

REFERENCE TITLE: budget reconciliation; health; 2016-2017.

State of Arizona
House of Representatives
Fifty-second Legislature
Second Regular Session
2016

HB 2704

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

AN ACT

AMENDING SECTION 36-108.01, ARIZONA REVISED STATUTES; AMENDING SECTION 36-108.01, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; AMENDING SECTIONS 36-774 AND 36-2001, ARIZONA REVISED STATUTES; REPEALING SECTION 36-2002, ARIZONA REVISED STATUTES; AMENDING SECTIONS 36-2003, 36-2004 AND 36-2005, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 29, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 36-2930.02, 36-2930.03 AND 36-2930.04; AMENDING SECTION 36-2939, ARIZONA REVISED STATUTES; AMENDING LAWS 2015, CHAPTER 14, SECTION 24; APPROPRIATING MONIES; RELATING TO HEALTH BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 36-108.01, Arizona Revised Statutes, is amended to
3 read:

4 36-108.01. Department of health services funds; purposes;
5 annual report

6 A. The interagency service agreement for behavioral health services
7 fund is established consisting of state and federal monies received by the
8 department to provide behavioral health services, except for monies for
9 non-title XIX behavioral health services. The department shall administer
10 the fund. ~~THE DEPARTMENT MAY USE MONIES IN THE FUND ONLY TO PAY FOR TITLE~~
11 ~~XIX BEHAVIORAL HEALTH SERVICE CLAIMS FOR SERVICES PROVIDED ON OR BEFORE JUNE~~
12 ~~30, 2016.~~ Monies in the fund are continuously appropriated.

13 ~~B. The intergovernmental agreements for county behavioral health~~
14 ~~services fund is established consisting of county monies received by the~~
15 ~~department to provide behavioral health services to persons identified~~
16 ~~through agreements with the counties. The department shall administer the~~
17 ~~fund. Monies in the fund are continuously appropriated.~~

18 ~~C.~~ B. The health services lottery monies fund is established
19 consisting of monies transferred pursuant to section 5-572, subsection C for
20 teenage pregnancy prevention programs established by Laws 1995, chapter 190,
21 sections 2 and 3, the health start program established by section 36-697 and
22 the federal women, infants and children food program. The department shall
23 administer the fund. Monies in the fund are continuously appropriated.

24 ~~D.~~ C. The intergovernmental agreements/interagency services
25 agreements fund is established consisting of all monies received by the
26 department through intergovernmental agreements, interagency services
27 agreements and transfers between the department and other state and local
28 entities. The department shall administer the fund. Monies in the fund are
29 continuously appropriated.

30 ~~E.~~ D. Beginning November 1, 2015, the department shall report
31 annually to the joint legislative budget committee on the revenues,
32 expenditures and ending balances from the previous, current and subsequent
33 fiscal years of the funds established in this section.

34 Sec. 2. Section 36-108.01, Arizona Revised Statutes, as amended by
35 section 1 of this act, is amended to read:

36 36-108.01. Department of health services funds; purposes;
37 annual report

38 ~~A. The interagency service agreement for behavioral health services~~
39 ~~fund is established consisting of state and federal monies received by the~~
40 ~~department to provide behavioral health services, except for monies for~~
41 ~~non-title XIX behavioral health services. The department shall administer~~
42 ~~the fund. The department may use monies in the fund only to pay for title~~
43 ~~XIX behavioral health service claims for services provided on or before June~~
44 ~~30, 2016. Monies in the fund are continuously appropriated.~~

1 ~~B.~~ A. The health services lottery monies fund is established
2 consisting of monies transferred pursuant to section 5-572, subsection C for
3 teenage pregnancy prevention programs established by Laws 1995, chapter 190,
4 sections 2 and 3, the health start program established by section 36-697 and
5 the federal women, infants and children food program. The department shall
6 administer the fund. Monies in the fund are continuously appropriated.

7 ~~C.~~ B. The intergovernmental agreements/interagency services
8 agreements fund is established consisting of all monies received by the
9 department through intergovernmental agreements, interagency services
10 agreements and transfers between the department and other state and local
11 entities. The department shall administer the fund. Monies in the fund are
12 continuously appropriated.

13 ~~D.~~ C. ~~Beginning November 1, 2015,~~ The department shall report
14 annually to the joint legislative budget committee on the revenues,
15 expenditures and ending balances from the previous, current and subsequent
16 fiscal years of the funds established in this section.

17 Sec. 3. Section 36-774, Arizona Revised Statutes, is amended to read:
18 36-774. Medically needy account; definition

19 A. Seventy cents of each dollar in the tobacco tax and health care
20 fund shall be deposited in the medically needy account to provide health care
21 ~~OR BEHAVIORAL HEALTH CARE~~ services to persons who are determined to be
22 eligible for services pursuant to section 36-2901 OR 36-2901.01 ~~or 36-2901.04~~
23 as provided by the Arizona health care cost containment system pursuant to
24 chapter 29, article 1 of this title, ~~OR ANY OTHER STATUTE~~, or any expansion
25 of that program or any substantially equivalent or expanded successor program
26 established by the legislature providing health care ~~OR BEHAVIORAL HEALTH~~
27 ~~CARE~~ services to persons who cannot afford those services and for whom there
28 would otherwise be no coverage. These services shall include preventive care
29 and the treatment of catastrophic illness or injury, as provided by the
30 Arizona health care cost containment system.

