

REFERENCE TITLE: health; welfare; budget reconciliation; 2014-2015.

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

HB 2705

Introduced by
Representatives Kavanagh, Boyer, Kwasman, Olson, Ugenti (with permission
of Committee on Rules)

AN ACT

AMENDING TITLE 36, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-108.01; AMENDING SECTION 36-2903.01, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 29, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2903.08; AMENDING SECTIONS 36-2913 AND 36-3415, ARIZONA REVISED STATUTES; REPEALING LAWS 2013, FIRST SPECIAL SESSION, CHAPTER 10, SECTION 41; 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. Title 36, chapter 1, article 1, Arizona Revised Statutes,
3 is amended by adding section 36-108.01, to read:

4 36-108.01. Department of health services intergovernmental
5 agreement/county contributions fund; annual report

6 ON OR BEFORE OCTOBER 1, 2014, THE DIRECTORS OF THE JOINT LEGISLATIVE
7 BUDGET COMMITTEE AND THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND
8 BUDGETING SHALL AGREE TO THE CONTENT AND FORMAT OF A REVENUE AND EXPENDITURE
9 REPORT OF THE DEPARTMENT OF HEALTH SERVICES INTERGOVERNMENTAL
10 AGREEMENT/COUNTY CONTRIBUTIONS FUND. BEGINNING NOVEMBER 1, 2014, THE
11 DEPARTMENT OF HEALTH SERVICES SHALL REPORT ANNUALLY TO THE JOINT LEGISLATIVE
12 BUDGET COMMITTEE ON THE REVENUES, EXPENDITURES AND ENDING BALANCES FROM THE
13 PREVIOUS, CURRENT AND SUBSEQUENT FISCAL YEARS.

14 Sec. 2. Section 36-2903.01, Arizona Revised Statutes, is amended to
15 read:

16 36-2903.01. Additional powers and duties; report; definition

17 A. The director of the Arizona health care cost containment system
18 administration may adopt rules that provide that the system may withhold or
19 forfeit payments to be made to a noncontracting provider by the system if the
20 noncontracting provider fails to comply with this article, the provider
21 agreement or rules that are adopted pursuant to this article and that relate
22 to the specific services rendered for which a claim for payment is made.

23 B. The director shall:

24 1. Prescribe uniform forms to be used by all contractors. The rules
25 shall require a written and signed application by the applicant or an
26 applicant's authorized representative, or, if the person is incompetent or
27 incapacitated, a family member or a person acting responsibly for the
28 applicant may obtain a signature or a reasonable facsimile and file the
29 application as prescribed by the administration.

30 2. Enter into an interagency agreement with the department to
31 establish a streamlined eligibility process to determine the eligibility of
32 all persons defined pursuant to section 36-2901, paragraph 6,
33 subdivision (a). At the administration's option, the interagency agreement
34 may allow the administration to determine the eligibility of certain persons,
35 including those defined pursuant to section 36-2901, paragraph 6,
36 subdivision (a).

37 3. Enter into an intergovernmental agreement with the department to:

38 (a) Establish an expedited eligibility and enrollment process for all
39 persons who are hospitalized at the time of application.

40 (b) Establish performance measures and incentives for the department.

41 (c) Establish the process for management evaluation reviews that the
42 administration shall perform to evaluate the eligibility determination
43 functions performed by the department.

44 (d) Establish eligibility quality control reviews by the
45 administration.

1 (e) Require the department to adopt rules, consistent with the rules
2 adopted by the administration for a hearing process, that applicants or
3 members may use for appeals of eligibility determinations or
4 redeterminations.

5 (f) Establish the department's responsibility to place sufficient
6 eligibility workers at federally qualified health centers to screen for
7 eligibility and at hospital sites and level one trauma centers to ensure that
8 persons seeking hospital services are screened on a timely basis for
9 eligibility for the system, including a process to ensure that applications
10 for the system can be accepted on a twenty-four hour basis, seven days a
11 week.

12 (g) Withhold payments based on the allowable sanctions for errors in
13 eligibility determinations or redeterminations or failure to meet performance
14 measures required by the intergovernmental agreement.

15 (h) Recoup from the department all federal fiscal sanctions that
16 result from the department's inaccurate eligibility determinations. The
17 director may offset all or part of a sanction if the department submits a
18 corrective action plan and a strategy to remedy the error.

19 4. By rule establish a procedure and time frames for the intake of
20 grievances and requests for hearings, for the continuation of benefits and
21 services during the appeal process and for a grievance process at the
22 contractor level. Notwithstanding sections 41-1092.02, 41-1092.03 and
23 41-1092.05, the administration shall develop rules to establish the procedure
24 and time frame for the informal resolution of grievances and appeals. A
25 grievance that is not related to a claim for payment of system covered
26 services shall be filed in writing with and received by the administration or
27 the prepaid capitated provider or program contractor not later than sixty
28 days after the date of the adverse action, decision or policy implementation
29 being grieved. A grievance that is related to a claim for payment of system
30 covered services must be filed in writing and received by the administration
31 or the prepaid capitated provider or program contractor within twelve months
32 after the date of service, within twelve months after the date that
33 eligibility is posted or within sixty days after the date of the denial of a
34 timely claim submission, whichever is later. A grievance for the denial of a
35 claim for reimbursement of services may contest the validity of any adverse
36 action, decision, policy implementation or rule that related to or resulted
37 in the full or partial denial of the claim. A policy implementation may be
38 subject to a grievance procedure, but it may not be appealed for a hearing.
39 The administration is not required to participate in a mandatory settlement
40 conference if it is not a real party in interest. In any proceeding before
41 the administration, including a grievance or hearing, persons may represent
42 themselves or be represented by a duly authorized agent who is not charging a
43 fee. A legal entity may be represented by an officer, partner or employee
44 who is specifically authorized by the legal entity to represent it in the
45 particular proceeding.

1 5. Apply for and accept federal funds available under title XIX of the
2 social security act (P.L. 89-97; 79 Stat. 344; 42 United States Code section
3 1396 (1980)) in support of the system. The application made by the director
4 pursuant to this paragraph shall be designed to qualify for federal funding
5 primarily on a prepaid capitated basis. Such funds may be used only for the
6 support of persons defined as eligible pursuant to title XIX of the social
7 security act or the approved section 1115 waiver.

8 6. At least thirty days before the implementation of a policy or a
9 change to an existing policy relating to reimbursement, provide notice to
10 interested parties. Parties interested in receiving notification of policy
11 changes shall submit a written request for notification to the
12 administration.

13 7. In addition to the cost sharing requirements specified in
14 subsection D, paragraph 4 of this section:

15 (a) Charge monthly premiums up to the maximum amount allowed by
16 federal law to all populations of eligible persons who may be charged.

17 (b) Implement this paragraph to the extent permitted under the federal
18 deficit reduction act of 2005 and other federal laws, subject to the approval
19 of federal waiver authority and to the extent that any changes in the cost
20 sharing requirements under this paragraph would permit this state to receive
21 any enhanced federal matching rate.

