HOUSE OF REPRESENTATIVES

HB2677
health; budget reconciliation; 2015-2016
Sponsor: Olson

DP	Committee on Appropriations
DPA	Caucus and COW
X	House Engrossed

OVERVIEW

HB 2677 is the health budget reconciliation bill for Fiscal Year (FY) 2016. The affected entities are the Arizona Department of Health Services (ADHS), the Arizona Health Care Cost Containment System (AHCCCS), counties and hospitals.

PROVISIONS

ADHS

1. Repeals Arizona Revised Statutes § 36-108.01 and reinstates § 36-108.01 establishing the following funds:
   a. The Interagency Service Agreement for Behavioral Health Services Fund consisting of state and federal monies received by ADHS to provide behavioral health services;.
   b. The Intergovernmental Agreements for County Behavioral Health Services Fund consisting of county monies received by ADHS to provide behavioral health services to persons identified through agreements with the counties.
   c. The Health Services Lottery Fund consisting of monies transferred from the state lottery for teenage pregnancy prevention programs, the health start program and the federal women, infants and children food program.
   d. The Intergovernmental Agreements/Interagency Services Agreements Fund consisting of all monies received by ADHS through intergovernmental agreements, interagency services agreements and transfers between ADHS and other state and local entities.
2. ADHS must administer all the funds and monies in the funds are continuously appropriated.
3. Requires ADHS to report annually to the Joint Legislative Budget Committee (JLBC) on the revenues, expenditures and ending balances from the previous, current and subsequent FYs, of all funds noted above.
4. Removes the requirement that ADHS submit a homeland security allocation and expenditure report to the Governor, the Legislature, the chairpersons of the Senate and House Appropriations committees and the co-chairpersons of Joint Legislative Committee on Border and Homeland Security.
5. Permits ADHS to reduce payments up to an aggregate of 5% for all health care providers, excluding nursing facility, developmental disability and home and community based health care providers.
6. Allows ADHS to reduce provider payments by less than the percentage specified above if adjustments to capitation rates for changes in utilization for the period of October 1, 2015 through September 30, 2016 are less than the amounts appropriated in the General

Appropriations Act to ADHS for a 3% capitation rate increase in FY 2016. The fiscal impact of reducing provider payments by less than the percentage specified may not exceed the amount by which the appropriation for capitation rates in FY 2016 exceed utilization adjustments.

7. Allows ADHS to use monies in the Health Research Account in an amount specified in the General Appropriations Act for Alzheimer's disease research.

8. Requires ADHS or the state agency that administers behavioral health services for this state, on or before December 31, 2016, to report to the directors of JLBC and the Governor's Office of Strategic Planning and Budgeting (OSPB) on the efforts to increase third-party liability payments for behavioral health services.

9. States that the ADHS capitation rate increases may not exceed 1.5% in FY 2016 and 2017.

AHCCCS

10. Specifies that AHCCCS and its contractors will provide renumeration in the amount of 68.59% of the ADHS established rates for ambulance services for persons enrolled in the AHCCCS program.

11. Requires AHCCCS to transfer to the counties such portion as may be necessary to comply with the Patient Protection and Affordable Care Act regarding the counties proportional share of the state's contribution on or before December 31, 2016 for FY 2016.

12. Allows AHCCCS to continue the risk contingency rate setting, at funding levels that were imposed for contract year beginning October 1, 2010 for all managed care organizations for the contract year beginning October 1, 2015 and ending September 30, 2016.

13. Permits AHCCCS to reduce payments up to an aggregate of 5% for all health care providers, excluding nursing facilities, developmental disability and home and community based health care providers, for rates effective October 1, 2015 through September 30, 2016.

14. Allows AHCCCS to reduce provider payments by less than the percentage specified if adjustments to capitation rates for changes in utilization for the period of October 1, 2015 through September 30, 2016 are less than the amounts appropriated in the General Appropriations Act to AHCCCS for a 3% capitation rate increase in FY 2016.

15. Provides that any monies received for critical access hospital payments from political subdivisions of this state, tribal governments, and any university under the jurisdiction of the Arizona Board of Regents, and any federal monies used to match those payments, that are received in FY 2016 by AHCCCS are appropriated to AHCCCS. Before, expenditure of these monies, AHCCCS must notify JLBC and OSPB of the monies that will be expended.

16. Requires AHCCCS to pursue cost sharing requirements for members to the maximum extent allowable under federal law.

17. States, subject to approval by the Centers for Medicare and Medicaid Services (CMS), beginning January 1, 2016, AHCCCS must charge and collect from each enrolled person under Proposition 204 (2000):
    a. A premium of 2% of the person's household income.
    b. A copayment of $8 for nonemergency use of an emergency room for the first incident and $25 for each subsequent incident if the person is not admitted to the hospital. AHCCCS may not impose a copayment on a person who is admitted to the hospital by the emergency department.

c. A copayment of $25 for nonemergency use of an emergency room for the first incident and $25 for each subsequent incident if there is a community health center, rural health center or urgent care center within 20 miles of the hospital.

