

PROPOSED AMENDMENT
SENATE AMENDMENTS TO S.B. 1145
(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 11-292, Arizona Revised Statutes, is amended to
3 read:

4 11-292. Medical care; definition

5 A. The board of supervisors, subject to the applicable provisions of
6 title 42, chapter 17, articles 2 and 3, shall include in its annual budget an
7 amount equal to fifty per cent of the amount budgeted by the county board of
8 supervisors or the amount expended, whichever is less, for the
9 hospitalization and medical care of the indigent sick pursuant to this
10 article for fiscal year 1980-1981, except for Yuma and La Paz counties. The
11 contribution amounts of those counties shall be equal to the amount Yuma
12 county would have made pursuant to this subsection if a division had not
13 occurred apportioned between the counties. The office of the auditor general
14 shall determine the amount Yuma county would otherwise have included if a
15 division had not occurred and shall then determine the contribution amounts
16 of Yuma and La Paz counties based on the proportionate share of the estimated
17 population in these counties as of July 1, 1982.

18 B. For fiscal year 1994-1995, and for each fiscal year thereafter, the
19 state treasurer shall withhold an amount sufficient to meet the county
20 portion of the nonfederal costs of providing long-term care system services,
21 pursuant to title 36, chapter 29, article 2, excluding services to the
22 developmentally disabled, from monies otherwise payable to the county under
23 section 42-5029, subsection D, paragraph 2. This amount and the state
24 portion of the nonfederal costs shall be specified in the annual
25 appropriation for the maintenance and operation of the Arizona health care
26 cost containment system. For fiscal years 1994-1995, 1995-1996 and
27 1996-1997, monies shall be withheld from each county based on the following
28 percentages derived from a state auditor general's certified audit of fiscal
29 year 1987-1988 county long-term care and home health care expenditures,
30 except that amounts withheld shall be adjusted to reflect amounts paid by
31 counties pursuant to section 36-2952:

1	1. Apache:	0.22%
2	2. Cochise:	2.49%
3	3. Coconino:	0.66%
4	4. Gila:	2.56%
5	5. Graham:	0.64%
6	6. Greenlee:	0.34%
7	7. La Paz:	0.34%
8	8. Maricopa:	56.55%
9	9. Mohave:	2.73%
10	10. Navajo:	0.91%
11	11. Pima:	20.55%
12	12. Pinal:	5.09%
13	13. Santa Cruz:	1.05%
14	14. Yavapai:	3.12%
15	15. Yuma:	2.75%

16 C. EXCEPT AS PROVIDED IN SUBSECTION S OF THIS SECTION, in each fiscal
17 year, of the total amount that is specified in the annual appropriation as
18 the nonfederal portion of the cost of providing long-term care services and
19 that portion of the phased-down medicare prescription drug state contribution
20 attributable to the Arizona long-term care system, excluding services and
21 phased-down medicare prescription drug state contribution costs associated
22 with the developmentally disabled, and that represents an increase from the
23 amount that was specified in the annual appropriation for the prior fiscal
24 year, the state shall pay fifty per cent of the increase. The remaining
25 nonfederal portion of the costs shall be apportioned among the counties
26 according to the proportion that each county's net nonfederal expenditures
27 for long-term care services, excluding services to the developmentally
28 disabled, bears to the total nonfederal expenditure for all counties two
29 fiscal years earlier, with the following adjustments in the following order:

30 1. If the resulting net county contribution when expressed as an
31 imputed property tax rate per one hundred dollars of net assessed value
32 exceeds ninety cents, the county's contribution shall be reduced so that the
33 imputed property tax rate equals ninety cents and the difference shall be
34 paid by the state.

35 2. Any county with a native American population that represents at
36 least twenty per cent of the county's total population according to the most
37 recent United States decennial census shall contribute an amount equal to the
38 prior fiscal year's contribution plus fifty per cent of the difference

1 between the prior year's contribution were it calculated using the percentage
2 in subsection B of this section and the current year's contribution as if its
3 share of the total nonfederal portion of the long-term care costs had been
4 calculated using the percentage prescribed in subsection B of this section
5 and the state shall pay any difference from the amount otherwise required by
6 this subsection.

7 3. If, after making the adjustments in this subsection, a county would
8 contribute more than if its contribution were calculated using the percentage
9 prescribed in subsection B of this section multiplied by the total nonfederal
10 costs of long-term care services, excluding services to the developmentally
11 disabled, the county's contribution shall be reduced to the sum of its prior
12 year's contribution plus fifty per cent of the difference between the prior
13 year's contribution were it calculated using the percentage in subsection B
14 of this section and the current year's contribution as if its share of the
15 total nonfederal portion of long-term care costs had been calculated using
16 the percentage prescribed in subsection B of this section and the state shall
17 pay any difference from the amount otherwise required by this subsection.

18 4. After making all of the adjustments in this subsection, a statewide
19 per capita county contribution shall be calculated by summing the
20 contributions for all counties and then dividing the resulting total by the
21 total state population. If an individual county's contribution when
22 expressed as a per capita contribution exceeds the statewide per capita
23 county contribution, the county's contribution shall be reduced so that the
24 county's contribution equals the statewide per capita contribution and the
25 difference shall be paid by the state. For the purposes of this paragraph,
26 "population" means the population estimate approved by the director of the
27 department of economic security for the most recent fiscal year.

28 D. The director of the Arizona health care cost containment system
29 administration shall notify each county of the amount determined pursuant to
30 subsection A of this section to be included in its annual budget no later
31 than May 1 of each year.

32 E. If a county does not provide funding as specified in subsection A
33 of this section, the state treasurer shall subtract the amount owed to the
34 Arizona health care cost containment system fund by the county from any
35 payments required to be made by the state treasurer to that county pursuant
36 to section 42-5029, subsection D, paragraph 2, plus interest on that amount
37 pursuant to section 44-1201 retroactive to the first day the funding was due.
38 If the monies the state treasurer withholds are insufficient to meet that

1 county's funding requirement as specified in subsection A of this section,
2 the state treasurer shall withhold from any other monies payable to that
3 county from whatever state funding source is available an amount necessary to
4 fulfill that county's requirement. The state treasurer shall not withhold
5 distributions from the highway user revenue fund pursuant to title 28,
6 chapter 18, article 2.

7 F. Each month payment of an amount equal to one-twelfth of the total
8 amount determined pursuant to subsection A of this section shall be made to
9 the state treasurer. Payment of this amount shall be made to the state
10 treasurer on or before the fifth day of each month. Upon request from the
11 director of the Arizona health care cost containment system administration,
12 the state treasurer shall require that up to three months' payments be made
13 in advance, if necessary.

14 G. The state treasurer shall deposit the amounts paid pursuant to
15 subsection F of this section and amounts withheld pursuant to subsection E of
16 this section in the Arizona health care cost containment system fund
17 established by section 36-2913.

