

State of Arizona
Senate
Fifty-second Legislature
Second Regular Session
2016

SENATE BILL 1535

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; REPEALING SECTION 36-2907, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2015, CHAPTER 195, SECTION 57; AMENDING SECTION 36-2907, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2015, CHAPTER 264, SECTION 1; 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; REPEALING LAWS 2015, CHAPTER 14, SECTION 26; 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 Sec. 9. Repeal
2 Section 36-2907, Arizona Revised Statutes, as amended by Laws 2015,
3 chapter 195, section 57, is repealed.

4 Sec. 10. Section 36-2907, Arizona Revised Statutes, as amended by Laws
5 2015, chapter 264, section 1, is amended to read:

6 36-2907. Covered health and medical services; modifications;
7 related delivery of service requirements; definition

8 A. Subject to the limitations and exclusions specified in this
9 section, contractors shall provide the following medically necessary health
10 and medical services:

11 1. Inpatient hospital services that are ordinarily furnished by a
12 hospital for the care and treatment of inpatients and that are provided under
13 the direction of a physician or a primary care practitioner. For the
14 purposes of this section, inpatient hospital services exclude services in an
15 institution for tuberculosis or mental diseases unless authorized under an
16 approved section 1115 waiver.

17 2. Outpatient health services that are ordinarily provided in
18 hospitals, clinics, offices and other health care facilities by licensed
19 health care providers. Outpatient health services include services provided
20 by or under the direction of a physician or a primary care practitioner.

21 3. Other laboratory and x-ray services ordered by a physician or a
22 primary care practitioner.

23 4. Medications that are ordered on prescription by a physician or a
24 dentist licensed pursuant to title 32, chapter 11. Persons who are dually
25 eligible for title XVIII and title XIX services must obtain available
26 medications through a medicare licensed or certified medicare advantage
27 prescription drug plan, a medicare prescription drug plan or any other entity
28 authorized by medicare to provide a medicare part D prescription drug
29 benefit.

30 5. Medical supplies, durable medical equipment, insulin pumps and
31 prosthetic devices ordered by a physician or a primary care practitioner.
32 Suppliers of durable medical equipment shall provide the administration with
33 complete information about the identity of each person who has an ownership
34 or controlling interest in their business and shall comply with federal
35 bonding requirements in a manner prescribed by the administration.

36 6. For persons who are at least twenty-one years of age, treatment of
37 medical conditions of the eye, excluding eye examinations for prescriptive
38 lenses and the provision of prescriptive lenses.

39 7. Early and periodic health screening and diagnostic services as
40 required by section 1905(r) of title XIX of the social security act for
41 members who are under twenty-one years of age.

42 8. Family planning services that do not include abortion or abortion
43 counseling. If a contractor elects not to provide family planning services,
44 this election does not disqualify the contractor from delivering all other
45 covered health and medical services under this chapter. In that event, the

1 administration may contract directly with another contractor, including an
2 outpatient surgical center or a noncontracting provider, to deliver family
3 planning services to a member who is enrolled with the contractor that elects
4 not to provide family planning services.

5 9. Podiatry services **THAT ARE PERFORMED BY A PODIATRIST WHO IS**
6 **LICENSED PURSUANT TO TITLE 32, CHAPTER 7 AND** ordered by a primary care
7 physician or primary care practitioner.

8 10. Nonexperimental transplants approved for title XIX reimbursement.

9 11. Ambulance and nonambulance transportation, except as provided in
10 subsection G of this section.

11 12. Hospice care.

12 13. Orthotics, if all of the following apply:

13 (a) The use of the orthotic is medically necessary as the preferred
14 treatment option consistent with medicare guidelines.

15 (b) The orthotic is less expensive than all other treatment options or
16 surgical procedures to treat the same diagnosed condition.

17 (c) The orthotic is ordered by a physician or primary care
18 practitioner.

19 B. The limitations and exclusions for health and medical services
20 provided under this section are as follows:

21 1. Circumcision of newborn males is not a covered health and medical
22 service.

23 2. For eligible persons who are at least twenty-one years of age:

24 (a) Outpatient health services do not include occupational therapy or
25 speech therapy.