22 C. The director is authorized to apply for any federal funds available
23 for the support of programs to investigate and prosecute violations arising
24 from the administration and operation of the system. Available state funds
25 appropriated for the administration and operation of the system may be used
26 as matching funds to secure federal funds pursuant to this subsection.

27 D. The director may adopt rules or procedures to do the following:

28 1. Authorize advance payments based on estimated liability to a
29 contractor or a noncontracting provider after the contractor or
30 noncontracting provider has submitted a claim for services and before the
31 claim is ultimately resolved. The rules shall specify that any advance
32 payment shall be conditioned on the execution before payment of a contract
33 with the contractor or noncontracting provider that requires the
34 administration to retain a specified percentage, which shall be at least
35 twenty per cent, of the claimed amount as security and that requires
36 repayment to the administration if the administration makes any overpayment.

37 2. Defer liability, in whole or in part, of contractors for care
38 provided to members who are hospitalized on the date of enrollment or under
39 other circumstances. Payment shall be on a capped fee-for-service basis for
40 services other than hospital services and at the rate established pursuant to
41 subsection G of this section for hospital services or at the rate paid by the
42 health plan, whichever is less.

43 3. Deputize, in writing, any qualified officer or employee in the
44 administration to perform any act that the director by law is empowered to do

1 or charged with the responsibility of doing, including the authority to issue
2 final administrative decisions pursuant to section 41-1092.08.

3 4. Notwithstanding any other law, require persons eligible pursuant to
4 section 36-2901, paragraph 6, subdivision (a), section 36-2931 and section
5 36-2981, paragraph 6 to be financially responsible for any cost sharing
6 requirements established in a state plan or a section 1115 waiver and
7 approved by the centers for medicare and medicaid services. Cost sharing
8 requirements may include copayments, coinsurance, deductibles, enrollment
9 fees and monthly premiums for enrolled members, including households with
10 children enrolled in the Arizona long-term care system.

11 E. The director shall adopt rules that further specify the medical
12 care and hospital services that are covered by the system pursuant to section
13 36-2907.

14 F. In addition to the rules otherwise specified in this article, the
15 director may adopt necessary rules pursuant to title 41, chapter 6 to carry
16 out this article. Rules adopted by the director pursuant to this subsection
17 shall consider the differences between rural and urban conditions on the
18 delivery of hospitalization and medical care.

19 G. For inpatient hospital admissions and outpatient hospital services
20 on and after March 1, 1993, the administration shall adopt rules for the
21 reimbursement of hospitals according to the following procedures:

22 1. For inpatient hospital stays from March 1, 1993 through September
23 30, 2014, the administration shall use a prospective tiered per diem
24 methodology, using hospital peer groups if analysis shows that cost
25 differences can be attributed to independently definable features that
26 hospitals within a peer group share. In peer grouping the administration may
27 consider such factors as length of stay differences and labor market
28 variations. If there are no cost differences, the administration shall
29 implement a stop loss-stop gain or similar mechanism. Any stop loss-stop
30 gain or similar mechanism shall ensure that the tiered per diem rates
31 assigned to a hospital do not represent less than ninety per cent of its 1990
32 base year costs or more than one hundred ten per cent of its 1990 base year
33 costs, adjusted by an audit factor, during the period of March 1, 1993
34 through September 30, 1994. The tiered per diem rates set for hospitals
35 shall represent no less than eighty-seven and one-half per cent or more than
36 one hundred twelve and one-half per cent of its 1990 base year costs,
37 adjusted by an audit factor, from October 1, 1994 through September 30, 1995
38 and no less than eighty-five per cent or more than one hundred fifteen per
39 cent of its 1990 base year costs, adjusted by an audit factor, from October
40 1, 1995 through September 30, 1996. For the periods after September 30, 1996
41 no stop loss-stop gain or similar mechanisms shall be in effect. An
42 adjustment in the stop loss-stop gain percentage may be made to ensure that
43 total payments do not increase as a result of this provision. If peer groups
44 are used, the administration shall establish initial peer group designations
45 for each hospital before implementation of the per diem system. The

1 administration may also use a negotiated rate methodology. The tiered per
 2 diem methodology may include separate consideration for specialty hospitals
 3 that limit their provision of services to specific patient populations, such
 4 as rehabilitative patients or children. The initial per diem rates shall be
 5 based on hospital claims and encounter data for dates of service November 1,
 6 1990 through October 31, 1991 and processed through May of 1992. The
 7 administration may also establish a separate reimbursement methodology for
 8 claims with extraordinarily high costs per day that exceed thresholds
 9 established by the administration.

10 2. For rates effective on October 1, 1994, and annually through
 11 September 30, 2011, the administration shall adjust tiered per diem payments
 12 for inpatient hospital care by the data resources incorporated market basket
 13 index for prospective payment system hospitals. For rates effective
 14 beginning on October 1, 1999, the administration shall adjust payments to
 15 reflect changes in length of stay for the maternity and nursery tiers.

16 3. Through June 30, 2004, for outpatient hospital services, the
 17 administration shall reimburse a hospital by applying a hospital specific
 18 outpatient cost-to-charge ratio to the covered charges. Beginning on July 1,
 19 2004 through June 30, 2005, the administration shall reimburse a hospital by
 20 applying a hospital specific outpatient cost-to-charge ratio to covered
 21 charges. If the hospital increases its charges for outpatient services filed
 22 with the Arizona department of health services pursuant to chapter 4, article
 23 3 of this title, by more than 4.7 per cent for dates of service effective on
 24 or after July 1, 2004, the hospital specific cost-to-charge ratio will be
 25 reduced by the amount that it exceeds 4.7 per cent. If charges exceed 4.7
 26 per cent, the effective date of the increased charges will be the effective
 27 date of the adjusted Arizona health care cost containment system
 28 cost-to-charge ratio. The administration shall develop the methodology for a
 29 capped fee-for-service schedule and a statewide cost-to-charge ratio. Any
 30 covered outpatient service not included in the capped fee-for-service
 31 schedule shall be reimbursed by applying the statewide cost-to-charge ratio
 32 that is based on the services not included in the capped fee-for-service
 33 schedule. Beginning on July 1, 2005, the administration shall reimburse
 34 clean claims with dates of service on or after July 1, 2005, based on the
 35 capped fee-for-service schedule or the statewide cost-to-charge ratio
 36 established pursuant to this paragraph. The administration may make
 37 additional adjustments to the outpatient hospital rates established pursuant
 38 to this section based on other factors, including the number of beds in the
 39 hospital, specialty services available to patients and the geographic
 40 location of the hospital.

41 4. Except if submitted under an electronic claims submission system, a
 42 hospital bill is considered received for purposes of this paragraph on
 43 initial receipt of the legible, error-free claim form by the administration
 44 if the claim includes the following error-free documentation in legible form:

- 1 (a) An admission face sheet.
- 2 (b) An itemized statement.
- 3 (c) An admission history and physical.
- 4 (d) A discharge summary or an interim summary if the claim is split.
- 5 (e) An emergency record, if admission was through the emergency room.
- 6 (f) Operative reports, if applicable.
- 7 (g) A labor and delivery room report, if applicable.

