

REFERENCE TITLE: children's health insurance program; appropriations

State of Arizona
House of Representatives
Fifty-first Legislature
Second Regular Session
2014

HB 2532

Introduced by
Representatives Alston, Cardenas, Contreras, Escamilla, Gabaldón,
Gonzales, Hernández, Miranda, Peshlakai, Quezada, Senator Gallardo:
Representatives Campbell, Gallego, Larkin, Mach, McCune Davis, Mendez,
Meyer, Otondo, Saldate, Sherwood, Steele

AN ACT

AMENDING SECTION 36-2982, ARIZONA REVISED STATUTES; REPEALING SECTION 36-2985, ARIZONA REVISED STATUTES; AMENDING SECTION 36-2986, ARIZONA REVISED STATUTES; MAKING APPROPRIATIONS; RELATING TO THE CHILDREN'S HEALTH INSURANCE PROGRAM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 36-2982, Arizona Revised Statutes, is amended to
3 read:

4 36-2982. Children's health insurance program; administration;
5 nonentitlement; enrollment; eligibility

6 A. The children's health insurance program is established for children
7 who are eligible pursuant to section 36-2981, paragraph 6. The
8 administration shall administer the program. All covered services shall be
9 provided by health plans that have contracts with the administration pursuant
10 to section 36-2906, by a qualifying plan or by either tribal facilities or
11 the Indian health service for Native Americans who are eligible for the
12 program and who elect to receive services through the Indian health service
13 or a tribal facility.

14 B. This article does not create a legal entitlement for any applicant
15 or member who is eligible for the program. ~~Total enrollment is limited based~~
16 ~~on the annual appropriations made by the legislature and the enrollment cap~~
17 ~~prescribed in section 36-2985.~~

18 C. The director shall take all steps necessary to implement the
19 administrative structure for the program and to begin delivering services to
20 persons within sixty days after approval of the state plan by the United
21 States department of health and human services.

22 D. The administration shall perform eligibility determinations for
23 persons applying for eligibility and annual redeterminations for continued
24 eligibility pursuant to this article.

25 E. The administration shall adopt rules for the collection of
26 copayments from members whose income does not exceed one hundred fifty per
27 cent of the federal poverty level and for the collection of copayments and
28 premiums from members whose income exceeds one hundred fifty per cent of the
29 federal poverty level. The director shall adopt rules for disenrolling a
30 member if the member does not pay the premium required pursuant to this
31 section. The director shall adopt rules to prescribe the circumstances under
32 which the administration shall grant a hardship exemption to the
33 disenrollment requirements of this subsection for a member who is no longer
34 able to pay the premium.

35 F. Before enrollment, a member, or if the member is a minor, that
36 member's parent or legal guardian, shall select an available health plan in
37 the member's geographic service area or a qualifying health plan offered in
38 the county, and may select a primary care physician or primary care
39 practitioner from among the available physicians and practitioners
40 participating with the contractor in which the member is enrolled. The
41 contractors shall only reimburse costs of services or related services
42 provided by or under referral from a primary care physician or primary care
43 practitioner participating in the contract in which the member is enrolled,
44 except for emergency services that shall be reimbursed pursuant to section

1 36-2987. The director shall establish requirements as to the minimum time
2 period that a member is assigned to specific contractors.

3 G. Eligibility for the program is creditable coverage as defined in
4 section 20-1379.

5 ~~H. On application for eligibility for the program, the member, or if
6 the member is a minor, the member's parent or guardian, shall receive an
7 application for and a program description of the premium sharing program.~~

8 ~~I.~~ H. Notwithstanding section 36-2983, the administration may
9 purchase for a member employer-sponsored group health insurance with state
10 and federal monies available pursuant to this article, subject to any
11 restrictions imposed by the ~~federal health care financing administration~~
12 **CENTERS FOR MEDICARE AND MEDICAID SERVICES**. This subsection does not apply
13 to members who are eligible for health benefits coverage under a state health
14 benefits plan based on a family member's employment with a public agency in
15 this state.

