

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

State of Arizona
Senate
Fiftieth Legislature
Second Regular Session
2012

SB 1528

Introduced by
Senators Shooter, Biggs, Pierce S (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12 which the appropriation was originally made.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28 FROM WHICH THE APPROPRIATION WAS ORIGINALLY MADE.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.

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

4. Implementing any provisions of this act.

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

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

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

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

Sec. 3. ALTCS; county contributions; fiscal year 2012-2013

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

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

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

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

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

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

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

Sec. 6. State employee health benefits

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

Sec. 7. AHCCCS: disproportionate share payments

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

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

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

Sec. 8. AHCCCS transfer; counties; federal monies

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

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

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

1. Apache	\$ 268,800
2. Cochise	\$ 2,214,800
3. Coconino	\$ 742,900
4. Gila	\$ 1,413,200
5. Graham	\$ 536,200
6. Greenlee	\$ 190,700
7. La Paz	\$ 212,100
8. Maricopa	\$20,225,200
9. Mohave	\$ 1,237,700
10. Navajo	\$ 310,800
11. Pima	\$14,951,800
12. Pinal	\$ 2,715,600
13. Santa Cruz	\$ 482,800
14. Yavapai	\$ 1,427,800
15. Yuma	\$ 1,325,100

B. If a county does not provide funding as specified in subsection A of this section, the state treasurer shall subtract the amount owed by the county to the Arizona health care cost containment system fund and the long-term care system fund established by section 36-2913, Arizona Revised Statutes, from any payments required to be made by the state treasurer to that county pursuant to section 42-5029, subsection D, paragraph 2, Arizona Revised Statutes, plus interest on that amount pursuant to section 44-1201, Arizona Revised Statutes, retroactive to the first day the funding was due. 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. 13. AHCCCS; risk contingency rate setting

2 Notwithstanding any other law, for the contract year beginning
3 October 1, 2012 and ending September 30, 2013, the Arizona health care cost
4 containment system administration may continue the risk contingency rate
5 setting for all managed care organizations and the funding for all managed
6 care organizations administrative funding levels that was imposed for the
7 contract year beginning October 1, 2010 and ending September 30, 2011.

8 Sec. 14. AHCCCS; social security administration; medicare
9 liability waiver

10 The Arizona health care cost containment system may participate in any
11 special disability workload 1115 demonstration waiver offered by the centers
12 for medicare and medicaid services. Any credits provided by the 1115
13 demonstration waiver process are to be used in the fiscal year when such
14 credits are made available to fund the state share of any medical assistance
15 expenditures that qualify for federal financial participation under the
16 medicaid program. The Arizona health care cost containment system
17 administration shall report the receipt of any credits to the director of the
18 joint legislative budget committee by December 31, 2012 and June 30, 2013.

19 Sec. 15. Child care assistance eligibility; notification

20 Notwithstanding section 46-803, Arizona Revised Statutes, for fiscal
21 year 2012-2013, the department of economic security may reduce maximum income
22 eligibility levels for child care assistance in order to manage within
23 appropriated and available monies. The department of economic security shall
24 notify the joint legislative budget committee of any change in maximum income
25 eligibility levels for child care within fifteen days after implementing the
26 change.

27 Sec. 16. Department of economic security; drug testing; TANF
28 cash benefits recipients

29 During fiscal year 2012-2013, the department of economic security shall
30 screen and test each adult recipient who is otherwise eligible for temporary
31 assistance for needy families cash benefits and who the department has
32 reasonable cause to believe engages in the illegal use of controlled
33 substances. Any recipient who is found to have tested positive for the use
34 of a controlled substance that was not prescribed for the recipient by a
35 licensed health care provider is ineligible to receive benefits for a period
36 of one year.

37 Sec. 17. Dental self-insurance; review

38 For fiscal year 2012-2013, prior to self-insuring a dental plan as
39 authorized by section 38-651, Arizona Revised Statutes, the department of
40 administration shall submit a plan for dental self-insurance to the joint
41 legislative budget committee for review. The plan shall include an analysis
42 of the costs and benefits associated with switching to self-insurance
43 compared to other insurance options, including the options in place at the
44 time of the change.

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.