8 Payment received by a hospital from the administration pursuant to this
9 subsection or from a contractor either by contract or pursuant to section
10 36-2904, subsection I is considered payment by the administration or the
11 contractor of the administration's or contractor's liability for the hospital
12 bill. A hospital may collect any unpaid portion of its bill from other
13 third-party payors or in situations covered by title 33, chapter 7,
14 article 3.

15 5. For services rendered on and after October 1, 1997, the
16 administration shall pay a hospital's rate established according to this
17 section subject to the following:

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

21 (b) If the hospital's bill is paid after thirty days but within sixty
22 days of the date the bill was received, the administration shall pay one
23 hundred per cent of the rate.

24 (c) If the hospital's bill is paid any time after sixty days of the
25 date the bill was received, the administration shall pay one hundred per cent
26 of the rate plus a fee of one per cent per month for each month or portion of
27 a month following the sixtieth day of receipt of the bill until the date of
28 payment.

29 6. In developing the reimbursement methodology, if a review of the
30 reports filed by a hospital pursuant to section 36-125.04 indicates that
31 further investigation is considered necessary to verify the accuracy of the
32 information in the reports, the administration may examine the hospital's
33 records and accounts related to the reporting requirements of section
34 36-125.04. The administration shall bear the cost incurred in connection
35 with this examination unless the administration finds that the records
36 examined are significantly deficient or incorrect, in which case the
37 administration may charge the cost of the investigation to the hospital
38 examined.

39 7. Except for privileged medical information, the administration shall
40 make available for public inspection the cost and charge data and the
41 calculations used by the administration to determine payments under the
42 tiered per diem system, provided that individual hospitals are not identified
43 by name. The administration shall make the data and calculations available
44 for public inspection during regular business hours and shall provide copies
45 of the data and calculations to individuals requesting such copies within

1 thirty days of receipt of a written request. The administration may charge a
2 reasonable fee for the provision of the data or information.

3 8. The prospective tiered per diem payment methodology for inpatient
4 hospital services shall include a mechanism for the prospective payment of
5 inpatient hospital capital related costs. The capital payment shall include
6 hospital specific and statewide average amounts. For tiered per diem rates
7 beginning on October 1, 1999, the capital related cost component is frozen at
8 the blended rate of forty per cent of the hospital specific capital cost and
9 sixty per cent of the statewide average capital cost in effect as of
10 January 1, 1999 and as further adjusted by the calculation of tier rates for
11 maternity and nursery as prescribed by law. Through September 30, 2011, the
12 administration shall adjust the capital related cost component by the data
13 resources incorporated market basket index for prospective payment system
14 hospitals.

15 9. For graduate medical education programs:

16 (a) Beginning September 30, 1997, the administration shall establish a
17 separate graduate medical education program to reimburse hospitals that had
18 graduate medical education programs that were approved by the administration
19 as of October 1, 1999. The administration shall separately account for
20 monies for the graduate medical education program based on the total
21 reimbursement for graduate medical education reimbursed to hospitals by the
22 system in federal fiscal year 1995-1996 pursuant to the tiered per diem
23 methodology specified in this section. The graduate medical education
24 program reimbursement shall be adjusted annually by the increase or decrease
25 in the index published by the global insight hospital market basket index for
26 prospective hospital reimbursement. Subject to legislative appropriation, on
27 an annual basis, each qualified hospital shall receive a single payment from
28 the graduate medical education program that is equal to the same percentage
29 of graduate medical education reimbursement that was paid by the system in
30 federal fiscal year 1995-1996. Any reimbursement for graduate medical
31 education made by the administration shall not be subject to future
32 settlements or appeals by the hospitals to the administration. The monies
33 available under this subdivision shall not exceed the fiscal year 2005-2006
34 appropriation adjusted annually by the increase or decrease in the index
35 published by the global insight hospital market basket index for prospective
36 hospital reimbursement, except for monies distributed for expansions pursuant
37 to subdivision (b) of this paragraph.

38 (b) The monies available for graduate medical education programs
39 pursuant to this subdivision shall not exceed the fiscal year 2006-2007
40 appropriation adjusted annually by the increase or decrease in the index
41 published by the global insight hospital market basket index for prospective
42 hospital reimbursement. Graduate medical education programs eligible for
43 such reimbursement are not precluded from receiving reimbursement for funding
44 under subdivision (c) of this paragraph. Beginning July 1, 2006, the
45 administration shall distribute any monies appropriated for graduate medical

1 education above the amount prescribed in subdivision (a) of this paragraph in
2 the following order or priority:

3 (i) For the direct costs to support the expansion of graduate medical
4 education programs established before July 1, 2006 at hospitals that do not
5 receive payments pursuant to subdivision (a) of this paragraph. These
6 programs must be approved by the administration.

7 (ii) For the direct costs to support the expansion of graduate medical
8 education programs established on or before October 1, 1999. These programs
9 must be approved by the administration.

10 (c) The administration shall distribute to hospitals any monies
11 appropriated for graduate medical education above the amount prescribed in
12 subdivisions (a) and (b) of this paragraph for the following purposes:

13 (i) For the direct costs of graduate medical education programs
14 established or expanded on or after July 1, 2006. These programs must be
15 approved by the administration.

16 (ii) For a portion of additional indirect graduate medical education
17 costs for programs that are located in a county with a population of less
18 than five hundred thousand persons at the time the residency position was
19 created or for a residency position that includes a rotation in a county with
20 a population of less than five hundred thousand persons at the time the
21 residency position was established. These programs must be approved by the
22 administration.

23 (d) The administration shall develop, by rule, the formula by which
24 the monies are distributed.

25 (e) Each graduate medical education program that receives funding
26 pursuant to subdivision (b) or (c) of this paragraph shall identify and
27 report to the administration the number of new residency positions created by
28 the funding provided in this paragraph, including positions in rural areas.
29 The program shall also report information related to the number of funded
30 residency positions that resulted in physicians locating their practices in
31 this state. The administration shall report to the joint legislative budget
32 committee by February 1 of each year on the number of new residency positions
33 as reported by the graduate medical education programs.

34 (f) Local, county and tribal governments and any university under the
35 jurisdiction of the Arizona board of regents may provide monies in addition
36 to any state general fund monies appropriated for graduate medical education
37 in order to qualify for additional matching federal monies for providers,
38 programs or positions in a specific locality and costs incurred pursuant to a
39 specific contract between the administration and providers or other entities
40 to provide graduate medical education services as an administrative activity.
41 Payments by the administration pursuant to this subdivision may be limited to
42 those providers designated by the funding entity and may be based on any
43 methodology deemed appropriate by the administration, including replacing any
44 payments that might otherwise have been paid pursuant to subdivision (a), (b)
45 or (c) of this paragraph had sufficient state general fund monies or other

1 monies been appropriated to fully fund those payments. These programs,
2 positions, payment methodologies and administrative graduate medical
3 education services must be approved by the administration and the centers for
4 medicare and medicaid services. The administration shall report to the
5 president of the senate, the speaker of the house of representatives and the
6 director of the joint legislative budget committee on or before July 1 of
7 each year on the amount of money contributed and number of residency
8 positions funded by local, county and tribal governments, including the
9 amount of federal matching monies used.