18 H. If payments made pursuant to subsection F of this section exceed
19 the amount required to meet the costs incurred by the Arizona health care
20 cost containment system for the hospitalization and medical care of a person
21 who is defined as an eligible person pursuant to section 36-2901, paragraph
22 6, subdivision (a), the director of the Arizona health care cost containment
23 system administration may instruct the state treasurer either to reduce
24 remaining payments to be paid pursuant to this section by a specified amount
25 or to provide to the counties specified amounts from the Arizona health care
26 cost containment system fund.

27 I. The amount of the county contribution to the Arizona health care
28 cost containment system fund established by section 36-2913 shall not exceed
29 thirty-three per cent of the amount that the system administration expended
30 in the county for fiscal year 1983-1984. For the purposes of this
31 subsection, system administration expenditures in a county for fiscal year
32 1983-1984 are the total capitation and fee for service amounts paid by the
33 system administration to providers in a county before February 1, 1986 for
34 services rendered during fiscal year 1983-1984 to persons eligible for the
35 system.

36 J. The state treasurer shall deposit the monies withheld from the
37 counties and contributed by the state pursuant to subsection B of this
38 section in the long-term care system fund established by section 36-2913, in

1 twelve equal monthly installments. The monthly installments shall be
2 deposited in the fund by the state treasurer by the fourth working day of
3 each month.

4 K. By July 1 or within sixty days after enactment of the annual
5 appropriation for the maintenance and operation of the Arizona health care
6 cost containment system, whichever is later, and after consulting with the
7 joint legislative budget committee and the governor's office of strategic
8 planning and budgeting, the state treasurer shall notify each county of the
9 amount to be withheld pursuant to subsection B of this section.

10 L. If the monies deposited in the long-term care system fund pursuant
11 to subsection J of this section are insufficient to meet the funding
12 requirement as specified in the annual appropriation for the maintenance and
13 operation of the Arizona health care cost containment system pursuant to
14 subsection B of this section, the state treasurer shall withhold from any
15 other monies payable to that county from any available state funding source,
16 other than the highway user revenue fund, the amount required to fulfill
17 fifty per cent of the funding requirement and shall deposit the monies in the
18 long-term care system fund. The state shall pay the remaining fifty per cent
19 of the funding requirement.

20 M. If any monies in the funds for the purpose of title 36, chapter 29,
21 article 2 remain unexpended at the end of the fiscal year, the director of
22 the Arizona health care cost containment system administration shall specify
23 to the state treasurer the amount to be withdrawn from the long-term care
24 system fund. Of the amount specified, the state treasurer shall distribute
25 fifty per cent to the counties pursuant to subsection B or C of this section,
26 EXCEPT THAT WHILE THE STATE IS RECEIVING THE ENHANCED FEDERAL MATCHING RATE,
27 OF THE AMOUNT SPECIFIED, THE STATE TREASURER SHALL DISTRIBUTE SIXTY-ONE AND
28 FOUR TENTHS PER CENT TO THE COUNTIES PURSUANT TO SUBSECTION B OR C OF THIS
29 SECTION. The remaining ~~fifty per cent~~ AMOUNT shall be distributed to the
30 state.

31 N. The board of supervisors of a county that is a program contractor
32 pursuant to section 36-2940 shall include in its annual budget, subject to
33 title 42, chapter 17, articles 2 and 3, monies received from the Arizona
34 health care cost containment system fund and long-term care system fund for
35 the purposes of title 36, chapter 29, article 2.

36 O. Notwithstanding any law to the contrary, beginning in fiscal year
37 2005-2006 and in each fiscal year thereafter, the state treasurer shall
38 withhold a total of two million three hundred ninety-five thousand four

1 hundred dollars for the county contribution for the administrative costs of
2 implementing sections 36-2901.01 and 36-2901.04 beginning with the second
3 monthly distribution of transaction privilege tax revenues otherwise
4 distributable after subtracting any amounts withheld for the county long-term
5 care contribution. Beginning in fiscal year 2006-2007, the state treasurer
6 shall adjust the amount withheld according to the annual changes in the GDP
7 price deflator and as calculated by the joint legislative budget committee
8 staff. Beginning in fiscal year 2006-2007, the joint legislative budget
9 committee shall calculate an additional adjustment of the allocation required
10 by this subsection based on changes in the population as reported by the
11 department of economic security. For the purposes of this subsection, "GDP
12 price deflator" has the same meaning prescribed in section 41-563. Each
13 county's annual contribution is as follows:

- 14 1. Apache, 3.296 per cent.
- 15 2. Cochise, 6.148 per cent.
- 16 3. Coconino, 6.065 per cent.
- 17 4. Gila, 2.491 per cent.
- 18 5. Graham, 1.7710 per cent.
- 19 6. Greenlee, 0.455 per cent.
- 20 7. La Paz, 0.9430 per cent.
- 21 8. Mohave, 7.079 per cent.
- 22 9. Navajo, 4.640 per cent.
- 23 10. Pima, 42.168 per cent.
- 24 11. Pinal, 8.251 per cent.
- 25 12. Santa Cruz, 1.950 per cent.
- 26 13. Yavapai, 7.794 per cent.
- 27 14. Yuma, 6.949 per cent.

28 P. The state treasurer shall deposit the amounts paid pursuant to
29 subsection 0 of this section in the budget neutrality compliance fund
30 established by section 36-2928.

31 Q. Beginning in fiscal year 2006-2007 for a county that is subject to
32 section 12-269, the county's contributions pursuant to this section shall be
33 reduced by the amount of state aid for probation services that the county
34 would have received in the first fiscal year in which the county does not
35 receive state aid for probation services. Any increase in the county's
36 contributions in subsequent years shall be reduced according to its
37 proportionate share of the base contribution. County contributions shall be
38 reduced in the following priority:

1 1. First as applied to the contribution provided for in subsection 0
2 of this section.

3 2. Second as applied to the contribution provided for in subsection A
4 of this section or any other contribution for acute care or for the provision
5 of hospitalization and medical care that would otherwise be required.

6 3. Third as applied to the contribution provided for in subsection C
7 of this section.

8 R. Beginning in fiscal year 2007-2008 for a county that is subject to
9 section 22-117, subsection D, the county's contributions pursuant to this
10 section shall be reduced by the amount of the state reimbursement that the
11 county would have received in fiscal year 2007-2008 for the salaries of
12 justices of the peace pursuant to section ~~22-217~~ 22-117, subsection B. Any
13 increase in the county's contributions in subsequent years shall be reduced
14 according to its proportionate share of the base contribution. County
15 contributions shall be reduced in the following priority:

16 1. First as applied to the contribution provided for in subsection 0
17 of this section.

18 2. Second as applied to the contribution provided for in subsection A
19 of this section or any other contribution for acute care or for the provision
20 of hospitalization and medical care that would otherwise be required.