26 (b) Prosthetic devices do not include hearing aids, dentures, ~~bone~~
27 ~~anchored~~ **BONE-ANCHORED** hearing aids or cochlear implants. Prosthetic
28 devices, except prosthetic implants, may be limited to twelve thousand five
29 hundred dollars per contract year.

30 (c) Percussive vests ~~and orthotics~~ are not covered health and medical
31 services.

32 (d) Durable medical equipment is limited to items covered by medicare.

33 ~~(e) Podiatry services do not include services performed by a~~
34 ~~podiatrist.~~

35 ~~(f)~~ (e) Nonexperimental transplants do not include ~~pancreas-only~~
36 **PANCREAS-ONLY** transplants.

37 ~~(g)~~ (f) Bariatric surgery procedures, including laparoscopic and open
38 gastric bypass and restrictive procedures, are not covered health and medical
39 services.

40 C. The system shall pay noncontracting providers only for health and
41 medical services as prescribed in subsection A of this section and as
42 prescribed by rule.

43 D. The director shall adopt rules necessary to limit, to the extent
44 possible, the scope, duration and amount of services, including maximum
45 limitations for inpatient services that are consistent with federal

1 regulations under title XIX of the social security act (P.L. 89-97; 79 Stat.
2 344; 42 United States Code section 1396 (1980)). To the extent possible and
3 practicable, these rules shall provide for the prior approval of medically
4 necessary services provided pursuant to this chapter.

5 E. The director shall make available home health services in lieu of
6 hospitalization pursuant to contracts awarded under this article. For the
7 purposes of this subsection, "home health services" means the provision of
8 nursing services, home health aide services or medical supplies, equipment
9 and appliances that are provided on a part-time or intermittent basis by a
10 licensed home health agency within a member's residence based on the orders
11 of a physician or a primary care practitioner. Home health agencies shall
12 comply with the federal bonding requirements in a manner prescribed by the
13 administration.

14 F. The director shall adopt rules for the coverage of behavioral
15 health services for persons who are eligible under section 36-2901, paragraph
16 6, subdivision (a). ~~The administration shall contract with the department of~~
17 ~~health services for the delivery of all medically necessary behavioral health~~
18 ~~services to persons who are eligible under rules adopted pursuant to this~~
19 ~~subsection. The division of behavioral health in the department of health~~
20 ~~services~~ THE ADMINISTRATION ACTING THROUGH THE REGIONAL BEHAVIORAL HEALTH
21 AUTHORITIES shall establish a diagnostic and evaluation program to which
22 other state agencies shall refer children who are not already enrolled
23 pursuant to this chapter and who may be in need of behavioral health
24 services. In addition to an evaluation, the ~~division of behavioral health~~
25 ADMINISTRATION ACTING THROUGH REGIONAL BEHAVIORAL HEALTH AUTHORITIES shall
26 also identify children who may be eligible under section 36-2901, paragraph
27 6, subdivision (a) or section 36-2931, paragraph 5 and shall refer the
28 children to the appropriate agency responsible for making the final
29 eligibility determination.

30 G. The director shall adopt rules for the provision of transportation
31 services and rules providing for copayment by members for transportation for
32 other than emergency purposes. Subject to approval by the centers for
33 medicare and medicaid services, nonemergency medical transportation shall not
34 be provided except for stretcher vans and ambulance transportation. Prior
35 authorization is required for transportation by stretcher van and for
36 medically necessary ambulance transportation initiated pursuant to a
37 physician's direction. Prior authorization is not required for medically
38 necessary ambulance transportation services rendered to members or eligible
39 persons initiated by dialing telephone number 911 or other designated
40 emergency response systems.

41 H. The director may adopt rules to allow the administration, at the
42 director's discretion, to use a second opinion procedure under which surgery
43 may not be eligible for coverage pursuant to this chapter without
44 documentation as to need by at least two physicians or primary care
45 practitioners.

1 I. If the director does not receive bids within the amounts budgeted
2 or if at any time the amount remaining in the Arizona health care cost
3 containment system fund is insufficient to pay for full contract services for
4 the remainder of the contract term, the administration, on notification to
5 system contractors at least thirty days in advance, may modify the list of
6 services required under subsection A of this section for persons defined as
7 eligible other than those persons defined pursuant to section 36-2901,
8 paragraph 6, subdivision (a). The director may also suspend services or may
9 limit categories of expense for services defined as optional pursuant to
10 title XIX of the social security act (P.L. 89-97; 79 Stat. 344; 42 United
11 States Code section 1396 (1980)) for persons defined pursuant to section
12 36-2901, paragraph 6, subdivision (a). Such reductions or suspensions do not
13 apply to the continuity of care for persons already receiving these services.