10 (g) Any funds appropriated but not allocated by the administration for
11 subdivision (b) or (c) of this paragraph may be reallocated if funding for
12 either subdivision is insufficient to cover appropriate graduate medical
13 education costs.

14 10. Notwithstanding section 41-1005, subsection A, paragraph 9, the
15 administration shall adopt rules pursuant to title 41, chapter 6 establishing
16 the methodology for determining the prospective tiered per diem payments that
17 are in effect through September 30, 2014.

18 11. For inpatient hospital services rendered on or after October 1,
19 2011, the prospective tiered per diem payment rates are permanently reset to
20 the amounts payable for those services as of October 1, 2011 pursuant to this
21 subsection.

22 12. The administration shall adopt a diagnosis-related group based
23 hospital reimbursement methodology consistent with title XIX of the social
24 security act for inpatient dates of service on and after October 1, 2014.
25 The administration may make additional adjustments to the inpatient hospital
26 rates established pursuant to this section for hospitals that are publicly
27 operated or based on other factors, including the number of beds in the
28 hospital, the specialty services available to patients, the geographic
29 location and diagnosis-related group codes that are made publicly available
30 by the hospital pursuant to section 36-437. The administration may also
31 provide additional reimbursement for extraordinarily high cost cases that
32 exceed a threshold above the standard payment. The administration may also
33 establish a separate payment methodology for specific services or hospitals
34 serving unique populations.

35 H. The director may adopt rules that specify enrollment procedures,
36 including notice to contractors of enrollment. The rules may provide for
37 varying time limits for enrollment in different situations. The
38 administration shall specify in contract when a person who has been
39 determined eligible will be enrolled with that contractor and the date on
40 which the contractor will be financially responsible for health and medical
41 services to the person.

42 I. The administration may make direct payments to hospitals for
43 hospitalization and medical care provided to a member in accordance with this
44 article and rules. The director may adopt rules to establish the procedures
45 by which the administration shall pay hospitals pursuant to this subsection

1 if a contractor fails to make timely payment to a hospital. Such payment
2 shall be at a level determined pursuant to section 36-2904, subsection H
3 or I. The director may withhold payment due to a contractor in the amount of
4 any payment made directly to a hospital by the administration on behalf of a
5 contractor pursuant to this subsection.

6 J. The director shall establish a special unit within the
7 administration for the purpose of monitoring the third-party payment
8 collections required by contractors and noncontracting providers pursuant to
9 section 36-2903, subsection B, paragraph 10 and subsection F and section
10 36-2915, subsection E. The director shall determine by rule:

11 1. The type of third-party payments to be monitored pursuant to this
12 subsection.

13 2. The percentage of third-party payments that is collected by a
14 contractor or noncontracting provider and that the contractor or
15 noncontracting provider may keep and the percentage of such payments that the
16 contractor or noncontracting provider may be required to pay to the
17 administration. Contractors and noncontracting providers must pay to the
18 administration one hundred per cent of all third-party payments that are
19 collected and that duplicate administration fee-for-service payments. A
20 contractor that contracts with the administration pursuant to section
21 36-2904, subsection A may be entitled to retain a percentage of third-party
22 payments if the payments collected and retained by a contractor are reflected
23 in reduced capitation rates. A contractor may be required to pay the
24 administration a percentage of third-party payments that are collected by a
25 contractor and that are not reflected in reduced capitation rates.

26 K. The administration shall establish procedures to apply to the
27 following if a provider that has a contract with a contractor or
28 noncontracting provider seeks to collect from an individual or financially
29 responsible relative or representative a claim that exceeds the amount that
30 is reimbursed or should be reimbursed by the system:

31 1. On written notice from the administration or oral or written notice
32 from a member that a claim for covered services may be in violation of this
33 section, the provider that has a contract with a contractor or noncontracting
34 provider shall investigate the inquiry and verify whether the person was
35 eligible for services at the time that covered services were provided. If
36 the claim was paid or should have been paid by the system, the provider that
37 has a contract with a contractor or noncontracting provider shall not
38 continue billing the member.

39 2. If the claim was paid or should have been paid by the system and
40 the disputed claim has been referred for collection to a collection agency or
41 referred to a credit reporting bureau, the provider that has a contract with
42 a contractor or noncontracting provider shall:

43 (a) Notify the collection agency and request that all attempts to
44 collect this specific charge be terminated immediately.

1 (b) Advise all credit reporting bureaus that the reported delinquency
2 was in error and request that the affected credit report be corrected to
3 remove any notation about this specific delinquency.

4 (c) Notify the administration and the member that the request for
5 payment was in error and that the collection agency and credit reporting
6 bureaus have been notified.

7 3. If the administration determines that a provider that has a
8 contract with a contractor or noncontracting provider has billed a member for
9 charges that were paid or should have been paid by the administration, the
10 administration shall send written notification by certified mail or other
11 service with proof of delivery to the provider that has a contract with a
12 contractor or noncontracting provider stating that this billing is in
13 violation of federal and state law. If, twenty-one days or more after
14 receiving the notification, a provider that has a contract with a contractor
15 or noncontracting provider knowingly continues billing a member for charges
16 that were paid or should have been paid by the system, the administration may
17 assess a civil penalty in an amount equal to three times the amount of the
18 billing and reduce payment to the provider that has a contract with a
19 contractor or noncontracting provider accordingly. Receipt of delivery
20 signed by the addressee or the addressee's employee is prima facie evidence
21 of knowledge. Civil penalties collected pursuant to this subsection shall be
22 deposited in the state general fund. Section 36-2918, subsections C, D and
23 F, relating to the imposition, collection and enforcement of civil penalties,
24 apply to civil penalties imposed pursuant to this paragraph.

25 L. The administration may conduct postpayment review of all claims
26 paid by the administration and may recoup any monies erroneously paid. The
27 director may adopt rules that specify procedures for conducting postpayment
28 review. A contractor may conduct a postpayment review of all claims paid by
29 the contractor and may recoup monies that are erroneously paid.

30 M. Subject to title 41, chapter 4, article 4, the director or the
31 director's designee may employ and supervise personnel necessary to assist
32 the director in performing the functions of the administration.

33 N. The administration may contract with contractors for obstetrical
34 care who are eligible to provide services under title XIX of the social
35 security act.