21 S. BEGINNING JANUARY 1, 2011, IN EACH FISCAL YEAR, OF THE TOTAL AMOUNT
22 THAT IS SPECIFIED IN THE ANNUAL APPROPRIATION AS THE NONFEDERAL PORTION OF
23 THE COST OF PROVIDING LONG-TERM CARE SERVICES AND THAT PORTION OF THE
24 PHASED-DOWN MEDICARE PRESCRIPTION DRUG STATE CONTRIBUTION ATTRIBUTABLE TO THE
25 ARIZONA LONG-TERM CARE SYSTEM, EXCLUDING SERVICES AND PHASED-DOWN MEDICARE
26 PRESCRIPTION DRUG STATE CONTRIBUTION COSTS ASSOCIATED WITH THE
27 DEVELOPMENTALLY DISABLED, AND THAT REPRESENTS AN INCREASE FROM THE AMOUNT
28 THAT WAS SPECIFIED IN THE ANNUAL APPROPRIATION FOR THE PRIOR FISCAL YEAR, THE
29 COUNTIES SHALL PAY ONE HUNDRED PER CENT OF THE INCREASE. THE INCREASE IN THE
30 COSTS SHALL BE APPORTIONED AMONG THE COUNTIES ACCORDING TO THE PROPORTION
31 THAT EACH COUNTY'S NET NONFEDERAL EXPENDITURE FOR LONG-TERM CARE SERVICES,
32 EXCLUDING SERVICES TO THE DEVELOPMENTALLY DISABLED, BEARS TO THE TOTAL
33 NONFEDERAL EXPENDITURE FOR ALL COUNTIES TWO FISCAL YEARS EARLIER.

34 ~~S.~~ T. For the purposes of this section, "net assessed value" includes
35 the values used to determine voluntary contributions collected pursuant to
36 title 9, chapter 4, article 3 and title 48, chapter 1, article 8.

1 Sec. 2. Section 12-302, Arizona Revised Statutes, is amended to read:
2 12-302. Extension of time for payment of fees and costs; relief
3 from default for nonpayment; deferral or waiver of
4 court fees and costs; definitions

5 A. The court or any judge may for good cause shown extend the time for
6 paying any court fees and costs required by law or may relieve against a
7 default caused by nonpayment of a fee within the time provided by law, but no
8 fees paid shall be refunded.

9 B. The supreme court shall adopt forms and procedures for deferral or
10 waiver of court fees and costs.

11 C. Except as provided in subsection E of this section, the court shall
12 grant an application for deferral of court fees and costs if the applicant
13 establishes by affidavit, including supporting documentation, that the
14 applicant either:

15 1. Is receiving benefits pursuant to one or more of the following
16 programs:

17 (a) The temporary assistance for needy families program established by
18 section 403 of title 4 of the social security act as it exists after August
19 21, 1996.

20 (b) The food stamp program (7 United States Code sections 2011 through
21 2029).

22 ~~(c) The general assistance program pursuant to title 46, chapter 2,~~
23 ~~article 2.~~

24 2. Is receiving benefits pursuant to the supplemental security income
25 program (42 United States Code sections 1381 through 1385).

26 3. Has an income that is insufficient or barely sufficient to meet the
27 daily essentials of life and that includes no allotment that could be
28 budgeted for the fees and costs that are required to gain access to the
29 court. In considering insufficient income pursuant to this paragraph, the
30 court may consider the following as evidence of insufficient income:

31 (a) The applicant has a gross income that as computed on a monthly
32 basis is one hundred fifty per cent or less of the current poverty level
33 established by the United States department of health and human services.
34 Gross monthly income includes the applicant's share of community property
35 income.

36 (b) The applicant's income is considered to be sufficient, but the
37 applicant provides proof of extraordinary expenses, including medical
38 expenses, costs of care for elderly or disabled family members or other

1 expenses that are deemed extraordinary, that reduce the applicant's gross
2 monthly income to at or below one hundred fifty per cent of the current
3 poverty level established by the United States department of health and human
4 services.

5 D. ~~Upon~~ ON proof that the applicant is permanently unable to pay fees
6 or costs, the court shall waive them. For THE purposes of this subsection,
7 "permanently unable to pay" means the applicant's income and liquid assets
8 are insufficient or barely sufficient to meet the daily essentials of life
9 and the income and liquid assets are unlikely to change in the foreseeable
10 future.

11 E. Except in cases of dissolution of marriage, legal separation,
12 annulment or establishment, enforcement or modification of child support, and
13 notwithstanding subsection A of this section or chapter 9, article 4 of this
14 title, if the applicant is an inmate who is confined to a correctional
15 facility operated by the state department of corrections and who initiates a
16 civil action or proceeding, the inmate is responsible for the full payment of
17 actual court fees and costs. On filing the civil action or proceeding, the
18 clerk of the court shall assess and, when monies exist, collect as a partial
19 payment of any court fees and costs required by law a first time payment of
20 twenty per cent. Thereafter the state department of corrections shall
21 withhold twenty per cent of all deposits into the prisoner's spendable
22 account administered by the department until the actual court fees and costs
23 are collected in full. The state department of corrections shall annually
24 forward any monies withheld to the clerk of the court of each court of
25 jurisdiction before January 31. If a prisoner is released before the full
26 fees and costs are collected, the state department of corrections shall
27 forward the amount of fees and costs collected through the date of the
28 prisoner's release. The clerk of the court of each court of jurisdiction is
29 responsible for sending the state department of corrections a copy of the
30 order mandating the amount of fees and costs to be paid. This subsection
31 does not prohibit an applicant from filing a civil action or proceeding if
32 the applicant is unable to pay the filing fees.

33 F. At the time an applicant signs and submits the application for
34 deferral to the court, the applicant shall acknowledge under oath and sign a
35 consent to judgment. By signing the consent to judgment, the applicant
36 consents to judgment being entered against the applicant for all fees and
37 costs that are deferred but that remain unpaid after thirty calendar days

1 following the entry of final judgment or order. A consent judgment may be
2 entered against the applicant unless one of the following applies:

3 1. The applicant has an established schedule of payment in effect and
4 is current with payments.

5 2. A supplemental application for further deferral or waiver has been
6 filed and is pending.

7 3. In response to a supplemental application, the court orders that
8 the fees and costs be further deferred or waived.

9 4. Within twenty days of the date the court denies the supplemental
10 application, the applicant either pays the fees or requests a hearing on the
11 court's final order denying further deferral or waiver. If the applicant
12 requests a hearing, the court shall not enter a consent judgment unless a
13 hearing is held, further deferral or waiver is denied and payment has not
14 been made within the time prescribed by the court.