31 B. The Arizona health care cost containment system administration or
32 any successor shall administer the account.

33 C. Monies that are deposited in the medically needy account:

34 1. Shall only be used to supplement monies that are appropriated by
35 the legislature for the purpose of providing levels of service that are
36 established pursuant to chapter 29, article 1 of this title to eligible
37 persons as defined in section 36-2901 or any expansion of those levels of
38 service, or for any successor program established by the legislature
39 providing levels of service that are substantially equivalent to, or
40 expanding, those provided pursuant to chapter 29, article 1 of this title to
41 eligible persons.

42 2. Shall not be used to supplant monies that are appropriated by the
43 legislature for the purpose of providing levels of service established
44 pursuant to chapter 29, article 1 of this title.

1 D. For purposes of this section, "levels of service" means the
2 provider payment methodology, eligibility criteria and covered services
3 established pursuant to chapter 29, article 1 of this title in effect on July
4 1, 1993.

5 Sec. 4. Section 36-2001, Arizona Revised Statutes, is amended to read:
6 36-2001. Addictive behavior services

7 The ~~director of the department of health services~~ ARIZONA HEALTH CARE
8 COST CONTAINMENT SYSTEM ADMINISTRATION shall establish services for addictive
9 behavior, including alcohol abuse and drug abuse.

10 Sec. 5. Repeal

11 Section ~~36-2002~~, Arizona Revised Statutes, is repealed.

12 Sec. 6. Section 36-2003, Arizona Revised Statutes, is amended to read:
13 36-2003. Powers and duties

14 A. The ~~director~~ ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
15 ADMINISTRATION may:

16 ~~1. Request recommendations or studies in specific areas from the~~
17 ~~interagency coordinating council.~~

18 ~~2.~~ 1. Accept grants, matching funds and direct payments from public
19 or private agencies for the conduct of programs and activities.

20 ~~3.~~ 2. Make contracts and incur obligations as are reasonably
21 necessary to perform the duties and functions of addictive behavior services.

22 ~~4.~~ 3. Employ and specify the duties of administrative, secretarial
23 and clerical assistants, and contract for services of outside consultants,
24 advisors and aides as are necessary to perform such duties and functions.

25 ~~5.~~ 4. Use funds, facilities and services to provide matching
26 contributions under federal or other programs ~~which~~ THAT further the
27 objectives and programs of the ~~department~~ ADMINISTRATION.

28 ~~6.~~ 5. Make such rules ~~and regulations~~ as are necessary or desirable
29 to carry out assigned responsibilities.

30 ~~7.~~ 6. Provide for appropriate programs of treatment and
31 rehabilitation consisting of halfway house treatment centers, detoxification
32 centers, recovery centers and inpatient and outpatient and traveling clinics.

33 B. The ~~director~~ ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
34 ADMINISTRATION shall:

35 1. Provide for and implement a uniform training and educational
36 program for persons who are associated with control of alcohol abuse and drug
37 abuse, prevention, rehabilitation, treatment or enforcement. Only for the
38 purpose of funding such training and educational programs, "alcohol abuse"
39 and "drug abuse" shall be considered to be one and the same.

40 2. Formulate policies, plans and programs designed to effectuate the
41 purposes of this article.

42 3. Stimulate and encourage all local, state, regional and federal
43 governmental agencies, and all private persons and enterprises ~~which~~ THAT
44 have similar and related objectives and purposes, and cooperate with such
45 agencies, persons and enterprises and correlate ~~department~~ ARIZONA HEALTH

1 CARE COST CONTAINMENT SYSTEM plans, programs and operations with those of
2 such agencies, persons and enterprises.

3 4. Conduct research on ~~his~~ THE ADMINISTRATION'S own initiative or at
4 the request of the governor, the legislature or state or local agencies,
5 pertaining to any of the section objectives.

6 5. Provide information and advice on request by local, state and
7 federal agencies and by private citizens and business enterprises on matters
8 within the scope of section activities.

9 6. Advise with and make recommendations to the governor and the
10 legislature on all matters concerning ~~its~~ THE ADMINISTRATION'S objectives.

11 7. Provide for an ongoing evaluation of the effectiveness of state and
12 local services in the areas of alcohol and drug abuse prevention, treatment,
13 rehabilitation, education and enforcement.

14 8. Evaluate and make recommendations on improving the coordination and
15 cooperation between state and local agencies and programs for prevention,
16 treatment, rehabilitation, enforcement and other areas of control of drug
17 abuse and alcohol abuse.

18 9. Prepare a state plan or state plans to discharge assigned
19 responsibilities. ~~Such~~ THE plan or plans shall include programs for alcohol
20 abuse control and drug abuse control.

21 Sec. 7. Section 36-2004, Arizona Revised Statutes, is amended to read:
22 36-2004. Designation to administer state plan

23 The ~~department~~ ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM is
24 designated as the single state agency to develop and administer the state
25 plans for alcohol and drug abuse and for alcoholism as provided in Public Law
26 91-616.