36 O. Notwithstanding any other law, on federal approval the
37 administration may make disproportionate share payments to private hospitals,
38 county operated hospitals, including hospitals owned or leased by a special
39 health care district, and state operated institutions for mental disease
40 beginning October 1, 1991 in accordance with federal law and subject to
41 legislative appropriation. If at any time the administration receives
42 written notification from federal authorities of any change or difference in
43 the actual or estimated amount of federal funds available for
44 disproportionate share payments from the amount reflected in the legislative
45 appropriation for such purposes, the administration shall provide written

1 notification of such change or difference to the president and the minority
2 leader of the senate, the speaker and the minority leader of the house of
3 representatives, the director of the joint legislative budget committee, the
4 legislative committee of reference and any hospital trade association within
5 this state, within three working days not including weekends after receipt of
6 the notice of the change or difference. In calculating disproportionate
7 share payments as prescribed in this section, the administration may use
8 either a methodology based on claims and encounter data that is submitted to
9 the administration from contractors or a methodology based on data that is
10 reported to the administration by private hospitals and state operated
11 institutions for mental disease. The selected methodology applies to all
12 private hospitals and state operated institutions for mental disease
13 qualifying for disproportionate share payments. ~~For the purposes of this~~
14 ~~subsection, "disproportionate share payment" means a payment to a hospital~~
15 ~~that serves a disproportionate share of low-income patients as described by~~
16 ~~42 United States Code section 1396r-4.~~

17 P. DISPROPORTIONATE SHARE PAYMENTS MADE PURSUANT TO SUBSECTION O OF
18 THIS SECTION INCLUDE AMOUNTS FOR DISPROPORTIONATE SHARE HOSPITALS DESIGNATED
19 BY POLITICAL SUBDIVISIONS OF THIS STATE, TRIBAL GOVERNMENTS AND UNIVERSITIES
20 UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS. SUBJECT TO THE
21 APPROVAL OF THE CENTERS FOR MEDICARE AND MEDICAID SERVICES, ANY AMOUNT OF
22 FEDERAL FUNDING ALLOTTED TO THIS STATE PURSUANT TO SECTION 1923(f) OF THE
23 SOCIAL SECURITY ACT AND NOT OTHERWISE SPENT UNDER SUBSECTION O OF THIS
24 SECTION SHALL BE MADE AVAILABLE FOR DISTRIBUTION PURSUANT TO THIS SUBSECTION.
25 POLITICAL SUBDIVISIONS OF THIS STATE, TRIBAL GOVERNMENTS AND UNIVERSITIES
26 UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS MAY DESIGNATE
27 HOSPITALS ELIGIBLE TO RECEIVE DISPROPORTIONATE SHARE PAYMENTS IN AN AMOUNT UP
28 TO THE LIMIT PRESCRIBED IN SECTION 1923(g) OF THE SOCIAL SECURITY ACT IF
29 THOSE POLITICAL SUBDIVISIONS, TRIBAL GOVERNMENTS OR UNIVERSITIES PROVIDE
30 SUFFICIENT MONIES TO QUALIFY FOR THE MATCHING FEDERAL MONIES FOR THE
31 DISPROPORTIONATE SHARE PAYMENTS.

32 ~~P.~~ Q. Notwithstanding any law to the contrary, the administration may
33 receive confidential adoption information to determine whether an adopted
34 child should be terminated from the system.

35 ~~Q.~~ R. The adoption agency or the adoption attorney shall notify the
36 administration within thirty days after an eligible person receiving services
37 has placed that person's child for adoption.

38 ~~R.~~ S. If the administration implements an electronic claims
39 submission system, it may adopt procedures pursuant to subsection G of this
40 section requiring documentation different than prescribed under subsection G,
41 paragraph 4 of this section.

42 ~~S.~~ T. In addition to any requirements adopted pursuant to subsection
43 D, paragraph 4 of this section, notwithstanding any other law, subject to
44 approval by the centers for medicare and medicaid services, beginning July 1,
45 2011, members eligible pursuant to section 36-2901, paragraph 6, subdivision

1 (a), section 36-2931 and section 36-2981, paragraph 6 shall pay the
2 following:

- 3 1. A monthly premium of fifteen dollars, except that the total monthly
4 premium for an entire household shall not exceed sixty dollars.
- 5 2. A copayment of five dollars for each physician office visit.
- 6 3. A copayment of ten dollars for each urgent care visit.
- 7 4. A copayment of thirty dollars for each emergency department visit.

8 U. FOR THE PURPOSES OF THIS SECTION, "DISPROPORTIONATE SHARE PAYMENT"
9 MEANS A PAYMENT TO A HOSPITAL THAT SERVES A DISPROPORTIONATE SHARE OF
10 LOW-INCOME PATIENTS AS DESCRIBED BY 42 UNITED STATES CODE SECTION 1396r-4.

11 Sec. 3. Title 36, chapter 29, article 1, Arizona Revised Statutes, is
12 amended by adding section 36-2903.08, to read:

13 36-2903.08. AHCCCS uncompensated care; hospital assessment;
14 reports

15 A. ON OR BEFORE OCTOBER 1, 2014, AND ANNUALLY THEREAFTER, THE ARIZONA
16 HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION SHALL REPORT TO THE
17 SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE PRESIDENT OF THE SENATE AND THE
18 DIRECTORS OF THE JOINT LEGISLATIVE BUDGET COMMITTEE AND THE GOVERNOR'S OFFICE
19 OF STRATEGIC PLANNING AND BUDGETING ON THE CHANGE IN UNCOMPENSATED HOSPITAL
20 COSTS EXPERIENCED BY HOSPITALS IN THIS STATE AND HOSPITAL PROFITABILITY
21 DURING THE PREVIOUS FISCAL YEAR.

22 B. ON OR BEFORE AUGUST 1, 2014, AND ANNUALLY THEREAFTER, THE ARIZONA
23 HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION SHALL REPORT TO THE
24 SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE PRESIDENT OF THE SENATE AND THE
25 DIRECTORS OF THE JOINT LEGISLATIVE BUDGET COMMITTEE AND THE GOVERNOR'S OFFICE
26 OF STRATEGIC PLANNING AND BUDGETING THE FOLLOWING:

- 27 1. THE AMOUNT EACH HOSPITAL CONTRIBUTED FOR THE HOSPITAL ASSESSMENT
28 AUTHORIZED PURSUANT TO SECTION 36-2901.08 IN THE PREVIOUS FISCAL YEAR.
- 29 2. THE AMOUNT OF ESTIMATED PAYMENTS EACH HOSPITAL RECEIVED FROM THE
30 COVERAGE FUNDED BY THE ASSESSMENT.

31 Sec. 4. Section 36-2913, Arizona Revised Statutes, is amended to read:
32 36-2913. Systems funds; funding; reversion

33 A. The Arizona health care cost containment system fund, long-term
34 care system fund and the third-party liability and recovery audit fund are
35 established. The funds shall be used to pay administrative and program costs
36 associated with the operation of the system established pursuant to this
37 article and the long-term care system established pursuant to article 2 of
38 this chapter.

39 B. Separate accounts, including but not limited to a reserve fund, may
40 be established within the funds. Different accounts within the funds shall
41 be established in order to separately account for expense and income activity
42 associated with the system established pursuant to this article and article 2
43 of this chapter.