14 J. Additional, reduced or modified hospitalization and medical care
15 benefits may be provided under the system to enrolled members who are
16 eligible pursuant to section 36-2901, paragraph 6, subdivision (b), (c), (d)
17 or (e).

18 K. All health and medical services provided under this article shall
19 be provided in the geographic service area of the member, except:

20 1. Emergency services and specialty services provided pursuant to
21 section 36-2908.

22 2. That the director may permit the delivery of health and medical
23 services in other than the geographic service area in this state or in an
24 adjoining state if the director determines that medical practice patterns
25 justify the delivery of services or a net reduction in transportation costs
26 can reasonably be expected. Notwithstanding the definition of physician as
27 prescribed in section 36-2901, if services are procured from a physician or
28 primary care practitioner in an adjoining state, the physician or primary
29 care practitioner shall be licensed to practice in that state pursuant to
30 licensing statutes in that state similar to title 32, chapter 13, 15, 17 or
31 25 and shall complete a provider agreement for this state.

32 L. Covered outpatient services shall be subcontracted by a primary
33 care physician or primary care practitioner to other licensed health care
34 providers to the extent practicable for purposes including, but not limited
35 to, making health care services available to underserved areas, reducing
36 costs of providing medical care and reducing transportation costs.

37 M. The director shall adopt rules that prescribe the coordination of
38 medical care for persons who are eligible for system services. The rules
39 shall include provisions for the transfer of patients, the transfer of
40 medical records and the initiation of medical care.

41 N. For the purposes of this section, "ambulance" has the same meaning
42 prescribed in section 36-2201.

1 HOSPITALS AND OUTPATIENT FACILITIES THAT ARE OWNED OR OPERATED BY A LICENSED
2 HOSPITAL.

3 E. FOR THE PURPOSES OF THIS SECTION:

4 1. "340B CEILING PRICE" MEANS THE MAXIMUM PRICE THAT DRUG
5 MANUFACTURERS MAY CHARGE COVERED ENTITIES PARTICIPATING IN THE 340B DRUG
6 PRICING PROGRAM AS REPORTED BY THE DRUG MANUFACTURER TO THE UNITED STATES
7 DEPARTMENT OF HEALTH AND HUMAN SERVICES. THE 340B CEILING PRICE PER UNIT IS
8 DEFINED AS THE AVERAGE MANUFACTURER PRICE MINUS THE FEDERAL UNIT REBATE
9 AMOUNT.

10 2. "340B COVERED ENTITY" MEANS A COVERED ENTITY AS DEFINED BY 42
11 UNITED STATES CODE SECTION 256b THAT PARTICIPATES IN THE 340B DRUG PRICING
12 PROGRAM.

13 3. "340B DRUG PRICING PROGRAM" MEANS THE DISCOUNT DRUG PURCHASING
14 PROGRAM DESCRIBED IN 42 UNITED STATES CODE SECTION 256b.

15 4. "ACTUAL ACQUISITION COST" MEANS THE PURCHASE PRICE OF A DRUG PAID
16 BY A PHARMACY NET OF ALL DISCOUNTS, REBATES, CHARGEBACKS AND OTHER
17 ADJUSTMENTS TO THE PRICE OF THE DRUG, NOT INCLUDING PROFESSIONAL FEES.

18 5. "ADMINISTRATION" HAS THE SAME MEANING PRESCRIBED IN SECTION 36-2901
19 AND INCLUDES THE ADMINISTRATION'S CONTRACTED PHARMACY BENEFITS MANAGER.

20 6. "CONTRACTED PHARMACY" MEANS A SEPARATE PHARMACY WITH WHICH A 340B
21 COVERED ENTITY CONTRACTS TO PROVIDE COMPREHENSIVE PHARMACY SERVICES USING
22 MEDICATIONS THAT ARE SUBJECT TO 340B DRUG PRICING.

23 7. "CONTRACTOR" HAS THE SAME MEANING PRESCRIBED IN SECTION 36-2901 AND
24 INCLUDES A CONTRACTOR'S PHARMACY BENEFITS MANAGER.