27 Sec. 8. Section 36-2005, Arizona Revised Statutes, is amended to read:
28 36-2005. Substance abuse services fund; purpose; administration

29 A. The substance abuse services fund is established. The fund shall
30 consist of monies collected pursuant to section 12-116.02 and distributed
31 pursuant to section 36-2219.01.

32 B. Subject to legislative appropriation, the ~~director of the~~
33 ~~department~~ ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION shall
34 administer the fund and may expend monies in the fund for administration of
35 the fund and for alcohol and other drug screening, education or treatment for
36 persons who have been ordered by the court to attend pursuant to sections
37 5-395.01, ~~8-249~~ 8-343, 28-1381, 28-1382 and 28-1383 and who do not have
38 sufficient financial ability to pay. Monies deposited pursuant to section
39 36-2219.01, SUBSECTION B, paragraph 4 are subject to legislative
40 appropriation and shall be accounted for separately for use in administering
41 ~~the provisions of~~ section 36-141.

42 C. Monies in the substance abuse services fund are exempt from the
43 provisions of section 35-190 relating to lapsing appropriations.

- 1 2. "340B COVERED ENTITY" MEANS A COVERED ENTITY AS DEFINED BY 42
2 UNITED STATES CODE SECTION 256b THAT PARTICIPATES IN THE 340B DRUG PRICING
3 PROGRAM.
- 4 3. "340B DRUG PRICING PROGRAM" MEANS THE DISCOUNT DRUG PURCHASING
5 PROGRAM DESCRIBED IN 42 UNITED STATES CODE SECTION 256b.
- 6 4. "ACTUAL ACQUISITION COST" MEANS THE PURCHASE PRICE OF A DRUG PAID
7 BY A PHARMACY NET OF ALL DISCOUNTS, REBATES, CHARGEBACKS AND OTHER
8 ADJUSTMENTS TO THE PRICE OF THE DRUG, NOT INCLUDING PROFESSIONAL FEES.
- 9 5. "ADMINISTRATION" HAS THE SAME MEANING PRESCRIBED IN SECTION 36-2901
10 AND INCLUDES THE ADMINISTRATION'S CONTRACTED PHARMACY BENEFITS MANAGER.
- 11 6. "CONTRACTED PHARMACY" MEANS A SEPARATE PHARMACY WITH WHICH A 340B
12 COVERED ENTITY CONTRACTS TO PROVIDE COMPREHENSIVE PHARMACY SERVICES USING
13 MEDICATIONS THAT ARE SUBJECT TO 340B DRUG PRICING.
- 14 7. "CONTRACTOR" HAS THE SAME MEANING PRESCRIBED IN SECTION 36-2901 AND
15 INCLUDES A CONTRACTOR'S PHARMACY BENEFITS MANAGER.
- 16 8. "PROFESSIONAL FEE" MEANS THE AMOUNT PAID FOR THE PROFESSIONAL
17 SERVICES PROVIDED BY THE PHARMACIST FOR DISPENSING A PRESCRIPTION.
18 PROFESSIONAL FEE DOES NOT INCLUDE ANY PAYMENT FOR THE DRUG BEING DISPENSED.
- 19 36-2930.04. Delivery system reform incentive payment fund;
20 purpose; exemption; expenditure plan review
- 21 A. THE DELIVERY SYSTEM REFORM INCENTIVE PAYMENT FUND IS ESTABLISHED.
22 THE FUND SHALL BE USED TO PAY ALL COSTS INCURRED PURSUANT TO THE SECTION 1115
23 WAIVER AUTHORITY ASSOCIATED WITH DELIVERY SYSTEM REFORM INCENTIVE PAYMENTS
24 AND DESIGNATED STATE HEALTH PROGRAMS.
- 25 B. THE ADMINISTRATION SHALL ADMINISTER THE FUND, AND THE FUND IS
26 CONTINUOUSLY APPROPRIATED. ON NOTICE FROM THE ADMINISTRATION, THE STATE
27 TREASURER SHALL INVEST AND DIVEST MONIES IN THE FUND AS PROVIDED BY SECTION
28 35-313, AND MONIES EARNED FROM INVESTMENT SHALL BE CREDITED TO THE FUND.
- 29 C. SEPARATE ACCOUNTS MAY BE ESTABLISHED WITHIN THE FUND FOR EACH
30 DESIGNATED STATE HEALTH PROGRAM.
- 31 D. THE DELIVERY SYSTEM REFORM INCENTIVE PAYMENT FUND CONSISTS OF:
32 1. ALL MONIES DEPOSITED IN THE FUND PURSUANT TO THE SECTION 1115
33 WAIVER AUTHORITY ASSOCIATED WITH DELIVERY SYSTEM REFORM INCENTIVE PAYMENTS
34 AND DESIGNATED STATE HEALTH PROGRAMS.
- 35 2. GIFTS, DONATIONS AND GRANTS FROM ANY SOURCE.
- 36 3. FEDERAL MONIES AVAILABLE TO THIS STATE.
- 37 4. INTEREST ON MONIES DEPOSITED IN THE FUND.
- 38 E. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION
39 35-190, RELATING TO LAPSING OF APPROPRIATIONS.
- 40 F. BEFORE THE INITIAL DEPOSIT OF ANY MONIES IN THE FUND, THE
41 ADMINISTRATION SHALL SUBMIT AN EXPENDITURE PLAN FOR REVIEW BY THE JOINT
42 LEGISLATIVE BUDGET COMMITTEE.