15 G. An applicant who is granted a deferral or waiver or a party to the
16 action who knows of any change in the financial circumstances of the
17 applicant shall promptly notify the court of the change in the applicant's
18 financial circumstances during the pendency of the action that affects the
19 applicant's ability to pay court fees and costs. If within ten days after
20 notice and a hearing the court determines that the applicant's financial
21 circumstances have changed and that the applicant no longer meets the
22 eligibility requirements of this section, the court shall order the applicant
23 to pay the deferred or waived fees and costs.

24 H. The following court fees and costs may be deferred or waived,
25 except that the county shall pay the fees and costs in paragraphs 6 and 7 of
26 this subsection on the granting of an application for deferral or waiver and
27 an applicant who has been granted a deferral shall reimburse the county for
28 the fees and costs in paragraphs 6 and 7 of this subsection:

29 1. Filing fees.

30 2. Fees for issuance of either a summons or subpoena.

31 3. Fees for obtaining one certified copy of a temporary order in a
32 domestic relations case.

33 4. Fees for obtaining one certified copy of a final order, judgment or
34 decree in all civil proceedings.

35 5. Sheriff, marshal, constable and law enforcement fees for service of
36 process if any of the following applies:

1 (a) The applicant established by affidavit that the applicant has
2 attempted without success to obtain voluntary acceptance of service of
3 process.

4 (b) The applicant's attempt to obtain voluntary acceptance of service
5 of process would be futile or dangerous.

6 (c) An order of protection or an injunction against harassment in
7 favor of the applicant and against the party sought to be served exists and
8 is enforceable.

9 6. The fee for service by publication if service is required by law
10 and if the applicant establishes by affidavit specific facts to show that the
11 applicant has exercised due diligence in attempting to locate the person to
12 be served and has been unable to do so.

13 7. Court reporter's fees for the preparation of court transcripts if
14 the court reporter is employed by the court.

15 8. Appeal preparation and filing fees at all levels of appeal and
16 photocopy fees for the preparation of the record on appeal pursuant to
17 sections 12-119.01, 12-120.31 and 12-2107 and section 12-284, subsection A.

18 I. If the case is appealed, the initial deferral or waiver remains in
19 effect unless there is a change in the applicant's financial circumstances.
20 If a case is appealed an applicant may be required to submit to the appellate
21 court a new application for a deferral or waiver of the court fees and costs.

22 J. If a judgment is rendered for court fees and costs, the court fees
23 and costs deferred but unpaid and the expenses paid by the county under this
24 section shall be included in the judgment and shall be paid directly to the
25 clerk of the court by the party against whom the court fees and costs were
26 assessed.

27 K. A waiver of court fees or costs shall not be granted for:

28 1. Matters that are filed as class actions pursuant to rule 23 of the
29 Arizona rules of civil procedure.

30 2. Civil actions other than cases of dissolution of marriage, legal
31 separation, annulment or establishment, enforcement or modification of child
32 support that are filed by persons who at the time of filing the application
33 are incarcerated as a result of a felony conviction in an out-of-state
34 correctional facility or in a jail waiting to be transported to a state
35 department of corrections facility.

36 L. This section does not limit the court's discretion in deferring,
37 waiving or ordering the county to pay any fees and costs as may be necessary
38 and appropriate.

1 M. For the purposes of this section:

2 1. "Deferral" means either postponement of an obligation to pay fees
3 or establishment of a schedule for payment of fees.

4 2. "Further deferral" means the establishment of a schedule for
5 payment of fees.

6 Sec. 3. Title 12, Arizona Revised Statutes, is amended by adding
7 chapter 21, to read:

8 CHAPTER 21

9 MEDICAL FALSE CLAIMS

10 ARTICLE 1. GENERAL PROVISIONS

11 12-3001. Definitions

12 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

13 1. "CLAIM" INCLUDES ANY REQUEST OR DEMAND, WHETHER UNDER A CONTRACT OR
14 OTHERWISE, FOR MEDICAL ASSISTANCE THAT IS MADE TO ANY CONTRACTOR, GRANTEE OR
15 OTHER RECIPIENT IF THIS STATE WILL PAY FOR ANY PORTION OF THE MEDICAL
16 ASSISTANCE THAT IS REQUESTED OR DEMANDED OR IF THIS STATE WILL REIMBURSE THE
17 CONTRACTOR, GRANTEE OR OTHER RECIPIENT FOR ANY PORTION OF THE MEDICAL
18 ASSISTANCE THAT IS REQUESTED OR DEMANDED.

19 2. "KNOWINGLY", WITH RESPECT TO INFORMATION, MEANS HAVING ACTUAL
20 KNOWLEDGE OF THE INFORMATION, ACTING IN DELIBERATE IGNORANCE OF THE TRUTH OR
21 FALSITY OF THE INFORMATION OR ACTING IN RECKLESS DISREGARD OF THE TRUTH OR
22 FALSITY OF THE INFORMATION. KNOWINGLY DOES NOT MEAN SPECIFICALLY INTENDING
23 TO DEFRAUD.

24 3. "PROCEEDS" INCLUDES DAMAGES AND CIVIL PENALTIES REALIZED BY THIS
25 STATE AS A RESULT OF AN ACTION OR SETTLEMENT OF A CLAIM.

26 12-3002. Medical false claims; cause of action; civil penalties

27 A. A PERSON WHO DOES ANY OF THE FOLLOWING IS LIABLE TO THIS STATE:

28 1. KNOWINGLY PRESENTS OR CAUSES TO BE PRESENTED TO ANY OFFICER OR
29 EMPLOYEE OF THIS STATE A FALSE CLAIM FOR MEDICAL ASSISTANCE.

30 2. KNOWINGLY MAKES, USES OR CAUSES TO BE MADE OR USED A FALSE RECORD
31 OR STATEMENT TO OBTAIN APPROVAL OR PAYMENT OF A FALSE CLAIM FOR MEDICAL
32 ASSISTANCE.

33 3. CONSPIRES TO DEFRAUD THIS STATE BY OBTAINING ALLOWANCE OR PAYMENT
34 OF A FALSE CLAIM FOR MEDICAL ASSISTANCE OR BY KNOWINGLY MAKING OR USING, OR
35 CAUSING TO BE MADE OR USED, A FALSE RECORD OR STATEMENT TO CONCEAL, AVOID OR
36 DECREASE AN OBLIGATION TO PAY OR TRANSMIT MONEY OR PROPERTY TO THE MEDICAL
37 ASSISTANCE PROGRAM.

1 4. KNOWINGLY MAKES OR USES, OR CAUSES TO BE MADE OR USED, A FALSE
2 RECORD OR STATEMENT TO CONCEAL, AVOID OR DECREASE ANY OBLIGATION TO PAY OR
3 TRANSMIT MONEY OR PROPERTY TO THE MEDICAL ASSISTANCE PROGRAM.