25 8. "PROFESSIONAL FEE" MEANS THE AMOUNT PAID FOR THE PROFESSIONAL
26 SERVICES PROVIDED BY THE PHARMACIST FOR DISPENSING A PRESCRIPTION.
27 PROFESSIONAL FEE DOES NOT INCLUDE ANY PAYMENT FOR THE DRUG BEING DISPENSED.

28 36-2930.04. Delivery system reform incentive payment fund:
29 purpose; exemption; expenditure plan review

30 A. THE DELIVERY SYSTEM REFORM INCENTIVE PAYMENT FUND IS ESTABLISHED.
31 THE FUND SHALL BE USED TO PAY ALL COSTS INCURRED PURSUANT TO THE SECTION 1115
32 WAIVER AUTHORITY ASSOCIATED WITH DELIVERY SYSTEM REFORM INCENTIVE PAYMENTS
33 AND DESIGNATED STATE HEALTH PROGRAMS.

34 B. THE ADMINISTRATION SHALL ADMINISTER THE FUND, AND THE FUND IS
35 CONTINUOUSLY APPROPRIATED. ON NOTICE FROM THE ADMINISTRATION, THE STATE
36 TREASURER SHALL INVEST AND DIVEST MONIES IN THE FUND AS PROVIDED BY SECTION
37 35-313, AND MONIES EARNED FROM INVESTMENT SHALL BE CREDITED TO THE FUND.

38 C. SEPARATE ACCOUNTS MAY BE ESTABLISHED WITHIN THE FUND FOR EACH
39 DESIGNATED STATE HEALTH PROGRAM.

40 D. THE DELIVERY SYSTEM REFORM INCENTIVE PAYMENT FUND CONSISTS OF:

41 1. ALL MONIES DEPOSITED IN THE FUND PURSUANT TO THE SECTION 1115
42 WAIVER AUTHORITY ASSOCIATED WITH DELIVERY SYSTEM REFORM INCENTIVE PAYMENTS
43 AND DESIGNATED STATE HEALTH PROGRAMS.

44 2. GIFTS, DONATIONS AND GRANTS FROM ANY SOURCE.

45 3. FEDERAL MONIES AVAILABLE TO THIS STATE.

1 4. INTEREST ON MONIES DEPOSITED IN THE FUND.
2 E. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION
3 35-190, RELATING TO LAPSING OF APPROPRIATIONS.

4 F. BEFORE THE INITIAL DEPOSIT OF ANY MONIES IN THE FUND, THE
5 ADMINISTRATION SHALL SUBMIT AN EXPENDITURE PLAN FOR REVIEW BY THE JOINT
6 LEGISLATIVE BUDGET COMMITTEE.

7 Sec. 12. Section 36-2939, Arizona Revised Statutes, is amended to
8 read:

9 36-2939. Long-term care system services

10 A. The following services shall be provided by the program contractors
11 to members WHO ARE determined to need institutional services pursuant to this
12 article:

13 1. Nursing facility services other than services in an institution for
14 tuberculosis or mental disease.

15 2. Notwithstanding any other law, behavioral health services if these
16 services are not duplicative of long-term care services provided as of
17 January 30, 1993 under this subsection and are authorized by the program
18 contractor through the long-term care case management system. If the
19 administration is the program contractor, the administration may authorize
20 these services.

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

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

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

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

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

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

39 2. Home and community based services that may be provided in a
40 member's home, at an alternative residential setting as prescribed in section
41 36-591 or at other behavioral health alternative residential facilities
42 licensed by the department of health services and approved by the director of
43 the Arizona health care cost containment system administration and that may
44 include:

1 (a) Home health, which means the provision of nursing services, ~~or~~
2 home health aide services or medical supplies, equipment and appliances, that
3 are provided on a part-time or intermittent basis by a licensed home health
4 agency within a member's residence based on a physician's orders and in
5 accordance with federal law. Physical therapy, occupational therapy, or
6 speech and audiology services provided by a home health agency may be
7 provided in accordance with federal law. Home health agencies shall comply
8 with federal bonding requirements in a manner prescribed by the
9 administration.

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

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

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

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

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

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

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

32 (i) Other services or licensed or certified settings approved by the
33 director.

