory definition of disproportionate share qualifying
37 hospitals under section 1923 of the social security act.

38 (b) Are located in Yuma county and contain at least three hundred
39 beds.

40 B. Disproportionate share payments in fiscal year 2012-2013 made
41 pursuant to section 36-2903.01, subsection D, Arizona Revised Statutes,
42 include amounts for disproportionate share hospitals designated by political
43 subdivisions of this state, tribal governments and any university under the
44 jurisdiction of the Arizona board of regents. Contingent on approval by the
45 administration and the centers for medicare and medicaid services, any amount

1 of federal funding allotted to this state pursuant to section 1923(f) of the
2 social security act and not otherwise expended under subsection A, paragraph
3 1, 2 or 3 of this section shall be made available for distribution pursuant
4 to this subsection. Political subdivisions of this state, tribal governments
5 and any university under the jurisdiction of the Arizona board of regents may
6 designate hospitals eligible to receive disproportionate share funds in an
7 amount up to the limit prescribed in section 1923(g) of the social security
8 act if those political subdivisions, tribal governments or universities
9 provide sufficient monies to qualify for the matching federal monies for the
10 disproportionate share payments.

11 Sec. 8. AHCCCS transfer; counties; federal monies

12 On or before December 31, 2013, notwithstanding any other law, for
13 fiscal year 2012-2013 the Arizona health care cost containment system
14 administration shall transfer to the counties such portion, if any, as may be
15 necessary to comply with section 10201(c)(6) of the patient protection and
16 affordable care act (P.L. 111-148), regarding the counties' proportional
17 share of the state's contribution.

18 Sec. 9. County acute care contribution; fiscal year 2012-2013

19 A. Notwithstanding section 11-292, Arizona Revised Statutes, for
20 fiscal year 2012-2013 for the provision of hospitalization and medical care,
21 the counties shall contribute the following amounts:

22	1. Apache	\$ 268,800
23	2. Cochise	\$ 2,214,800
24	3. Coconino	\$ 742,900
25	4. Gila	\$ 1,413,200
26	5. Graham	\$ 536,200
27	6. Greenlee	\$ 190,700
28	7. La Paz	\$ 212,100
29	8. Maricopa	\$20,225,200
30	9. Mohave	\$ 1,237,700
31	10. Navajo	\$ 310,800
32	11. Pima	\$14,951,800
33	12. Pinal	\$ 2,715,600
34	13. Santa Cruz	\$ 482,800
35	14. Yavapai	\$ 1,427,800
36	15. Yuma	\$ 1,325,100

37 B. If a county does not provide funding as specified in subsection A
38 of this section, the state treasurer shall subtract the amount owed by the
39 county to the Arizona health care cost containment system fund and the
40 long-term care system fund established by section 36-2913, Arizona Revised
41 Statutes, from any payments required to be made by the state treasurer to
42 that county pursuant to section 42-5029, subsection D, paragraph 2, Arizona
43 Revised Statutes, plus interest on that amount pursuant to section 44-1201,
44 Arizona Revised Statutes, retroactive to the first day the funding was due.
45 If the monies the state treasurer withholds are insufficient to meet that

1 county's funding requirements as specified in subsection A of this section,
2 the state treasurer shall withhold from any other monies payable to that
3 county from whatever state funding source is available an amount necessary to
4 fulfill that county's requirement. The state treasurer shall not withhold
5 distributions from the highway user revenue fund pursuant to title 28,
6 chapter 18, article 2, Arizona Revised Statutes.

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

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

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

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

33 Sec. 10. Hospitalization and medical care contribution; fiscal
34 year 2012-2013

35 A. Notwithstanding any other law, for fiscal year 2012-2013, beginning
36 with the second monthly distribution of transaction privilege tax revenues,
37 the state treasurer shall withhold one-eleventh of the following amounts from
38 state transaction privilege tax revenues otherwise distributable, after any
39 amounts withheld for the county long-term care contribution or the county
40 administration contribution pursuant to section 11-292, subsection 0, Arizona
41 Revised Statutes, for deposit in the Arizona health care cost containment
42 system fund established by section 36-2913, Arizona Revised Statutes, for the
43 provision of hospitalization and medical care:

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

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

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

25 D. In fiscal year 2012-2013, the sum of \$2,646,200 withheld pursuant
26 to subsection A of this section is allocated for the county acute care
27 contribution for the provision of hospitalization and medical care services
28 administered by the Arizona health care cost containment system
29 administration.

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

32 Sec. 11. Proposition 204 administration; county expenditure
33 limitation

34 County contributions for the administrative costs of implementing
35 sections 36-2901.01 and 36-2901.04, Arizona Revised Statutes, that are made
36 pursuant to section 11-292, subsection O, Arizona Revised Statutes, are
37 excluded from the county expenditure limitations.

38 Sec. 12. AHCCCS; ambulance services; reimbursement

39 Notwithstanding section 36-2239, subsection H, Arizona Revised
40 Statutes, for dates of service on and after October 1, 2012 through September
41 30, 2013, the Arizona health care cost containment system administration and
42 its contractors shall reimburse ambulance service providers in an amount
43 equal to 72.2 per cent of the amounts prescribed by the department of health
44 services.

1 Sec. 18. Intent: implementation of program

2 It is the intent of the legislature that for fiscal year 2012-2013 the
3 Arizona health care cost containment system administration implement a
4 program within the available appropriation.

5 Sec. 19. Intent: false claims act; savings

6 It is the intent of the legislature that the Arizona health care cost
7 containment system administration comply with the federal false claims act
8 and maximize savings in, and continue to consider best available technologies
9 in detecting fraud in, the administration's programs.