4 B. A PERSON WHO VIOLATES SUBSECTION A IS LIABLE FOR THREE TIMES THE
5 AMOUNT OF DAMAGES THAT THIS STATE SUSTAINS BECAUSE OF THE ACT OF THAT PERSON
6 AND IS LIABLE TO THIS STATE FOR A CIVIL PENALTY OF AT LEAST FIVE THOUSAND
7 DOLLARS AND NOT MORE THAN TEN THOUSAND DOLLARS FOR EACH VIOLATION.

8 C. NOTWITHSTANDING SUBSECTION B, THE COURT MAY ASSESS AT LEAST TWO
9 TIMES AND NOT MORE THAN THREE TIMES THE AMOUNT OF DAMAGES THAT THIS STATE
10 SUSTAINS BECAUSE OF THE ACT OF THE PERSON AND SHALL NOT ASSESS A CIVIL
11 PENALTY IF THE COURT FINDS ALL OF THE FOLLOWING:

12 1. THE PERSON WHO COMMITS THE ACT FURNISHED THE ATTORNEY GENERAL WITH
13 ALL INFORMATION KNOWN TO THE PERSON ABOUT THE ACT WITHIN THIRTY DAYS AFTER
14 THE DATE ON WHICH THE PERSON OBTAINED THE INFORMATION.

15 2. THE PERSON FULLY COOPERATED WITH ANY INVESTIGATION OF THE ACT BY
16 THIS STATE.

17 3. AT THE TIME THAT THE PERSON FURNISHED THE ATTORNEY GENERAL WITH
18 INFORMATION CONCERNING THE ACT, NO CRIMINAL PROSECUTION, CIVIL ACTION OR
19 ADMINISTRATIVE ACTION HAD BEEN COMMENCED WITH RESPECT TO ANY ACT, AND THE
20 PERSON DID NOT HAVE ACTUAL KNOWLEDGE OF THE EXISTENCE OF ANY INVESTIGATION
21 INTO ANY ACT.

22 D. EXCEPT AS PROVIDED IN SUBSECTIONS I, P AND Q, A PERSON MAY BRING A
23 CIVIL ACTION AGAINST A PERSON WHO COMMITS AN ACT IN VIOLATION OF SUBSECTION A
24 FOR THE PERSON BRINGING THE SUIT AND FOR THIS STATE IN THE NAME OF THIS
25 STATE. THE PLAINTIFF SHALL SERVE ON THE ATTORNEY GENERAL A COPY OF THE
26 COMPLAINT AND DOCUMENTS DISCLOSING SUBSTANTIALLY ALL MATERIAL EVIDENCE AND
27 INFORMATION THAT THE PERSON POSSESSES. THE PLAINTIFF SHALL FILE A COPY OF
28 THE COMPLAINT WITH THE COURT FOR INSPECTION IN CAMERA. THE COMPLAINT SHALL
29 REMAIN UNDER SEAL FOR A PERIOD OF SIXTY DAYS AFTER THE DATE OF FILING AND
30 SHALL NOT BE SERVED ON THE DEFENDANT UNTIL THE COURT SO ORDERS. WITHIN SIXTY
31 DAYS AFTER THE DATE OF SERVICE ON THE ATTORNEY GENERAL OF THE COMPLAINT,
32 EVIDENCE AND INFORMATION PURSUANT TO THIS SUBSECTION, THE ATTORNEY GENERAL
33 MAY INTERVENE IN THE ACTION. THE ATTORNEY GENERAL, FOR GOOD CAUSE SHOWN, MAY
34 PETITION THE COURT FOR ONE OR MORE EXTENSIONS OF THE PERIOD DURING WHICH A
35 COMPLAINT IN AN ACTION UNDER THIS SUBSECTION REMAINS UNDER SEAL. BEFORE THE
36 EXPIRATION OF THE PERIOD DURING WHICH THE COMPLAINT REMAINS UNDER SEAL, THE
37 ATTORNEY GENERAL MUST PROCEED WITH EITHER THE ACTION OR AN ALTERNATE REMEDY
38 UNDER SUBSECTION I, IN WHICH CASE THE ACTION OR PROCEEDING UNDER SUBSECTION I

1 SHALL BE PROSECUTED BY THIS STATE, OR NOTIFY THE COURT THAT THE ATTORNEY
2 GENERAL DECLINES TO PROCEED WITH THE ACTION, IN WHICH CASE THE PERSON
3 BRINGING THE ACTION MAY PROCEED WITH THE ACTION. IF A PERSON BRINGS A VALID
4 ACTION UNDER THIS SUBSECTION OR PURSUANT TO THE FEDERAL FALSE CLAIMS ACT (31
5 UNITED STATES CODE SECTIONS 3729 THROUGH 3733) OR ANY OTHER SIMILAR PROVISION
6 OF LAW IN ANY OTHER STATE, ANOTHER PERSON, OTHER THAN THIS STATE, MAY NOT
7 INTERVENE OR BRING A RELATED ACTION BASED ON THE SAME FACTS UNDERLYING THE
8 PENDING ACTION. IN ANY ACTION OR OTHER PROCEEDING UNDER SUBSECTION I BROUGHT
9 PURSUANT TO THIS SUBSECTION, THE PLAINTIFF IS REQUIRED TO PROVE ALL ESSENTIAL
10 ELEMENTS OF THE CAUSE OF ACTION OR COMPLAINT, INCLUDING DAMAGES, BY A
11 PREPONDERANCE OF THE EVIDENCE. A PERSON, CORPORATION OR ENTITY THAT
12 KNOWINGLY MAKES A FRIVOLOUS, FALSE OR MISLEADING ALLEGATION OF FRAUD PURSUANT
13 TO THIS SECTION IS SUBJECT TO CIVIL LIABILITY IN AN AMOUNT OF AT LEAST THE
14 AMOUNT OF FRAUD ALLEGED BY THE PARTY. THE ATTORNEY GENERAL SHALL INVESTIGATE
15 AND PROSECUTE ALL SUCH CLAIMS.

16 E. IF THIS STATE PROCEEDS WITH AN ACTION UNDER SUBSECTION D OR AN
17 ALTERNATE REMEDY UNDER SUBSECTION I, THIS STATE HAS PRIMARY RESPONSIBILITY
18 FOR PROSECUTING THE ACTION OR PROCEEDING UNDER SUBSECTION I. THIS STATE IS
19 NOT BOUND BY ANY ACT OF THE PERSON BRINGING THE ACTION, BUT THAT PERSON HAS
20 THE RIGHT TO CONTINUE AS A PARTY TO THE ACTION, SUBJECT TO THE LIMITATIONS
21 PRESCRIBED PURSUANT TO SUBSECTION F.