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

1 1. Home health, which means the provision of nursing services, home
2 health aide services or medical supplies, equipment and appliances, that are
3 provided on a part-time or intermittent basis by a licensed home health
4 agency within a member's residence based on a physician's orders and in
5 accordance with federal law. Physical therapy, occupational therapy, or
6 speech and audiology services provided by a home health agency may be
7 provided in accordance with federal law. Home health agencies shall comply
8 with federal bonding requirements in a manner prescribed by the
9 administration.

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

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

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

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

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

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

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

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

37 10. Other services or licensed or certified settings approved by the
38 director.

39 D. The amount of money expended by program contractors on home and
40 community based services pursuant to subsection C of this section shall be
41 limited by the director in accordance with the federal monies made available
42 to this state for home and community based services pursuant to subsection C
43 of this section. The director shall establish methods for the allocation of
44 monies for home and community based services to program contractors and shall

1 monitor expenditures on home and community based services by program
2 contractors.

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

6 F. In addition to services provided pursuant to subsections A, B and C
7 of this section, the director may implement a demonstration project to
8 provide home and community based services to special populations, including
9 persons with disabilities who are eighteen years of age or younger, ARE
10 medically fragile, reside at home and would be eligible for supplemental
11 security income for the aged, blind or disabled or the state supplemental
12 payment program, except for the amount of their parent's income or resources.
13 In implementing this project, the director may provide for parental
14 contributions for the care of their child.

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

35 Sec. 13. Laws 2015, chapter 14, section 24 is amended to read:

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

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

43 Sec. 14. Repeal

44 Laws 2015, chapter 14, section 26 is repealed.

1 Sec. 15. ALTCs; county contributions; fiscal year 2016-2017

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

5	1. Apache	\$ 625,200
6	2. Cochise	\$ 4,995,000
7	3. Coconino	\$ 1,877,300
8	4. Gila	\$ 2,112,600
9	5. Graham	\$ 1,303,500
10	6. Greenlee	\$ 33,500
11	7. La Paz	\$ 595,600
12	8. Maricopa	\$155,173,500
13	9. Mohave	\$ 7,948,800
14	10. Navajo	\$ 2,588,200
15	11. Pima	\$ 39,243,800
16	12. Pinal	\$ 14,899,800
17	13. Santa Cruz	\$ 1,930,900
18	14. Yavapai	\$ 8,391,300
19	15. Yuma	\$ 8,261,000

20 B. If the overall cost for the Arizona long-term care system exceeds
21 the amount specified in the general appropriations act for fiscal year
22 2016-2017, the state treasurer shall collect from the counties the difference
23 between the amount specified in subsection A of this section and the
24 counties' share of the state's actual contribution. The counties' share of
25 the state's contribution shall be in compliance with any federal maintenance
26 of effort requirements. The director of the Arizona health care cost
27 containment system administration shall notify the state treasurer of the
28 counties' share of the state's contribution and report the amount to the
29 director of the joint legislative budget committee. The state treasurer
30 shall withhold from any other monies payable to a county from whatever state
31 funding source is available an amount necessary to fulfill that county's
32 requirement specified in this subsection. 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. The state
35 treasurer shall deposit the amounts withheld pursuant to this subsection and
36 amounts paid pursuant to subsection A of this section in the long-term care
37 system fund established by section 36-2913, Arizona Revised Statutes.

38 Sec. 16. Sexually violent persons; county reimbursement; fiscal
39 year 2016-2017; deposit; tax distribution
40 withholding; definition

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

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

5 C. Each county shall make the reimbursements for these costs as
6 specified in subsection A of this section within thirty days after a request
7 by the department of health services. If the county does not make the
8 reimbursement, the superintendent of the Arizona state hospital shall notify
9 the state treasurer of the amount owed and the treasurer shall withhold the
10 amount, including any additional interest as provided in section 42-1123,
11 Arizona Revised Statutes, from any transaction privilege tax distributions to
12 the county. The treasurer shall deposit, pursuant to sections 35-146 and
13 35-147, Arizona Revised Statutes, the withholdings in the Arizona state
14 hospital fund established by section 36-545.08, Arizona Revised Statutes.