1 Sec. 10. Section 36-2939, Arizona Revised Statutes, is amended to
2 read:

3 36-2939. Long-term care system services

4 A. The following services shall be provided by the program contractors
5 to members WHO ARE determined to need institutional services pursuant to this
6 article:

7 1. Nursing facility services other than services in an institution for
8 tuberculosis or mental disease.

9 2. Notwithstanding any other law, behavioral health services if these
10 services are not duplicative of long-term care services provided as of
11 January 30, 1993 under this subsection and are authorized by the program
12 contractor through the long-term care case management system. If the
13 administration is the program contractor, the administration may authorize
14 these services.

15 3. Hospice services. For the purposes of this paragraph, "hospice"
16 means a program of palliative and supportive care for terminally ill members
17 and their families or caregivers.

18 4. Case management services as provided in section 36-2938.

19 5. Health and medical services as provided in section 36-2907.

20 6. DENTAL SERVICES IN AN ANNUAL AMOUNT OF NOT MORE THAN ONE THOUSAND
21 DOLLARS PER MEMBER.

22 B. In addition to the services prescribed in subsection A of this
23 section, the department, as a program contractor, shall provide the following
24 services if appropriate to members who have a developmental disability as
25 defined in section 36-551 and are determined to need institutional services
26 pursuant to this article:

27 1. Intermediate care facility services for a member who has a
28 developmental disability as defined in section 36-551. For purposes of this
29 article, a facility shall meet all federally approved standards and may only
30 include the Arizona training program facilities, a state owned and operated
31 service center, state owned or operated community residential settings and
32 private state licensed facilities that contract with the department.

33 2. Home and community based services that may be provided in a
34 member's home, at an alternative residential setting as prescribed in section
35 36-591 or at other behavioral health alternative residential facilities
36 licensed by the department of health services and approved by the director of
37 the Arizona health care cost containment system administration and that may
38 include:

39 (a) Home health, which means the provision of nursing services, ~~or~~
40 home health aide services or medical supplies, equipment and appliances, that
41 are provided on a part-time or intermittent basis by a licensed home health
42 agency within a member's residence based on a physician's orders and in
43 accordance with federal law. Physical therapy, occupational therapy, or
44 speech and audiology services provided by a home health agency may be
45 provided in accordance with federal law. Home health agencies shall comply

1 with federal bonding requirements in a manner prescribed by the
2 administration.

3 (b) Home health aide, which means a service that provides intermittent
4 health maintenance, continued treatment or monitoring of a health condition
5 and supportive care for activities of daily living provided within a member's
6 residence.

7 (c) Homemaker, which means a service that provides assistance in the
8 performance of activities related to household maintenance within a member's
9 residence.

10 (d) Personal care, which means a service that provides assistance to
11 meet essential physical needs within a member's residence.

12 (e) Day care for persons with developmental disabilities, which means
13 a service that provides planned care supervision and activities, personal
14 care, activities of daily living skills training and habilitation services in
15 a group setting during a portion of a continuous ~~twenty-four-hour~~
16 TWENTY-FOUR-HOUR period.

17 (f) Habilitation, which means the provision of physical therapy,
18 occupational therapy, speech or audiology services or training in independent
19 living, special developmental skills, sensory-motor development, behavior
20 intervention, and orientation and mobility in accordance with federal law.

21 (g) Respite care, which means a service that provides short-term care
22 and supervision available on a ~~twenty-four-hour~~ TWENTY-FOUR-HOUR basis.

23 (h) Transportation, which means a service that provides or assists in
24 obtaining transportation for the member.

25 (i) Other services or licensed or certified settings approved by the
26 director.

27 C. In addition to services prescribed in subsection A of this section,
28 home and community based services may be provided in a member's home, in an
29 adult foster care home as prescribed in section 36-401, in an assisted living
30 home or assisted living center as defined in section 36-401 or in a level one
31 or level two behavioral health alternative residential facility approved by
32 the director by program contractors to all members who do not have a
33 developmental disability as defined in section 36-551 and are determined to
34 need institutional services pursuant to this article. Members residing in an
35 assisted living center must be provided the choice of single occupancy. The
36 director may also approve other licensed residential facilities as
37 appropriate on a ~~case-by-case~~ CASE-BY-CASE basis for traumatic brain injured
38 members. Home and community based services may include the following:

39 1. Home health, which means the provision of nursing services, home
40 health aide services or medical supplies, equipment and appliances, that are
41 provided on a part-time or intermittent basis by a licensed home health
42 agency within a member's residence based on a physician's orders and in
43 accordance with federal law. Physical therapy, occupational therapy, or
44 speech and audiology services provided by a home health agency may be
45 provided in accordance with federal law. Home health agencies shall comply

1 with federal bonding requirements in a manner prescribed by the
2 administration.

3 2. Home health aide, which means a service that provides intermittent
4 health maintenance, continued treatment or monitoring of a health condition
5 and supportive care for activities of daily living provided within a member's
6 residence.

7 3. Homemaker, which means a service that provides assistance in the
8 performance of activities related to household maintenance within a member's
9 residence.

10 4. Personal care, which means a service that provides assistance to
11 meet essential physical needs within a member's residence.