44 C. The Arizona health care cost containment system fund and long-term
45 care system fund shall be ~~comprised~~ COMPOSED of:

- 1 1. Monies paid by each of the counties of this state of the amounts
2 determined or withheld by the state treasurer pursuant to section 11-292.
- 3 2. Monies paid by each county resolving to participate in the system
4 equal to the actual cost, as limited by the board of supervisors, together
5 with employee contributions of providing hospitalization and medical care
6 under the system to full-time officers and employees of the county and its
7 departments and agencies.
- 8 3. Monies paid by this state equal to the actual cost, as limited by
9 section 38-651, together with employee contributions of providing
10 hospitalization and medical care under the system to full-time officers and
11 employees of this state, of its departments and agencies and of cities, towns
12 and school districts of this state.
- 13 4. Monies drawn against appropriations made by this state for the
14 costs of operating the Arizona health care cost containment system or the
15 long-term care system. Monies shall be drawn against appropriations and
16 transferred from the fund from which they were appropriated on an as needed
17 basis only.
- 18 5. Gifts, donations and grants from any source.
- 19 6. Federal monies made available to this state for the operation of
20 the Arizona health care cost containment system or the long-term care system.
- 21 7. Interest paid on monies deposited in the fund.
- 22 8. Reimbursements for data collection.
- 23 D. The third-party liability and recovery audit fund is ~~comprised~~
24 ~~COMPOSED~~ of monies paid by first-party payors, third-party payors, lien and
25 estate recoveries and medical service providers for recovery audit contractor
26 findings.
- 27 E. All monies in the funds other than monies appropriated by the state
28 shall not lapse.
- 29 F. All monies drawn against appropriations made by this state
30 remaining in the funds at the end of the fiscal year shall revert to the fund
31 from which they were appropriated and drawn, and the appropriation shall
32 lapse in accordance with section 35-190. Notwithstanding ~~the provisions of~~
33 section 35-191, subsection B, the period for administrative adjustments shall
34 extend for only six months for appropriations made for system covered
35 services.
- 36 G. Notwithstanding sections 35-190 and 35-191, all approved claims for
37 system covered services presented after the close of the fiscal year in which
38 they were incurred shall be paid either in accordance with subsection F of
39 this section or in the current fiscal year with the monies available in the
40 funds established by this section.
- 41 H. Claims for system covered services that are determined valid by the
42 director pursuant to section 36-2904, subsection G and the department's
43 grievance and appeal procedure shall be paid from the funds established by
44 this section.

1 I. For purposes of this section, system covered services exclude
2 administrative charges for operating expenses.

3 J. All payments for claims from the funds established by this section
4 shall be accounted for by the administration by the fiscal year in which the
5 claims were incurred, regardless of the fiscal year in which the payments
6 were made.

7 K. Notwithstanding any other law, county owned or contracted providers
8 and special health care district owned or contracted providers are subject to
9 all claims processing and payment requirements or limitations of this chapter
10 that are applicable to noncounty providers.

11 L. ALL MONIES IN THE LONG-TERM CARE SYSTEM FUND THAT ARE UNEXPENDED
12 AND UNENCUMBERED AT THE END OF THE FISCAL YEAR REVERT TO THE STATE GENERAL
13 FUND ON OR BEFORE JUNE 30 OF THAT FISCAL YEAR. THE TRANSFER AMOUNT MAY BE
14 ADJUSTED FOR REPORTED BUT UNPAID CLAIMS AND ESTIMATED INCURRED BUT UNREPORTED
15 CLAIMS, SUBJECT TO APPROVAL BY THE ADMINISTRATION.

16 Sec. 5. Section 36-3415, Arizona Revised Statutes, is amended to read:

17 36-3415. Behavioral health expenditures; annual report

18 ~~On or before August 1, 2012, the directors of the joint legislative~~
19 ~~budget committee and the governor's office of strategic planning and~~
20 ~~budgeting shall agree to the content of the report on medicaid and~~
21 ~~nonmedicaid behavioral health expenditures.~~ Beginning October 1, 2013, the
22 department of health services shall report annually to the joint legislative
23 budget committee on each fiscal year's medicaid and nonmedicaid behavioral
24 health expenditures, including behavioral health demographics, INCLUDING
25 CLIENT INCOME, utilization and expenditures, medical necessity oversight
26 practices, tracking of high cost beneficiaries, mortality trends, placement
27 trends, program integrity and access to services.

28 Sec. 6. Repeal

29 Laws 2013, first special session, chapter 10, section 41 is repealed.

30 Sec. 7. ALTCS; county contributions; fiscal year 2014-2015

31 A. Notwithstanding section 11-292, Arizona Revised Statutes, county
32 contributions for the Arizona long-term care system for fiscal year 2014-2015
33 are as follows:

34	1. Apache	\$ 616,900
35	2. Cochise	\$ 5,138,300
36	3. Coconino	\$ 1,851,400
37	4. Gila	\$ 2,107,400
38	5. Graham	\$ 1,442,600
39	6. Greenlee	\$ 76,200
40	7. La Paz	\$ 712,200
41	8. Maricopa	\$150,220,100
42	9. Mohave	\$ 7,972,700
43	10. Navajo	\$ 2,552,500
44	11. Pima	\$ 38,919,400
45	12. Pinal	\$ 15,294,300

1	13. Santa Cruz	\$ 1,914,800
2	14. Yavapai	\$ 8,314,700
3	15. Yuma	\$ 8,062,700

4 B. If the overall cost for the Arizona long-term care system exceeds
5 the amount specified in the general appropriations act for fiscal year
6 2014-2015, the state treasurer shall collect from the counties the difference
7 between the amount specified in subsection A of this section and the
8 counties' share of the state's actual contribution. The counties' share of
9 the state contribution must be in compliance with any federal maintenance of
10 effort requirements. The director of the Arizona health care cost
11 containment system administration shall notify the state treasurer of the
12 counties' share of the state's contribution and report the amount to the
13 director of the joint legislative budget committee. The state treasurer
14 shall withhold from any other monies payable to a county from whatever state
15 funding source is available an amount necessary to fulfill that county's
16 requirement specified in this subsection. The state treasurer shall not
17 withhold distributions from the Arizona highway user revenue fund pursuant to
18 title 28, chapter 18, article 2, Arizona Revised Statutes. The state
19 treasurer shall deposit the amounts withheld pursuant to this subsection and
20 amounts paid pursuant to subsection A of this section in the long-term care
21 system fund established by section 36-2913, Arizona Revised Statutes, as
22 amended by this act.

23 Sec. 8. Sexually violent persons; county reimbursement; fiscal
24 year 2014-2015; deposit; tax distribution withholding

25 A. Notwithstanding any other law, if this state pays the costs of a
26 commitment of an individual who is determined by the court to be sexually
27 violent, the county shall reimburse the department of health services for
28 thirty-two per cent of these costs. In determining the cost, the department
29 may not include the indirect and administrative costs for fiscal year
30 2014-2015.

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

35 C. Each county shall make the reimbursements for these costs as
36 specified in subsection A of this section within thirty days after a request
37 by the department of health services. If the county does not make the
38 reimbursement, the superintendent of the Arizona state hospital shall notify
39 the state treasurer of the amount owed and the treasurer shall withhold the
40 amount, including any additional interest as provided in section 42-1123,
41 Arizona Revised Statutes, from any transaction privilege tax distributions to
42 the county. The treasurer shall deposit, pursuant to sections 35-146 and
43 35-147, Arizona Revised Statutes, the withholdings in the Arizona state
44 hospital fund established by section 36-545.08, Arizona Revised Statutes.