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

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

21 F. For the purposes of this section, "costs of commitment" means the
22 costs associated with the detainment of a person in a licensed facility under
23 the supervision of the superintendent of the Arizona state hospital before
24 the court determines that the person is sexually violent and the cost of
25 detainment of the person after the court has determined that the person is
26 sexually violent.

27 Sec. 17. Competency restoration treatment: city and county
28 reimbursement: fiscal year 2016-2017: deposit: tax
29 distribution withholding

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

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

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

1 distributions to the city or county. The treasurer shall deposit, pursuant
2 to sections 35-146 and 35-147, Arizona Revised Statutes, the withholdings in
3 the Arizona state hospital fund established by section 36-545.08, Arizona
4 Revised Statutes.

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

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

11 Sec. 18. AHCCCS; disproportionate share payments

12 A. Disproportionate share payments for fiscal year 2016-2017 made
13 pursuant to section 36-2903.01, subsection 0, Arizona Revised Statutes,
14 include:

15 1. \$113,818,500 for a qualifying nonstate operated public hospital.
16 The Maricopa county special health care district shall provide a certified
17 public expense form for the amount of qualifying disproportionate share
18 hospital expenditures made on behalf of this state to the Arizona health care
19 cost containment system administration on or before May 1, 2017 for all state
20 plan years as required by the Arizona health care cost containment system
21 1115 waiver standard terms and conditions. The administration shall assist
22 the district in determining the amount of qualifying disproportionate share
23 hospital expenditures. Once the administration files a claim with the
24 federal government and receives federal financial participation based on the
25 amount certified by the Maricopa county special health care district, if the
26 certification is equal to or less than \$113,818,500 and the administration
27 determines that the revised amount is correct pursuant to the methodology
28 used by the administration pursuant to section 36-2903.01, Arizona Revised
29 Statutes, the administration shall notify the governor, the president of the
30 senate and the speaker of the house of representatives, shall distribute
31 \$4,202,300 to the Maricopa county special health care district and shall
32 deposit the balance of the federal financial participation in the state
33 general fund. If the certification provided is for an amount less than
34 \$113,818,500 and the administration determines that the revised amount is not
35 correct pursuant to the methodology used by the administration pursuant to
36 section 36-2903.01, Arizona Revised Statutes, the administration shall notify
37 the governor, the president of the senate and the speaker of the house of
38 representatives and shall deposit the total amount of the federal financial
39 participation in the state general fund. If the certification provided is
40 for an amount greater than \$113,818,500, the administration shall distribute
41 \$4,202,300 to the Maricopa county special health care district and shall
42 deposit \$74,605,600 of the federal financial participation in the state
43 general fund. The administration may make additional disproportionate share
44 hospital payments to the Maricopa county special health care district

1 pursuant to section 36-2903.01, subsection P, Arizona Revised Statutes, and
2 subsection B of this section.

3 2. \$28,474,900 for the Arizona state hospital. The Arizona state
4 hospital shall provide a certified public expense form for the amount of
5 qualifying disproportionate share hospital expenditures made on behalf of the
6 state to the administration on or before March 31, 2017. The administration
7 shall assist the Arizona state hospital in determining the amount of
8 qualifying disproportionate share hospital expenditures. Once the
9 administration files a claim with the federal government and receives federal
10 financial participation based on the amount certified by the Arizona state
11 hospital, the administration shall distribute the entire amount of federal
12 financial participation to the state general fund. If the certification
13 provided is for an amount less than \$28,474,900, the administration shall
14 notify the governor, the president of the senate and the speaker of the house
15 of representatives and shall distribute the entire amount of federal
16 financial participation to the state general fund. The certified public
17 expense form provided by the Arizona state hospital shall contain both the
18 total amount of qualifying disproportionate share hospital expenditures and
19 the amount limited by section 1923(g) of the social security act.

20 3. \$884,800 for private qualifying disproportionate share hospitals.
21 The Arizona health care cost containment system administration shall make
22 payments to hospitals consistent with this appropriation and the terms of the
23 section 1115 waiver, but payments are limited to those hospitals that either:

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

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

28 B. After the distributions made pursuant to subsection A of this
29 section, the allocations of disproportionate share hospital payments made
30 pursuant to section 36-2903.01, subsection P, Arizona Revised Statutes, shall
31 be made available first to qualifying private hospitals located outside of
32 the Phoenix metropolitan statistical area and the Tucson metropolitan
33 statistical area before being made available to qualifying hospitals within
34 the Phoenix metropolitan statistical area and the Tucson metropolitan
35 statistical area.