12 5. Adult day health, which means a service that provides planned care
13 supervision and activities, personal care, personal living skills training,
14 meals and health monitoring in a group setting during a portion of a
15 continuous ~~twenty-four hour~~ TWENTY-FOUR-HOUR period. Adult day health may
16 also include preventive, therapeutic and restorative health related services
17 that do not include behavioral health services.

18 6. Habilitation, which means the provision of physical therapy,
19 occupational therapy, speech or audiology services or training in independent
20 living, special developmental skills, sensory-motor development, behavior
21 intervention, and orientation and mobility in accordance with federal law.

22 7. Respite care, which means a service that provides short-term care
23 and supervision available on a ~~twenty-four hour~~ TWENTY-FOUR-HOUR basis.

24 8. Transportation, which means a service that provides or assists in
25 obtaining transportation for the member.

26 9. Home delivered meals, which means a service that provides for a
27 nutritious meal ~~containing~~ THAT CONTAINS at least one-third of the
28 recommended dietary allowance for an individual and ~~which~~ THAT is delivered
29 to the member's residence.

30 10. Other services or licensed or certified settings approved by the
31 director.

32 D. The amount of money expended by program contractors on home and
33 community based services pursuant to subsection C of this section shall be
34 limited by the director in accordance with the federal monies made available
35 to this state for home and community based services pursuant to subsection C
36 of this section. The director shall establish methods for the allocation of
37 monies for home and community based services to program contractors and shall
38 monitor expenditures on home and community based services by program
39 contractors.

40 E. Notwithstanding subsections A, B, C and F of this section, no
41 service may be provided that does not qualify for federal monies available
42 under title XIX of the social security act or the section 1115 waiver.

43 F. In addition to services provided pursuant to subsections A, B and C
44 of this section, the director may implement a demonstration project to
45 provide home and community based services to special populations, including

1 persons with disabilities who are eighteen years of age or younger, ARE
2 medically fragile, reside at home and would be eligible for supplemental
3 security income for the aged, blind or disabled or the state supplemental
4 payment program, except for the amount of their parent's income or resources.
5 In implementing this project, the director may provide for parental
6 contributions for the care of their child.

7 G. Subject to section 36-562, the administration by rule shall
8 prescribe a deductible schedule for programs provided to members who are
9 eligible pursuant to subsection B of this section, except that the
10 administration shall implement a deductible based on family income. In
11 determining deductible amounts and whether a family is required to have
12 deductibles, the department shall use adjusted gross income. Families whose
13 adjusted gross income is at least four hundred ~~per-cent~~ PERCENT and less than
14 or equal to five hundred ~~per-cent~~ PERCENT of the federal poverty guidelines
15 shall have a deductible of two ~~per-cent~~ PERCENT of adjusted gross income.
16 Families whose adjusted gross income is more than five hundred ~~per-cent~~
17 PERCENT of adjusted gross income shall have a deductible of four ~~per-cent~~
18 PERCENT of adjusted gross income. Only families whose children are under
19 eighteen years of age and who are members who are eligible pursuant to
20 subsection B of this section may be required to have a deductible for
21 services. For the purposes of this subsection, "deductible" means an amount
22 a family, whose children are under eighteen years of age and who are members
23 who are eligible pursuant to subsection B of this section, pays for services,
24 other than departmental case management and acute care services, before the
25 department will pay for services other than departmental case management and
26 acute care services.

27 Sec. 11. Laws 2015, chapter 14, section 24 is amended to read:

28 Sec. 24. Third-party liability payments; report

29 On or before December 31, 2016, the ~~department of health services, or~~
30 ~~the state agency that administers behavioral health services for this state,~~
31 ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM shall report to the directors of
32 the joint legislative budget committee and the governor's office of strategic
33 planning and budgeting on the efforts to increase third-party liability
34 payments for behavioral health services.

35 Sec. 12. ALTCS; county contributions; fiscal year 2016-2017

36 A. Notwithstanding section 11-292, Arizona Revised Statutes, county
37 contributions for the Arizona long-term care system for fiscal year 2016-2017
38 are as follows:

39	1. Apache	\$ 625,200
40	2. Cochise	\$ 4,995,000
41	3. Coconino	\$ 1,877,300
42	4. Gila	\$ 2,112,600
43	5. Graham	\$ 1,303,500
44	6. Greenlee	\$ 33,500
45	7. La Paz	\$ 595,600

1	8. Maricopa	\$155,173,500
2	9. Mohave	\$ 7,948,800
3	10. Navajo	\$ 2,588,200
4	11. Pima	\$ 39,243,800
5	12. Pinal	\$ 14,899,800
6	13. Santa Cruz	\$ 1,930,900
7	14. Yavapai	\$ 8,391,300
8	15. Yuma	\$ 8,261,000

9 B. If the overall cost for the Arizona long-term care system exceeds
10 the amount specified in the general appropriations act for fiscal year
11 2016-2017, the state treasurer shall collect from the counties the difference
12 between the amount specified in subsection A of this section and the
13 counties' share of the state's actual contribution. The counties' share of
14 the state's contribution shall be in compliance with any federal maintenance
15 of effort requirements. The director of the Arizona health care cost
16 containment system administration shall notify the state treasurer of the
17 counties' share of the state's contribution and report the amount to the
18 director of the joint legislative budget committee. The state treasurer
19 shall withhold from any other monies payable to a county from whatever state
20 funding source is available an amount necessary to fulfill that county's
21 requirement specified in this subsection. The state treasurer may not
22 withhold distributions from the Arizona highway user revenue fund pursuant to
23 title 28, chapter 18, article 2, Arizona Revised Statutes. The state
24 treasurer shall deposit the amounts withheld pursuant to this subsection and
25 amounts paid pursuant to subsection A of this section in the long-term care
26 system fund established by section 36-2913, Arizona Revised Statutes.