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

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

7 Sec. 9. Competency restoration treatment; city and county
8 reimbursement; fiscal year 2014-2015; deposit; tax
9 distribution withholding

10 A. Notwithstanding section 13-4512, Arizona Revised Statutes, if this
11 state pays the costs of a defendant's inpatient, in custody competency
12 restoration treatment pursuant to section 13-4512, Arizona Revised Statutes,
13 the city or county shall reimburse the department of health services for one
14 hundred per cent of these costs for fiscal year 2014-2015.

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

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

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

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

36 Sec. 10. AHCCCS; disproportionate share payments

37 Disproportionate share payments for fiscal year 2014-2015 made pursuant
38 to section 36-2903.01, subsection 0, Arizona Revised Statutes, include:

39 1. \$89,877,700 for a qualifying nonstate operated public hospital.
40 The Maricopa county special health care district shall provide a certified
41 public expense form for the amount of qualifying disproportionate share
42 hospital expenditures made on behalf of this state to the Arizona health care
43 cost containment system administration on or before May 1, 2015 for all state
44 plan years as required by the Arizona health care cost containment system
45 1115 waiver standard terms and conditions. The administration shall assist

1 the district in determining the amount of qualifying disproportionate share
2 hospital expenditures. Once the administration files a claim with the
3 federal government and receives federal funds participation based on the
4 amount certified by the Maricopa county special health care district, if the
5 certification is equal to or greater than \$89,877,700, the administration
6 shall distribute \$4,202,300 to the Maricopa county special health care
7 district and deposit the balance of the federal funds participation in the
8 state general fund. If the certification provided is for an amount less than
9 \$89,877,700 and the administration determines that the revised amount is
10 correct pursuant to the methodology used by the administration pursuant to
11 section 36-2903.01, Arizona Revised Statutes, as amended by this act, the
12 administration shall notify the governor, the president of the senate and the
13 speaker of the house of representatives, shall distribute \$4,202,300 to the
14 Maricopa county special health care district and shall deposit the balance of
15 the federal funds participation in the state general fund. If the
16 certification provided is for an amount less than \$89,877,700 and the
17 administration determines that the revised amount is not correct pursuant to
18 the methodology used by the administration pursuant to section 36-2903.01,
19 Arizona Revised Statutes, as amended by this act, the administration shall
20 notify the governor, the president of the senate and the speaker of the house
21 of representatives and shall deposit the total amount of the federal funds
22 participation in the state general fund.

23 2. \$28,474,900 for the Arizona state hospital. The Arizona state
24 hospital shall provide a certified public expense form for the amount of
25 qualifying disproportionate share hospital expenditures made on behalf of the
26 state to the administration on or before March 31, 2015. The administration
27 shall assist the Arizona state hospital in determining the amount of
28 qualifying disproportionate share hospital expenditures. Once the
29 administration files a claim with the federal government and receives federal
30 funds participation based on the amount certified by the Arizona state
31 hospital, the administration shall distribute the entire amount of federal
32 financial participation to the state general fund. If the certification
33 provided is for an amount less than \$28,474,900, the administration shall
34 notify the governor, the president of the senate and the speaker of the house
35 of representatives and shall distribute the entire amount of federal
36 financial participation to the state general fund. The certified public
37 expense form provided by the Arizona state hospital must contain both the
38 total amount of qualifying disproportionate share hospital expenditures and
39 the amount limited by section 1923(g) of the social security act.

40 3. \$9,284,800 for private qualifying disproportionate share hospitals.
41 The Arizona health care cost containment system administration shall make
42 payments to hospitals consistent with this appropriation and the terms of the
43 section 1115 waiver, but payments are limited to those hospitals that either:
44 (a) Meet the mandatory definition of disproportionate share qualifying
45 hospitals under section 1923 of the social security act.

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

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

4 On or before December 31, 2015, notwithstanding any other law, for
5 fiscal year 2014-2015 the Arizona health care cost containment system
6 administration shall transfer to the counties such portion, if any, as may be
7 necessary to comply with section 10201(c)(6) of the patient protection and
8 affordable care act (P.L. 111-148), regarding the counties' proportional
9 share of the state's contribution.

10 Sec. 12. County acute care contribution; fiscal year 2014-2015

11 A. Notwithstanding section 11-292, Arizona Revised Statutes, for
12 fiscal year 2014-2015 for the provision of hospitalization and medical care,
13 the counties shall contribute the following amounts:

14	1. Apache	\$ 268,800
15	2. Cochise	\$ 2,214,800
16	3. Coconino	\$ 742,900
17	4. Gila	\$ 1,413,200
18	5. Graham	\$ 536,200
19	6. Greenlee	\$ 190,700
20	7. La Paz	\$ 212,100
21	8. Maricopa	\$19,523,400
22	9. Mohave	\$ 1,237,700
23	10. Navajo	\$ 310,800
24	11. Pima	\$14,951,800
25	12. Pinal	\$ 2,715,600
26	13. Santa Cruz	\$ 482,800
27	14. Yavapai	\$ 1,427,800
28	15. Yuma	\$ 1,325,100

29 B. If a county does not provide funding as specified in subsection A
30 of this section, the state treasurer shall subtract the amount owed by the
31 county to the Arizona health care cost containment system fund and the
32 long-term care system fund established by section 36-2913, Arizona Revised
33 Statutes, as amended by this act, from any payments required to be made by
34 the state treasurer to that county pursuant to section 42-5029, subsection D,
35 paragraph 2, Arizona Revised Statutes, plus interest on that amount pursuant
36 to section 44-1201, Arizona Revised Statutes, retroactive to the first day
37 the funding was due. If the monies the state treasurer withholds are
38 insufficient to meet that county's funding requirements as specified in
39 subsection A of this section, the state treasurer shall withhold from any
40 other monies payable to that county from whatever state funding source is
41 available an amount necessary to fulfill that county's requirement. The
42 state treasurer shall not withhold distributions from the Arizona highway
43 user revenue fund pursuant to title 28, chapter 18, article 2, Arizona
44 Revised Statutes.

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

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

12 E. If payments made pursuant to subsection C of this section exceed
13 the amount required to meet the costs incurred by the Arizona health care
14 cost containment system for the hospitalization and medical care of those
15 persons defined as an eligible person pursuant to section 36-2901, paragraph
16 6, subdivisions (a), (b) and (c), Arizona Revised Statutes, the director of
17 the Arizona health care cost containment system administration may instruct
18 the state treasurer either to reduce remaining payments to be paid pursuant
19 to this section by a specified amount or to provide to the counties specified
20 amounts from the Arizona health care cost containment system fund and the
21 long-term care system fund established by section 36-2913, Arizona Revised
22 Statutes, as amended by this act.