36 Sec. 19. AHCCCS transfer; counties; federal monies

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

1 Sec. 20. County acute care contribution; fiscal year 2016-2017

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

5	1. Apache	\$ 268,800
6	2. Cochise	\$ 2,214,800
7	3. Coconino	\$ 742,900
8	4. Gila	\$ 1,413,200
9	5. Graham	\$ 536,200
10	6. Greenlee	\$ 190,700
11	7. La Paz	\$ 212,100
12	8. Maricopa	\$19,011,200
13	9. Mohave	\$ 1,237,700
14	10. Navajo	\$ 310,800
15	11. Pima	\$14,951,800
16	12. Pinal	\$ 2,715,600
17	13. Santa Cruz	\$ 482,800
18	14. Yavapai	\$ 1,427,800
19	15. Yuma	\$ 1,325,100

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

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

41 D. The state treasurer shall deposit the amounts paid pursuant to
42 subsection C of this section and amounts withheld pursuant to subsection B of
43 this section in the Arizona health care cost containment system fund and the
44 long-term care system fund established by section 36-2913, Arizona Revised
45 Statutes.

1 E. If payments made pursuant to subsection C of this section exceed
2 the amount required to meet the costs incurred by the Arizona health care
3 cost containment system for the hospitalization and medical care of those
4 persons defined as an eligible person pursuant to section 36-2901, paragraph
5 6, subdivisions (a), (b) and (c), Arizona Revised Statutes, the director of
6 the Arizona health care cost containment system administration may instruct
7 the state treasurer either to reduce remaining payments to be paid pursuant
8 to this section by a specified amount or to provide to the counties specified
9 amounts from 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.

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

17 Sec. 21. Hospitalization and medical care contribution; fiscal
18 year 2016-2017

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

28	1. Apache	\$ 87,300
29	2. Cochise	\$ 162,700
30	3. Coconino	\$ 160,500
31	4. Gila	\$ 65,900
32	5. Graham	\$ 46,800
33	6. Greenlee	\$ 12,000
34	7. La Paz	\$ 24,900
35	8. Mohave	\$ 187,400
36	9. Navajo	\$ 122,800
37	10. Pima	\$1,115,900
38	11. Pinal	\$ 218,300
39	12. Santa Cruz	\$ 51,600
40	13. Yavapai	\$ 206,200
41	14. Yuma	\$ 183,900

42 B. If the monies the state treasurer withholds are insufficient to
43 meet a county's funding requirement as specified in subsection A of this
44 section, the state treasurer shall withhold from any other monies payable to
45 that county from whatever state funding source is available an amount

1 necessary to fulfill that county's requirement. The state treasurer may not
2 withhold distributions from the Arizona highway user revenue fund pursuant to
3 title 28, chapter 18, article 2, Arizona Revised Statutes.

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

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

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

14 Sec. 22. Transfer; interagency service agreement for behavioral
15 health services fund monies

16 All unexpended and unencumbered monies remaining in the interagency
17 service agreement for behavioral health services fund established by section
18 36-108.01, Arizona Revised Statutes, on July 1 of fiscal years 2017-2018,
19 2018-2019 and 2019-2020 are transferred to the state general fund. The
20 transfer amount may be adjusted for reported but unpaid claims and estimated
21 incurred but unreported claims, subject to the approval of the Arizona health
22 care cost containment system administration and the joint legislative budget
23 committee.

24 Sec. 23. Proposition 204 administration; county expenditure
25 limitations

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

30 Sec. 24. AHCCCS; risk contingency rate setting

31 Notwithstanding any other law, for the contract year beginning
32 October 1, 2016 and ending September 30, 2017, the Arizona health care cost
33 containment system administration may continue the risk contingency rate
34 setting for all managed care organizations and the funding for all managed
35 care organizations administrative funding levels that were imposed for the
36 contract year beginning October 1, 2010 and ending September 30, 2011.