27 Sec. 13. Sexually violent persons; county reimbursement; fiscal
28 year 2016-2017; deposit; tax distribution
29 withholding; definition

30 A. Notwithstanding any other law, if this state pays the costs of
31 commitment of a sexually violent individual, the county shall reimburse the
32 department of health services for thirty-one percent of these costs for
33 fiscal year 2016-2017.

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

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

1 35-147, Arizona Revised Statutes, the withholdings in the Arizona state
2 hospital fund established by section 36-545.08, Arizona Revised Statutes.

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

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

9 F. For the purposes of this section, "costs of commitment" means the
10 costs associated with the detainment of a person in a licensed facility under
11 the supervision of the superintendent of the Arizona state hospital before
12 the court determines that the person is sexually violent and the cost of
13 detainment of the person after the court has determined that the person is
14 sexually violent.

15 Sec. 14. Competency restoration treatment; city and county
16 reimbursement; fiscal year 2016-2017; deposit; tax
17 distribution withholding

18 A. Notwithstanding section 13-4512, Arizona Revised Statutes, if this
19 state pays the costs of a defendant's inpatient, in custody competency
20 restoration treatment pursuant to section 13-4512, Arizona Revised Statutes,
21 the city or county shall reimburse the department of health services for one
22 hundred percent of these costs for fiscal year 2016-2017.

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

27 C. Each city and county shall make the reimbursements for these costs
28 as specified in subsection A of this section within thirty days after a
29 request by the department of health services. If the city or county does not
30 make the reimbursement, the superintendent of the Arizona state hospital
31 shall notify the state treasurer of the amount owed and the treasurer shall
32 withhold the amount, including any additional interest as provided in section
33 42-1123, Arizona Revised Statutes, from any transaction privilege tax
34 distributions to the city or county. The treasurer shall deposit, pursuant
35 to sections 35-146 and 35-147, Arizona Revised Statutes, the withholdings in
36 the Arizona state hospital fund established by section 36-545.08, Arizona
37 Revised Statutes.

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

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

1 Sec. 15. AHCCCS: disproportionate share payments

2 A. Disproportionate share payments for fiscal year 2016-2017 made
3 pursuant to section 36-2903.01, subsection O, Arizona Revised Statutes,
4 include:

5 1. \$113,818,500 for a qualifying nonstate operated public hospital.
6 The Maricopa county special health care district shall provide a certified
7 public expense form for the amount of qualifying disproportionate share
8 hospital expenditures made on behalf of this state to the Arizona health care
9 cost containment system administration on or before May 1, 2017 for all state
10 plan years as required by the Arizona health care cost containment system
11 1115 waiver standard terms and conditions. The administration shall assist
12 the district in determining the amount of qualifying disproportionate share
13 hospital expenditures. Once the administration files a claim with the
14 federal government and receives federal financial participation based on the
15 amount certified by the Maricopa county special health care district, if the
16 certification is equal to or less than \$113,818,500 and the administration
17 determines that the revised amount is correct pursuant to the methodology
18 used by the administration pursuant to section 36-2903.01, Arizona Revised
19 Statutes, the administration shall notify the governor, the president of the
20 senate and the speaker of the house of representatives, shall distribute
21 \$4,202,300 to the Maricopa county special health care district and shall
22 deposit the balance of the federal financial participation in the state
23 general fund. If the certification provided is for an amount less than
24 \$113,818,500 and the administration determines that the revised amount is not
25 correct pursuant to the methodology used by the administration pursuant to
26 section 36-2903.01, Arizona Revised Statutes, the administration shall notify
27 the governor, the president of the senate and the speaker of the house of
28 representatives and shall deposit the total amount of the federal financial
29 participation in the state general fund. If the certification provided is
30 for an amount greater than \$113,818,500, the administration shall distribute
31 \$4,202,300 to the Maricopa county special health care district and shall
32 deposit \$74,605,600 of the federal financial participation in the state
33 general fund. The administration may make additional disproportionate share
34 hospital payments to the Maricopa county special health care district
35 pursuant to section 36-2903.01, subsection P, Arizona Revised Statutes, and
36 subsection B of this section.

37 2. \$28,474,900 for the Arizona state hospital. The Arizona state
38 hospital shall provide a certified public expense form for the amount of
39 qualifying disproportionate share hospital expenditures made on behalf of the
40 state to the administration on or before March 31, 2017. The administration
41 shall assist the Arizona state hospital in determining the amount of
42 qualifying disproportionate share hospital expenditures. Once the
43 administration files a claim with the federal government and receives federal
44 financial participation based on the amount certified by the Arizona state
45 hospital, the administration shall distribute the entire amount of federal

1 financial participation to the state general fund. If the certification
2 provided is for an amount less than \$28,474,900, the administration shall
3 notify the governor, the president of the senate and the speaker of the house
4 of representatives and shall distribute the entire amount of federal
5 financial participation to the state general fund. The certified public
6 expense form provided by the Arizona state hospital shall contain both the
7 total amount of qualifying disproportionate share hospital expenditures and
8 the amount limited by section 1923(g) of the social security act.