22 F. THIS STATE MAY MOVE TO DISMISS AN ACTION BROUGHT PURSUANT TO
23 SUBSECTION D OR AN ADMINISTRATIVE PROCEEDING BROUGHT PURSUANT TO SUBSECTION I
24 TO WHICH THE STATE IS A PARTY, NOTWITHSTANDING OBJECTION OF THE PERSON
25 BRINGING THE ACTION, IF THAT PERSON IS SERVED WITH A COPY OF THE STATE'S
26 MOTION AND IS PROVIDED WITH AN OPPORTUNITY TO OPPOSE THE MOTION BEFORE THE
27 COURT OR THE ADMINISTRATIVE AGENCY BEFORE WHICH THE PROCEEDING IS CONDUCTED.
28 WITH THE APPROVAL OF THE GOVERNOR, THE ATTORNEY GENERAL MAY COMPROMISE AND
29 SETTLE AN ACTION UNDER SUBSECTION D OR AN ADMINISTRATIVE PROCEEDING UNDER
30 SUBSECTION I TO WHICH THE STATE IS A PARTY, NOTWITHSTANDING OBJECTION OF THE
31 PERSON BRINGING THE ACTION, IF THE COURT DETERMINES, AFTER GIVING THE PERSON
32 BRINGING THE ACTION THE RIGHT TO A HEARING, THAT THE PROPOSED SETTLEMENT IS
33 FAIR, ADEQUATE AND REASONABLE CONSIDERING THE RELEVANT CIRCUMSTANCES
34 PERTAINING TO THE VIOLATION. ON A SHOWING OF GOOD CAUSE, THE HEARING MAY BE
35 HELD IN CAMERA. ON A SHOWING BY THE STATE THAT UNRESTRICTED PARTICIPATION IN
36 THE PROSECUTION OF AN ACTION UNDER SUBSECTION D OR AN ALTERNATE PROCEEDING
37 UNDER SUBSECTION I TO WHICH THE STATE IS A PARTY BY THE PERSON BRINGING THE
38 ACTION WOULD INTERFERE WITH OR UNDULY DELAY THE PROSECUTION OF THE ACTION OR

1 PROCEEDING, OR WOULD RESULT IN CONSIDERATION OF REPETITIOUS OR IRRELEVANT
2 EVIDENCE OR EVIDENCE PRESENTED FOR PURPOSES OF HARASSMENT, THE COURT MAY
3 LIMIT THE PERSON'S PARTICIPATION IN THE PROSECUTION. ON A SHOWING BY A
4 DEFENDANT THAT UNRESTRICTED PARTICIPATION IN THE PROSECUTION OF AN ACTION
5 UNDER SUBSECTION D OR AN ALTERNATE PROCEEDING UNDER SUBSECTION I TO WHICH THE
6 STATE IS A PARTY BY THE PERSON BRINGING THE ACTION WOULD RESULT IN HARASSMENT
7 OR WOULD CAUSE THE DEFENDANT UNDUE BURDEN OR UNNECESSARY EXPENSE, THE COURT
8 MAY LIMIT THE PERSON'S PARTICIPATION IN THE PROSECUTION.

9 G. EXCEPT AS PROVIDED IN SUBSECTION F, IF THE STATE ELECTS NOT TO
10 PARTICIPATE IN AN ACTION FILED UNDER SUBSECTION D, THE PERSON BRINGING THE
11 ACTION MAY PROSECUTE THE ACTION. IF THE ATTORNEY GENERAL REQUESTS, THE
12 ATTORNEY GENERAL, AT THE STATE'S EXPENSE, SHALL BE SERVED WITH COPIES OF ALL
13 PLEADINGS AND DEPOSITION TRANSCRIPTS IN THE ACTION. IF THE PERSON BRINGING
14 THE ACTION INITIATES PROSECUTION OF THE ACTION, THE COURT, WITHOUT LIMITING
15 THE STATUS AND RIGHTS OF THAT PERSON, MAY PERMIT THE STATE TO INTERVENE AT A
16 LATER DATE ON A SHOWING BY THE STATE OF GOOD CAUSE FOR THE PROPOSED
17 INTERVENTION.

18 H. WHETHER OR NOT THE STATE PARTICIPATES IN AN ACTION UNDER SUBSECTION
19 D, ON A SHOWING IN CAMERA BY THE ATTORNEY GENERAL THAT DISCOVERY BY THE
20 PERSON BRINGING THE ACTION WOULD INTERFERE WITH THE STATE'S ONGOING
21 INVESTIGATION OR PROSECUTION OF A CRIMINAL OR CIVIL MATTER ARISING OUT OF THE
22 SAME FACTS AS THE FACTS ON WHICH THE ACTION IS BASED, THE COURT MAY STAY
23 DISCOVERY IN WHOLE OR IN PART FOR A PERIOD OF NOT MORE THAN SIXTY DAYS. THE
24 COURT MAY EXTEND THE PERIOD OF ANY STAY ON FURTHER SHOWING IN CAMERA BY THE
25 ATTORNEY GENERAL THAT THE STATE HAS PURSUED THE CRIMINAL OR CIVIL
26 INVESTIGATION OF THE MATTER WITH REASONABLE DILIGENCE AND THE PROPOSED
27 DISCOVERY IN THE ACTION BROUGHT UNDER SUBSECTION D WILL INTERFERE WITH THE
28 ONGOING CRIMINAL OR CIVIL INVESTIGATION OR PROSECUTION.

29 I. THE ATTORNEY GENERAL MAY PURSUE A CLAIM RELATING TO AN ALLEGED
30 VIOLATION OF SUBSECTION A THROUGH AN ALTERNATE REMEDY AVAILABLE TO THIS STATE
31 OR ANY STATE AGENCY, INCLUDING AN ADMINISTRATIVE PROCEEDING TO ASSESS A CIVIL
32 FORFEITURE. IF THE ATTORNEY GENERAL ELECTS ANY SUCH ALTERNATE REMEDY, THE
33 PERSON BRINGING THE ACTION UNDER SUBSECTION D HAS THE SAME RIGHTS IN THE
34 ALTERNATE VENUE AS THE PERSON WOULD HAVE HAD IF THE ACTION HAD CONTINUED
35 UNDER SUBSECTION D. ANY FINDING OF FACT OR CONCLUSION OF LAW MADE BY A COURT
36 OR BY A STATE AGENCY IN THE ALTERNATE VENUE THAT HAS BECOME FINAL IS
37 CONCLUSIVE ON ALL PARTIES NAMED IN AN ACTION UNDER SUBSECTION D. FOR THE
38 PURPOSES OF THIS SUBSECTION, A FINDING OR CONCLUSION IS FINAL IF IT HAS BEEN

1 FINALLY DETERMINED ON APPEAL, IF ALL TIME FOR FILING AN APPEAL OR PETITION
2 FOR REVIEW WITH RESPECT TO THE FINDING OR CONCLUSION HAS EXPIRED OR IF THE
3 FINDING OR CONCLUSION IS NOT SUBJECT TO JUDICIAL REVIEW.