16 Sec. 2. Repeal

17 Section ~~36-2985~~, Arizona Revised Statutes, is repealed.

18 Sec. 3. Section 36-2986, Arizona Revised Statutes, is amended to read:

19 ~~36-2986.~~ Administration; powers and duties of director

20 A. The director has full operational authority to adopt rules or to
21 use the appropriate rules adopted for article 1 of this chapter to implement
22 this article, including any of the following:

23 1. Contract administration and oversight of contractors.

24 2. Development of a complete system of accounts and controls for the
25 program, including provisions designed to ensure that covered health and
26 medical services provided through the system are not used unnecessarily or
27 unreasonably, including inpatient behavioral health services provided in a
28 hospital.

29 3. Establishment of peer review and utilization review functions for
30 all contractors.

31 4. Development and management of a contractor payment system.

32 5. Establishment and management of a comprehensive system for assuring
33 quality of care.

34 6. Establishment and management of a system to prevent fraud by
35 members, contractors and health care providers.

36 7. Development of an outreach program. The administration shall
37 coordinate with public and private entities to provide outreach services for
38 children under this article. Priority shall be given to those families who
39 are moving off welfare. Outreach activities shall include strategies to
40 inform communities, including tribal communities, about the program, ensure a
41 wide distribution of applications and provide training for other entities to
42 assist with the application process.

43 8. Coordination of benefits provided under this article for any
44 member. The director may require that contractors and noncontracting
45 providers are responsible for the coordination of benefits for services

1 provided under this article. Requirements for coordination of benefits by
2 noncontracting providers under this section are limited to coordination with
3 standard health insurance and disability insurance policies and similar
4 programs for health coverage. The director may require members to assign to
5 the administration rights to all types of medical benefits to which the
6 person is entitled, including first-party medical benefits under automobile
7 insurance policies. The state has a right of subrogation against any other
8 person or firm to enforce the assignment of medical benefits. The provisions
9 of this paragraph are controlling over the provisions of any insurance policy
10 that provides benefits to a member if the policy is inconsistent with this
11 paragraph.

12 9. Development and management of an eligibility, enrollment and
13 redetermination system, including a process for quality control.

14 10. Establishment and maintenance of an encounter claims system that
15 ensures that ninety per cent of the clean claims are paid within thirty days
16 after receipt and ninety-nine per cent of the remaining clean claims are paid
17 within ninety days after receipt by the administration or contractor unless
18 an alternative payment schedule is agreed to by the contractor and the
19 provider. For the purposes of this paragraph, "clean claims" has the same
20 meaning prescribed in section 36-2904, subsection G.

21 11. Establishment of standards for the coordination of medical care and
22 member transfers.

23 12. Requiring contractors to submit encounter data in a form specified
24 by the director.

25 13. Assessing civil penalties for improper billing as prescribed in
26 section 36-2903.01, subsection K.

27 B. Notwithstanding any other law, if Congress amends title XXI of the
28 social security act and the administration is required to make conforming
29 changes to rules adopted pursuant to this article, the administration shall
30 request a hearing with the joint health committee of reference for review of
31 the proposed rule changes.

32 C. The director may subcontract distinct administrative functions to
33 one or more persons who may be contractors within the system.

34 D. The director shall require as a condition of a contract with any
35 contractor that all records relating to contract compliance are available for
36 inspection by the administration and that these records be maintained by the
37 contractor for five years. The director shall also require that these
38 records are available by a contractor on request of the secretary of the
39 United States department of health and human services.

40 E. Subject to existing law relating to privilege and protection, the
41 director shall prescribe by rule the types of information that are
42 confidential and circumstances under which this information may be used or
43 released, including requirements for physician-patient confidentiality.
44 Notwithstanding any other law, these rules shall be designed to provide for
45 the exchange of necessary information for the purposes of eligibility

1 determination under this article. Notwithstanding any other law, a member's
2 medical record shall be released without the member's consent in situations
3 of suspected cases of fraud or abuse relating to the system to an officer of
4 this state's certified Arizona health care cost containment system fraud
5 control unit who has submitted a written request for the medical record.