9 3. \$884,800 for private qualifying disproportionate share hospitals.
10 The Arizona health care cost containment system administration shall make
11 payments to hospitals consistent with this appropriation and the terms of the
12 section 1115 waiver, but payments are limited to those hospitals that either:

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

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

17 B. After the distributions made pursuant to subsection A of this
18 section, the allocations of disproportionate share hospital payments made
19 pursuant to section 36-2903.01, subsection P, Arizona Revised Statutes, shall
20 be made available first to qualifying private hospitals located outside of
21 the Phoenix metropolitan statistical area and the Tucson metropolitan
22 statistical area before being made available to qualifying hospitals within
23 the Phoenix metropolitan statistical area and the Tucson metropolitan
24 statistical area.

25 Sec. 16. AHCCCS transfer; counties; federal monies

26 On or before December 31, 2017, notwithstanding any other law, for
27 fiscal year 2016-2017 the Arizona health care cost containment system
28 administration shall transfer to the counties such portion, if any, as may be
29 necessary to comply with section 10201(c)(6) of the patient protection and
30 affordable care act (P.L. 111-148), regarding the counties' proportional
31 share of the state's contribution.

32 Sec. 17. County acute care contribution; fiscal year 2016-2017

33 A. Notwithstanding section 11-292, Arizona Revised Statutes, for
34 fiscal year 2016-2017 for the provision of hospitalization and medical care,
35 the counties shall contribute the following amounts:

36	1. Apache	\$ 268,800
37	2. Cochise	\$ 2,214,800
38	3. Coconino	\$ 742,900
39	4. Gila	\$ 1,413,200
40	5. Graham	\$ 536,200
41	6. Greenlee	\$ 190,700
42	7. La Paz	\$ 212,100
43	8. Maricopa	\$19,011,200
44	9. Mohave	\$ 1,237,700
45	10. Navajo	\$ 310,800

1	11. Pima	\$14,951,800
2	12. Pinal	\$ 2,715,600
3	13. Santa Cruz	\$ 482,800
4	14. Yavapai	\$ 1,427,800
5	15. Yuma	\$ 1,325,100

6 B. If a county does not provide funding as specified in subsection A
7 of this section, the state treasurer shall subtract the amount owed by the
8 county to the Arizona health care cost containment system fund and the
9 long-term care system fund established by section 36-2913, Arizona Revised
10 Statutes, from any payments required to be made by the state treasurer to
11 that county pursuant to section 42-5029, subsection D, paragraph 2, Arizona
12 Revised Statutes, plus interest on that amount pursuant to section 44-1201,
13 Arizona Revised Statutes, retroactive to the first day the funding was due.
14 If the monies the state treasurer withholds are insufficient to meet that
15 county's funding requirements as specified in subsection A of this section,
16 the state treasurer shall withhold from any other monies payable to that
17 county from whatever state funding source is available an amount necessary to
18 fulfill that county's requirement. The state treasurer may not withhold
19 distributions from the Arizona highway user revenue fund pursuant to title
20 28, chapter 18, article 2, Arizona Revised Statutes.

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

27 D. The state treasurer shall deposit the amounts paid pursuant to
28 subsection C of this section and amounts withheld pursuant to subsection B of
29 this section in the Arizona health care cost containment system fund and the
30 long-term care system fund established by section 36-2913, Arizona Revised
31 Statutes.

32 E. If payments made pursuant to subsection C of this section exceed
33 the amount required to meet the costs incurred by the Arizona health care
34 cost containment system for the hospitalization and medical care of those
35 persons defined as an eligible person pursuant to section 36-2901, paragraph
36 6, subdivisions (a), (b) and (c), Arizona Revised Statutes, the director of
37 the Arizona health care cost containment system administration may instruct
38 the state treasurer either to reduce remaining payments to be paid pursuant
39 to this section by a specified amount or to provide to the counties specified
40 amounts from the Arizona health care cost containment system fund and the
41 long-term care system fund established by section 36-2913, Arizona Revised
42 Statutes.

43 F. It is the intent of the legislature that the Maricopa county
44 contribution pursuant to subsection A of this section be reduced in each
45 subsequent year according to the changes in the GDP price deflator. For the

1 purposes of this subsection, "GDP price deflator" has the same meaning
2 prescribed in section 41-563, Arizona Revised Statutes.

3 Sec. 18. Hospitalization and medical care contribution; fiscal
4 year 2016-2017

5 A. Notwithstanding any other law, for fiscal year 2016-2017, beginning
6 with the second monthly distribution of transaction privilege tax revenues,
7 the state treasurer shall withhold one-eleventh of the following amounts from
8 state transaction privilege tax revenues otherwise distributable, after any
9 amounts withheld for the county long-term care contribution or the county
10 administration contribution pursuant to section 11-292, subsection 0, Arizona
11 Revised Statutes, for deposit in the Arizona health care cost containment
12 system fund established by section 36-2913, Arizona Revised Statutes, for the
13 provision of hospitalization and medical care:

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

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

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

38 D. In fiscal year 2016-2017, the sum of \$2,646,200 withheld pursuant
39 to subsection A of this section is allocated for the county acute care
40 contribution for the provision of hospitalization and medical care services
41 administered by the Arizona health care cost containment system
42 administration.