4 J. IF THE STATE PROCEEDS WITH AN ACTION BROUGHT BY A PERSON UNDER
5 SUBSECTION D OR PURSUES AN ALTERNATE REMEDY RELATING TO THE SAME ACTS UNDER
6 SUBSECTION I, THE PERSON WHO BRINGS THE ACTION SHALL RECEIVE AT LEAST FIFTEEN
7 PER CENT BUT NOT MORE THAN TWENTY-FIVE PER CENT OF THE PROCEEDS OF THE ACTION
8 OR SETTLEMENT OF THE CLAIM, DEPENDING ON THE EXTENT TO WHICH THE PERSON
9 CONTRIBUTED TO THE PROSECUTION OF THE ACTION OR CLAIM.

10 K. EXCEPT AS PROVIDED PURSUANT TO SUBSECTION N, IF AN ACTION OR CLAIM
11 IS ONE THE COURT OR OTHER ADJUDICATOR FINDS TO BE BASED PRIMARILY ON
12 DISCLOSURES OF SPECIFIC INFORMATION NOT PROVIDED BY THE PERSON WHO BRINGS AN
13 ACTION UNDER SUBSECTION D RELATING TO ALLEGATIONS OR TRANSACTIONS
14 SPECIFICALLY IN A CRIMINAL, CIVIL OR ADMINISTRATIVE HEARING, OR IN A
15 LEGISLATIVE OR ADMINISTRATIVE REPORT, HEARING, AUDIT OR INVESTIGATION OR A
16 REPORT MADE BY THE NEWS MEDIA, THE COURT OR OTHER ADJUDICATOR MAY AWARD AN
17 AMOUNT IT CONSIDERS APPROPRIATE, BUT NOT MORE THAN TEN PER CENT OF THE
18 PROCEEDS OF THE ACTION OR SETTLEMENT OF THE CLAIM, DEPENDING ON THE
19 SIGNIFICANCE OF THE INFORMATION AND THE ROLE OF THE PERSON BRINGING THE
20 ACTION IN ADVANCING THE PROSECUTION OF THE ACTION OR CLAIM.

21 L. EXCEPT AS PROVIDED PURSUANT TO SUBSECTION N, IN ADDITION TO ANY
22 AMOUNT RECEIVED PURSUANT TO SUBSECTION J OR K, A PERSON BRINGING AN ACTION
23 UNDER SUBSECTION D SHALL BE AWARDED REASONABLE EXPENSES NECESSARILY INCURRED
24 IN BRINGING THE ACTION TOGETHER WITH THE PERSON'S COSTS AND REASONABLE ACTUAL
25 ATTORNEY FEES. THE COURT OR OTHER ADJUDICATOR SHALL ASSESS ANY AWARD UNDER
26 THIS SUBSECTION AGAINST THE DEFENDANT.

27 M. EXCEPT AS PROVIDED PURSUANT TO SUBSECTION N, IF THE STATE DOES NOT
28 PROCEED WITH AN ACTION OR AN ALTERNATE PROCEEDING UNDER SUBSECTION I, THE
29 PERSON BRINGING THE ACTION SHALL RECEIVE AN AMOUNT THAT THE COURT DECIDES IS
30 REASONABLE FOR COLLECTION OF THE CIVIL PENALTY AND DAMAGES. THIS AMOUNT
31 SHALL BE AT LEAST TWENTY-FIVE PER CENT BUT NOT MORE THAN THIRTY PER CENT OF
32 THE PROCEEDS OF THE ACTION AND SHALL BE PAID FROM THE PROCEEDS. IN ADDITION,
33 THE PERSON SHALL BE PAID THE PERSON'S EXPENSES, COSTS AND FEES PURSUANT TO
34 SUBSECTION L.

35 N. WHETHER OR NOT THE STATE PROCEEDS WITH THE ACTION OR AN ALTERNATE
36 PROCEEDING UNDER SUBSECTION I, IF THE COURT OR OTHER ADJUDICATOR FINDS THAT
37 AN ACTION UNDER SUBSECTION D WAS BROUGHT BY A PERSON WHO PLANNED OR INITIATED
38 THE VIOLATION ON WHICH THE ACTION OR PROCEEDING IS BASED, THE COURT, TO THE

1 EXTENT THAT THE COURT CONSIDERS APPROPRIATE, MAY REDUCE THE SHARE OF THE
2 PROCEEDS OF THE ACTION THAT THE PERSON WOULD OTHERWISE RECEIVE PURSUANT TO
3 SUBSECTION J, K OR M, TAKING INTO ACCOUNT THE ROLE OF THAT PERSON IN
4 ADVANCING THE PROSECUTION OF THE ACTION OR CLAIM AND ANY OTHER RELEVANT
5 CIRCUMSTANCE PERTAINING TO THE VIOLATION, EXCEPT THAT IF THE PERSON BRINGING
6 THE ACTION IS CONVICTED OF CRIMINAL CONDUCT ARISING FROM THE PERSON'S ROLE IN
7 A VIOLATION OF SUBSECTION A, THE COURT OR OTHER ADJUDICATOR SHALL DISMISS THE
8 PERSON AS A PARTY, AND THE PERSON SHALL NOT RECEIVE ANY SHARE OF THE PROCEEDS
9 OF THE ACTION OR CLAIM OR ANY EXPENSES, COSTS AND FEES PURSUANT TO
10 SUBSECTION L.

11 O. IF THE ATTORNEY GENERAL DOES NOT PROCEED WITH THE ACTION AND THE
12 PERSON BRINGING THE ACTION CONDUCTS THE ACTION, THE COURT MAY AWARD THE
13 DEFENDANT ITS REASONABLE ATTORNEY FEES AND EXPENSES IF THE DEFENDANT PREVAILS
14 IN THE ACTION AND THE COURT FINDS THAT THE CLAIM OF THE PERSON BRINGING THE
15 ACTION WAS CLEARLY FRIVOLOUS OR CLEARLY VEXATIOUS OR BROUGHT PRIMARILY FOR
16 THE PURPOSE OF HARASSMENT.

17 P. A COURT DOES NOT HAVE JURISDICTION OVER AN ACTION BROUGHT BY A
18 PRIVATE PERSON UNDER SUBSECTION D AGAINST A STATE PUBLIC OFFICIAL IF THE
19 ACTION IS BASED ON INFORMATION KNOWN TO THE ATTORNEY GENERAL AT THE TIME THE
20 ACTION IS BROUGHT.

21 Q. A PERSON MAY NOT BRING AN ACTION UNDER SUBSECTION D THAT IS BASED
22 ON ALLEGATIONS OR TRANSACTIONS THAT ARE THE SUBJECT OF A CIVIL ACTION OR AN
23 ADMINISTRATIVE PROCEEDING TO ASSESS A CIVIL FORFEITURE IN WHICH THIS STATE OR
24 THE UNITED STATES IS A PARTY IF THAT ACTION OR PROCEEDING WAS COMMENCED
25 BEFORE THE DATE THE ACTION IS FILED.