6 F. The director shall provide for the transition of members between
7 contractors and noncontracting providers and the transfer of members who have
8 been determined eligible from hospitals that do not have contracts to care
9 for these persons.

10 G. To the extent that services are furnished pursuant to this article,
11 a contractor is not subject to title 20 unless the contractor is a qualifying
12 plan and has elected to provide services pursuant to this article.

13 H. As a condition of a contract, the director shall require contract
14 terms that are necessary to ensure adequate performance by the contractor.
15 Contract provisions required by the director include the maintenance of
16 deposits, performance bonds, financial reserves or other financial security.
17 The director may waive requirements for the posting of bonds or security for
18 contractors who have posted other security, equal to or greater than that
19 required by the administration, with a state agency for the performance of
20 health service contracts if monies would be available from that security for
21 the system on default by the contractor.

22 I. The director shall establish solvency requirements in contract that
23 may include withholding or forfeiture of payments to be made to a contractor
24 by the administration for the failure of the contractor to comply with a
25 provision of the contract with the administration. The director may also
26 require contract terms allowing the administration to operate a contractor
27 directly under circumstances specified in the contract. The administration
28 shall operate the contractor only as long as it is necessary to assure
29 delivery of uninterrupted care to members enrolled with the contractor and to
30 accomplish the orderly transition of members to other contractors or until
31 the contractor reorganizes or otherwise corrects the contract performance
32 failure. The administration shall not operate a contractor unless, before
33 that action, the administration delivers notice to the contractor providing
34 an opportunity for a hearing in accordance with procedures established by the
35 director. Notwithstanding the provisions of a contract, if the
36 administration finds that the public health, safety or welfare requires
37 emergency action, it may operate as the contractor on notice to the
38 contractor and pending an administrative hearing, which it shall promptly
39 institute.

40 J. For the sole purpose of matters concerning and directly related to
41 this article, the administration is exempt from section 41-192.

42 K. The director may withhold payments to a noncontracting provider if
43 the noncontracting provider does not comply with this article or adopted
44 rules that relate to the specific services rendered and billed to the
45 administration.

1 L. The director shall:

2 1. Prescribe uniform forms to be used by all contractors and furnish
3 uniform forms and procedures, including methods of identification of members.
4 The rules shall include requirements that an applicant personally complete or
5 assist in the completion of eligibility application forms, except in
6 situations in which the person is disabled.

7 2. By rule, establish a grievance and appeal procedure that conforms
8 with the process and the time frames specified in article 1 of this chapter.
9 ~~If the program is suspended or terminated pursuant to section 36-2985, an~~
10 ~~applicant or member is not entitled to contest the denial, suspension or~~
11 ~~termination of eligibility for the program.~~

12 3. Apply for and accept federal monies available under title XXI of
13 the social security act. Available state monies appropriated to the
14 administration for the operation of the program shall be used as matching
15 monies to secure federal monies pursuant to this subsection.

16 M. The administration is entitled to all rights provided to the
17 administration for liens and release of claims as specified in sections
18 36-2915 and 36-2916 and shall coordinate benefits pursuant to section
19 36-2903, subsection F and be a payor of last resort for persons who are
20 eligible pursuant to this article.

21 N. The director shall follow the same procedures for review
22 committees, immunity and confidentiality that are prescribed in article 1 of
23 this chapter.

24 Sec. 4. Appropriations; AHCCCS; children's health insurance
25 program

26 The sum of \$15,623,200 is appropriated from the state general fund in
27 fiscal year 2014-2015 and the sum of \$54,451,600 is appropriated from the
28 children's health insurance program fund in fiscal year 2014-2015 to the
29 Arizona health care cost containment system administration for children's
30 health insurance program services prescribed pursuant to title 36, chapter
31 29, article 4, Arizona Revised Statutes.