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

1 joint legislative budget committee on or before December 31, 2016 and
2 June 30, 2017.

3 Sec. 24. Health services lottery monies fund; lottery
4 distribution; use

5 Notwithstanding sections 5-572 and 36-108.01, Arizona Revised Statutes,
6 monies in the health services lottery monies fund established by section
7 36-108.01, Arizona Revised Statutes, may be used for the purposes specified
8 in the fiscal year 2016-2017 general appropriations act.

9 Sec. 25. Department of health services; health research
10 account; Alzheimer's disease research

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

15 Sec. 26. AHCCCS; health care services for Native Americans;
16 report

17 On or before December 1, 2016, the Arizona health care cost containment
18 system administration shall submit a report for review to the joint
19 legislative budget committee on medicaid payments for health care services
20 for the Native American population in this state. The report shall include:

21 1. An estimate of the administration's annual total fund expenditures
22 on acute care, long-term care and behavioral health services for Native
23 Americans in this state, including an estimate of total state expenditures on
24 such services. The administration shall provide separate estimates of total
25 medicaid fee-for-service expenditures and total medicaid capitation
26 expenditures for services furnished to Native Americans in this state.

27 2. An assessment of the state fiscal implications associated with
28 federal policy guidance issued by the centers for medicare and medicaid
29 services in the state health official letter #16-002 dated February 26, 2016.
30 The assessment shall include an estimate of the state fiscal impact of the
31 following policies addressed in the letter:

32 (a) The one hundred percent federal matching assistance percentage for
33 services furnished by non-Indian health service providers to Native Americans
34 in this state through a written care coordination agreement.

35 (b) The one hundred percent federal matching assistance percentage for
36 services furnished by an Indian health service facility or tribal facility
37 that did not previously qualify for a one hundred percent federal matching
38 assistance percentage, including home and community-based services,
39 transportation services and other nonfacility-based services.

40 3. A report on the administration's strategies to encourage written
41 care coordination agreements, as prescribed in the state health official
42 letter #16-002 dated February 26, 2016, between Indian health service
43 providers and non-Indian health service providers.

44 4. An analysis of the impact of the federal policy guidance issued by
45 the centers for medicare and medicaid services in the state health official

1 letter #16-002 dated February 26, 2016 on access to care, continuity of care
2 and population health for Native Americans in this state.

3 Sec. 27. AHCCCS; emergency department use; report

4 On or before December 1, 2016, the Arizona health care cost containment
5 system administration shall report to the directors of the joint legislative
6 budget committee and the governor's office of strategic planning and
7 budgeting on the use of emergency departments for nonemergency purposes by
8 Arizona health care cost containment system enrollees.

9 Sec. 28. Hospital transparency; joint report

10 On or before January 1, 2017, the director of the Arizona health care
11 cost containment system administration and the director of the department of
12 health services shall submit a joint report on hospital charge master
13 transparency to the governor, the speaker of the house of representatives and
14 the president of the senate and shall provide a copy to the secretary of
15 state. The report shall provide a summary of the current charge master
16 reporting process, a summary of hospital billed charges compared to costs and
17 examples of how charge masters or hospital prices are reported and used in
18 other states. The report shall include recommendations to improve this
19 state's use of hospital charge master information, including reporting and
20 oversight changes.

21 Sec. 29. Inpatient psychiatric treatment for children; report

22 On or before January 2, 2017, the Arizona health care cost containment
23 system administration shall report to the director of the joint legislative
24 budget committee on the availability of inpatient psychiatric treatment for
25 children and adolescents who receive services from the regional behavioral
26 health authorities. The report shall include all of the following
27 information on treatment for individuals who are twenty-one years of age or
28 younger:

- 29 1. The total number of inpatient psychiatric treatment beds available
30 and the occupancy rate for those beds.
- 31 2. Expenditures on inpatient psychiatric treatment.
- 32 3. The total number of individuals in this state who are sent out of
33 state for inpatient psychiatric care.
- 34 4. The prevalence of psychiatric boarding or the holding of
35 psychiatric patients in emergency rooms for at least twenty-four hours before
36 transferring the patient to a psychiatric facility.

37 Sec. 30. AHCCCS; 340B drug pricing; rulemaking; exemption

38 For the purposes of implementing section 36-2930.03, Arizona Revised
39 Statutes, as added by this act, relating to 340B drug pricing, the Arizona
40 health care cost containment administration is exempt from the rulemaking
41 requirements of title 41, chapter 6, Arizona Revised Statutes, for one year
42 after the effective date of this act.

1 Sec. 31. Intent; implementation of program

2 It is the intent of the legislature that for fiscal year 2016-2017 the
3 Arizona health care cost containment system administration implement a
4 program within the available appropriation.

5 Sec. 32. Effective date

6 Section 36-108.01, Arizona Revised Statutes, as amended by section 2 of
7 this act, is effective from and after August 31, 2020.