37 Sec. 25. AHCCCS; voluntary critical access hospital payments;
38 appropriation; fiscal year 2016-2017; notification

39 Any monies received for critical access hospital payments from
40 political subdivisions of this state, tribal governments and any university
41 under the jurisdiction of the Arizona board of regents, and any federal
42 monies used to match those payments, that are received in fiscal year
43 2016-2017 by the Arizona health care cost containment system administration
44 are appropriated to the administration in fiscal year 2016-2017. Before the
45 expenditure of these monies, the administration shall notify the joint

1 legislative budget committee and the governor's office of strategic planning
2 and budgeting of the amount of monies that will be expended under this
3 section.

4 Sec. 26. AHCCCS; social security administration; medicare
5 liability waiver; reports

6 The Arizona health care cost containment system may participate in any
7 special disability workload 1115 demonstration waiver offered by the centers
8 for medicare and medicaid services. Any credits provided by the 1115
9 demonstration waiver process are to be used in the fiscal year when those
10 credits are made available to fund the state share of any medical assistance
11 expenditures that qualify for federal financial participation under the
12 medicaid program. The Arizona health care cost containment system
13 administration shall report the receipt of any credits to the director of the
14 joint legislative budget committee on or before December 31, 2016 and
15 June 30, 2017.

16 Sec. 27. Health services lottery monies fund; lottery
17 distribution; use

18 Notwithstanding sections 5-572 and 36-108.01, Arizona Revised Statutes,
19 monies in the health services lottery monies fund established by section
20 36-108.01, Arizona Revised Statutes, may be used for the purposes specified
21 in the fiscal year 2016-2017 general appropriations act.

22 Sec. 28. Department of health services; health research
23 account; Alzheimer's disease research

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

28 Sec. 29. AHCCCS; health care services for Native Americans;
29 report

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

34 1. An estimate of the administration's annual total fund expenditures
35 on acute care, long-term care and behavioral health services for Native
36 Americans in this state, including an estimate of total state expenditures on
37 such services. The administration shall provide separate estimates of total
38 medicaid fee-for-service expenditures and total medicaid capitation
39 expenditures for services furnished to Native Americans in this state.

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

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

4 (b) The one hundred percent federal matching assistance percentage for
5 services furnished by an Indian health service facility or tribal facility
6 that did not previously qualify for a one hundred percent federal matching
7 assistance percentage, including home and community-based services,
8 transportation services and other nonfacility-based services.

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

13 4. An analysis of the impact of the federal policy guidance issued by
14 the centers for medicare and medicaid services in the state health official
15 letter #16-002 dated February 26, 2016 on access to care, continuity of care
16 and population health for Native Americans in this state.

17 Sec. 30. AHCCCS; emergency department use; report

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

23 Sec. 31. Hospital transparency; joint report

24 On or before January 1, 2017, the director of the Arizona health care
25 cost containment system administration and the director of the department of
26 health services shall submit a joint report on hospital charge master
27 transparency to the governor, the speaker of the house of representatives and
28 the president of the senate and shall provide a copy to the secretary of
29 state. The report shall provide a summary of the current charge master
30 reporting process, a summary of hospital billed charges compared to costs and
31 examples of how charge masters or hospital prices are reported and used in
32 other states. The report shall include recommendations to improve this
33 state's use of hospital charge master information, including reporting and
34 oversight changes.

35 Sec. 32. Inpatient psychiatric treatment; report

36 A. On or before January 2, 2017, the Arizona health care cost
37 containment system administration shall report to the director of the joint
38 legislative budget committee on the availability of inpatient psychiatric
39 treatment both for adults and for children and adolescents who receive
40 services from the regional behavioral health authorities. The report shall
41 include all of the following information:

- 42 1. The total number of inpatient psychiatric treatment beds available
43 and the occupancy rate for those beds.
44 2. Expenditures on inpatient psychiatric treatment.

1 3. The total number of individuals in this state who are sent out of
2 state for inpatient psychiatric care.

3 4. The prevalence of psychiatric boarding or the holding of
4 psychiatric patients in emergency rooms for at least twenty-four hours before
5 transferring the patient to a psychiatric facility.

6 B. The report shall provide the information specified in subsection A
7 of this section separately for adults who are at least twenty-two years of
8 age and for children and adolescents who are twenty-one years of age or
9 younger.

10 Sec. 33. AHCCCS; 340B drug pricing; rulemaking; exemption

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

16 Sec. 34. Intent; implementation of program

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

20 Sec. 35. Effective date

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