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

28 Sec. 13. Hospitalization and medical care contribution; fiscal
29 year 2014-2015

30 A. Notwithstanding any other law, for fiscal year 2014-2015, beginning
31 with the second monthly distribution of transaction privilege tax revenues,
32 the state treasurer shall withhold one-eleventh of the following amounts from
33 state transaction privilege tax revenues otherwise distributable, after any
34 amounts withheld for the county long-term care contribution or the county
35 administration contribution pursuant to section 11-292, subsection 0, Arizona
36 Revised Statutes, for deposit in the Arizona health care cost containment
37 system fund established by section 36-2913, Arizona Revised Statutes, as
38 amended by this act, for the provision of hospitalization and medical care:

39	1. Apache	\$ 87,300
40	2. Cochise	\$ 162,700
41	3. Coconino	\$ 160,500
42	4. Gila	\$ 65,900
43	5. Graham	\$ 46,800
44	6. Greenlee	\$ 12,000
45	7. La Paz	\$ 24,900

1	8. Mohave	\$ 187,400
2	9. Navajo	\$ 122,800
3	10. Pima	\$1,115,900
4	11. Pinal	\$ 218,300
5	12. Santa Cruz	\$ 51,600
6	13. Yavapai	\$ 206,200
7	14. Yuma	\$ 183,900

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

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

18 D. In fiscal year 2014-2015, the sum of \$2,646,200 withheld pursuant
19 to subsection A of this section is allocated for the county acute care
20 contribution for the provision of hospitalization and medical care services
21 administered by the Arizona health care cost containment system
22 administration.

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

25 Sec. 14. Proposition 204 administration; county expenditure
26 limitation

27 County contributions for the administrative costs of implementing
28 sections 36-2901.01 and 36-2901.04, Arizona Revised Statutes, that are made
29 pursuant to section 11-292, subsection 0, Arizona Revised Statutes, are
30 excluded from the county expenditure limitations.

31 Sec. 15. AHCCCS; risk contingency rate setting

32 Notwithstanding any other law, for the contract year beginning
33 October 1, 2014 and ending September 30, 2015, the Arizona health care cost
34 containment system administration may continue the risk contingency rate
35 setting for all managed care organizations and the funding for all managed
36 care organizations administrative funding levels that was imposed for the
37 contract year beginning October 1, 2010 and ending September 30, 2011.

38 Sec. 16. AHCCCS; social security administration; medicare
39 liability waiver

40 The Arizona health care cost containment system may participate in any
41 special disability workload 1115 demonstration waiver offered by the centers
42 for medicare and medicaid services. Any credits provided by the 1115
43 demonstration waiver process are to be used in the fiscal year when those
44 credits are made available to fund the state share of any medical assistance
45 expenditures that qualify for federal financial participation under the

1 medicaid program. The Arizona health care cost containment system
2 administration shall report the receipt of any credits to the director of the
3 joint legislative budget committee on or before December 31, 2014 and June
4 30, 2015.

5 Sec. 17. Department of health services; health research
6 account; Alzheimer's disease research

7 Notwithstanding section 36-773, Arizona Revised Statutes, the
8 department of health services may use monies in the health research account
9 established by section 36-773, Arizona Revised Statutes, in an amount
10 specified in the general appropriations act for Alzheimer's disease research.

11 Sec. 18. Child care assistance eligibility; notification

12 Notwithstanding section 46-803, Arizona Revised Statutes, for fiscal
13 year 2014-2015, the department of economic security may reduce maximum income
14 eligibility levels for child care assistance in order to manage within
15 appropriated and available monies. The department of economic security shall
16 notify the joint legislative budget committee of any change in maximum income
17 eligibility levels for child care assistance within fifteen days after
18 implementing the change.

19 Sec. 19. AHCCCS; emergency department use; report

20 On or before December 1, 2014, the Arizona health care cost containment
21 system administration shall report to the directors of the joint legislative
22 budget committee and the governor's office of strategic planning and
23 budgeting on the use of emergency departments for nonemergency purposes by
24 Arizona health care cost containment system enrollees.

25 Sec. 20. Hospital transparency; joint report

26 On or before January 1, 2015, the director of the Arizona health care
27 cost containment system administration and the director of the department of
28 health services shall submit a joint report on hospital charge master
29 transparency to the governor, the speaker of the house of representatives and
30 the president of the senate and shall provide a copy to the secretary of
31 state. The report must provide a summary of the current charge master
32 reporting process, a summary of hospital billed charges compared to costs and
33 examples of how charge masters or hospital prices are reported and used in
34 other states. The report must include recommendations to improve the state's
35 use of hospital charge master information, including reporting and oversight
36 changes.

37 Sec. 21. Department of economic security; drug testing; TANF
38 cash benefits recipients

39 During fiscal year 2014-2015, the department of economic security shall
40 screen and test each adult recipient who is otherwise eligible for temporary
41 assistance for needy families cash benefits and who the department has
42 reasonable cause to believe engages in the illegal use of controlled
43 substances. Any recipient who is found to have tested positive for the use
44 of a controlled substance that was not prescribed for the recipient by a

1 licensed health care provider is ineligible to receive benefits for a period
2 of one year.

3 Sec. 22. Auditor general; report; child safety and family services

4 On or before March 15, 2015, the auditor general shall provide to the
5 governor, the speaker of the house of representatives, the president of the
6 senate and the directors of the joint legislative budget committee and the
7 governor's office of strategic planning and budgeting a report containing the
8 following information on child safety and family services in the department
9 of economic security:

10 1. The rate of substantiated cases of child abuse or neglect for other
11 states compared to Arizona's rate of substantiated cases of child abuse or
12 neglect, based on the ratio of the total number of children in each state to
13 the substantiated cases of child abuse or neglect.

14 2. The average number of reports of child abuse or neglect for other
15 states over the past five years compared to Arizona's number of reports of
16 child abuse or neglect over the same time period.

17 3. The number of states with a child safety organization similar to
18 the office of child welfare investigations, including a description of how
19 other states with state-level child safety law enforcement organizations
20 avoid redundancies among child safety caseworkers, child safety law
21 enforcement and local law enforcement when investigating allegations of
22 criminal abuse.

23 Sec. 23. Child welfare; joint report

24 The early childhood development and health board and the department of
25 economic security shall jointly report to the joint legislative budget
26 committee on their collaborative efforts to address child welfare issues of
27 common concern. The report must include information about the level of
28 coordination among the department of economic security, the early childhood
29 development and health board and community groups to promote the well-being
30 of children and families that are identified in reports of abuse or neglect.
31 The joint report must be submitted on or before February 1, 2015 for the
32 prior year.

33 Sec. 24. Intent; implementation of program

34 It is the intent of the legislature that for fiscal year 2014-2015 the
35 Arizona health care cost containment system administration implement a
36 program within the available appropriation.

37 Sec. 25. Intent; false claims act; savings

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

42 Sec. 26. Intent; capitation rate increases

43 It is the intent of the legislature that the Arizona health care cost
44 containment system administration capitation rate increases not exceed three
45 per cent in fiscal years 2014-2015, 2015-2016 and 2016-2017.

1 Sec. 27. Intent: department of health services: behavioral
2 health service provider rates

3 It is the intent of the legislature that the department of health
4 services may increase behavioral health service provider rates by up to three
5 per cent above the September 30, 2014 rates beginning on October 1, 2014.