18. Subject to approval by CMS, beginning January 1, 2016, AHCCCS must collect from each enrolled person under the expansion population (2013):
    a. A premium of 2% of the person's household income.
    b. A copayment of $25 for nonemergency use of an emergency room if the person is not admitted to the hospital. AHCCCS may not impose a copayment on a person who is admitted to the hospital by the emergency department.
    c. A copayment of $25 for nonemergency use of an emergency room if there is a community health center, rural health center or urgent care center within 20 miles of the hospital.
    d. An exemption from providing non-emergency medical transportation services from October 1, 2015 through September 20, 2016.

19. Exempts, for purposes of implementing cost sharing, AHCCCS from the rulemaking requirements for one year after the effective date of this Act.

20. Allows AHCCCS to participate in any Special Disability Workload 1115 Demonstration Waiver offered by CMS and any credits must be used in the FY the credits are made available to fund the state share of any medical assistance expenditures that qualify for federal financial participation under the Medicaid program. AHCCCS must report the receipt of any credits to the Director of JLBC on or before December 31, 2015 and June 30, 2016.

21. Requires, on or before December 31, 2015, AHCCCS to report to the directors of the JLBC and OSPB on the use of emergency departments for nonemergency purposes by AHCCCS enrollees.

22. States it is the intent of the Legislature that for FY 2016, AHCCCS implement a program within the available appropriation.

23. Specifies that AHCCCS capitation rate increases may not exceed 1.5% in FY 2017 and 2018.

Hospitals

24. States that, subject to the approval of CMS, political subdivisions of this state, tribal governments and any university under the jurisdiction of the Arizona Board of Regents (ABOR) may provide to AHCCCS monies in addition to any state GF monies appropriated for critical care hospitals in order to qualify for additional federal monies. Any amount of federal monies received by this state must be distributed as supplemental payments to critical access hospitals.

25. Establishes the following DSH payments for FY 2015, retroactive to July 1, 2014:
    a. Maricopa County Special Health Care District - $105,945,500;
    b. ASH - $28,474,900; and
    c. Private Qualifying DSH hospitals - $9,284,800.

26. Provides that if the certification provided is for an amount greater than $105,945,500, AHCCCS must distribute $4,202,300 to the Maricopa County Special Health Care District and must deposit $68,328,000 of the federal funds participation in the state GF. AHCCCS may make additional disproportionate share hospital payments to the Maricopa County Special Health Care District.

27. Specifies, after distributions noted above are made, the allocations of DSH payments must be made available first to qualifying private hospitals located outside of the Phoenix and Tucson metropolitan statistical areas before being made available to qualifying hospitals within the Phoenix and Tucson metropolitan statistical areas.

28. Establishes the following DSH payments for FY 2015-16:
    a. Maricopa County Special Health Care District - $113,818,500 ;
    b. ASH - $28,474,900; and
    c. Private Qualifying DSH hospitals - $884,800.

29. Provides that if the certification provided is for an amount greater than $113,818,500, AHCCCS must distribute $4,202,300 to the Maricopa County Special Health Care District and must deposit $74,241,400 of the federal funds participation in the state GF. AHCCCS may make additional disproportionate share hospital payments to the Maricopa County Special Health Care District.

30. Specifies, after distributions noted above are made, the allocations of DSH payments must be made available first to qualifying private hospitals located outside of the Phoenix and Tucson metropolitan statistical areas before being made available to qualifying hospitals within the Phoenix and Tucson metropolitan statistical areas.

Counties

31. Sets the county Arizona Long Term Care System (ALTCS) contributions for FY 2016 at $249,234,600.

32. Specifies that if the overall costs for the ALTCS line item exceeds the amount in the General Appropriations Act for FY 2016, the State Treasurer must collect from the counties the difference of the amount specified and the counties' share of the state's actual contribution.

33. Requires counties to reimburse ADHS 31% of the costs for the commitment of a sexually violent person and the county contributions are excluded from the county expenditure limitation.

34. Requires a city or county to reimburse ADHS for 100% of the costs of inpatient competency restoration treatment for FY 2016 and the county contributions are excluded from the county expenditure limitations.

35. Sets the County Acute Care Contribution at $47,233,500 for FY 2016 and states it is the intent of the Legislature that the Maricopa County contribution be reduced to reflect changes in the GDP price deflator.

36. Sets the amount of $2,646,200 to be collected from the counties, other than Maricopa, for the county contribution for hospitalization and medical care services administered by AHCCCS. Specifies the county contributions are excluded from the county expenditure limitations.

37. Continues to exclude the Proposition 204 administration costs from the county expenditure limitation.

ADHS and AHCCCS

38. Requires the Directors of ADHS and AHCCCS to jointly submit a report on hospital charge master transparency to the Governor, the Legislature and provide a copy to the Secretary of State.