26 R. A COURT DOES NOT HAVE JURISDICTION OVER AN ACTION BROUGHT PURSUANT
27 TO SUBSECTION D BASED ON THE PUBLIC DISCLOSURE OF ALLEGATIONS OR TRANSACTIONS
28 IN A CRIMINAL, CIVIL OR ADMINISTRATIVE HEARING IN A LEGISLATIVE OR
29 ADMINISTRATIVE REPORT, HEARING, AUDIT OR INVESTIGATION OR FROM THE NEWS
30 MEDIA, UNLESS THE ACTION IS BROUGHT BY THE ATTORNEY GENERAL OR THE PERSON
31 BRINGING THE ACTION IS AN ORIGINAL SOURCE OF THE INFORMATION. FOR THE
32 PURPOSES OF THIS SUBSECTION, "ORIGINAL SOURCE" MEANS AN INDIVIDUAL WHO HAS
33 DIRECT AND INDEPENDENT KNOWLEDGE OF THE INFORMATION ON WHICH THE ALLEGATIONS
34 ARE BASED AND WHO HAS VOLUNTARILY PROVIDED THE INFORMATION TO THE GOVERNMENT
35 BEFORE FILING AN ACTION PURSUANT TO SUBSECTION D THAT IS BASED ON THAT
36 INFORMATION.

37 S. THIS STATE IS NOT LIABLE FOR ANY EXPENSES INCURRED BY A PRIVATE
38 PERSON IN BRINGING AN ACTION UNDER SUBSECTION D.

1 T. AN EMPLOYEE WHO IS DISCHARGED, DEMOTED, SUSPENDED, THREATENED,
2 HARASSED OR IN ANY OTHER MANNER DISCRIMINATED AGAINST REGARDING THE TERMS OF
3 THAT EMPLOYMENT BY THE EMPLOYEE'S EMPLOYER BECAUSE OF LAWFUL ACTIONS TAKEN BY
4 THE EMPLOYEE ON BEHALF OF THE EMPLOYEE OR OTHERS IN FURTHERANCE OF AN ACTION
5 OR CLAIM FILED UNDER THIS SECTION, INCLUDING INVESTIGATION FOR, INITIATION
6 OF, TESTIMONY FOR OR ASSISTANCE IN AN ACTION OR CLAIM FILED OR TO BE FILED
7 PURSUANT TO SUBSECTION D, IS ENTITLED TO RELIEF NECESSARY TO MAKE THE
8 EMPLOYEE WHOLE. THE EMPLOYEE MAY BRING AN ACTION FOR RELIEF IN THE
9 APPROPRIATE COURT AS PRESCRIBED IN THIS SECTION. RELIEF SHALL INCLUDE:

10 1. REINSTATEMENT WITH THE SAME SENIORITY STATUS THE EMPLOYEE WOULD
11 HAVE HAD BUT FOR THE DISCRIMINATION.

12 2. TWICE THE AMOUNT OF BACK PAY AND INTEREST ON THE BACK PAY.

13 3. COMPENSATION FOR ANY SPECIAL DAMAGES SUSTAINED AS A RESULT OF THE
14 DISCRIMINATION, INCLUDING LITIGATION COSTS AND REASONABLE ATTORNEY FEES.

15 U. A CIVIL ACTION BROUGHT PURSUANT TO THIS SECTION MAY NOT BE BROUGHT
16 MORE THAN SIX YEARS AFTER THE DATE ON WHICH THE VIOLATION OF SUBSECTION A IS
17 COMMITTED OR MORE THAN THREE YEARS AFTER THE DATE WHEN FACTS MATERIAL TO THE
18 RIGHT OF ACTION ARE KNOWN OR REASONABLY SHOULD HAVE BEEN KNOWN BY THE
19 ATTORNEY GENERAL, BUT IN ANY EVENT NOT MORE THAN TEN YEARS AFTER THE DATE ON
20 WHICH THE VIOLATION IS COMMITTED.

21 V. A FINAL JUDGMENT OF GUILT ENTERED AGAINST A DEFENDANT IN A CRIMINAL
22 ACTION IN WHICH THE DEFENDANT IS CHARGED WITH FRAUD OR MAKING FALSE
23 STATEMENTS PREVENTS THE DEFENDANT FROM DENYING THE ESSENTIAL ELEMENTS OF THE
24 OFFENSE IN ANY ACTION UNDER SUBSECTION D THAT INVOLVES THE SAME ELEMENTS AS
25 IN THE CRIMINAL ACTION.

26 W. THE REMEDIES PROVIDED FOR UNDER THIS SECTION ARE IN ADDITION TO ANY
27 OTHER REMEDIES PROVIDED FOR UNDER ANY OTHER LAW OR AVAILABLE UNDER THE COMMON
28 LAW.

29 X. ON THE THIRTIETH DAY AFTER THE EFFECTIVE DATE OF THIS SECTION, AND
30 ANNUALLY ON THAT DATE THEREAFTER, THE ATTORNEY GENERAL SHALL SUBMIT A WRITTEN
31 REPORT TO THE GOVERNOR, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE
32 PRESIDENT OF THE SENATE AND SHALL PROVIDE A COPY OF THE REPORT TO THE
33 SECRETARY OF STATE AND THE DIRECTOR OF THE ARIZONA STATE LIBRARY, ARCHIVES
34 AND PUBLIC RECORDS. THE REPORT SHALL INCLUDE THE FOLLOWING INFORMATION:

35 1. THE NUMBER OF CASES THE ATTORNEY GENERAL FILED DURING THE PREVIOUS
36 CALENDAR YEAR PURSUANT TO THIS SECTION AND THE NUMBER OF CASES PRIVATE
37 INDIVIDUALS FILED PURSUANT TO THIS SECTION DURING THE PREVIOUS CALENDAR YEAR,

1 INCLUDING THOSE CASES THAT REMAIN UNDER SEAL. FOR THE PURPOSES OF THIS
2 PARAGRAPH THE REPORT SHALL SPECIFY:

3 (a) THE STATE OR FEDERAL COURTS IN WHICH THOSE CASES WERE FILED.

4 (b) THE STATE PROGRAM OR AGENCY THAT IS INVOLVED IN EACH CASE.

5 (c) THE NUMBER OF CASES FILED BY ANY PRIVATE INDIVIDUAL WHO PREVIOUSLY
6 HAD FILED AN ACTION BASED ON THE SAME OR SIMILAR TRANSACTIONS OR ALLEGATIONS
7 UNDER THE FEDERAL FALSE CLAIMS ACT OR THE FALSE CLAIMS ACT OF ANOTHER STATE.

8 2. THE AMOUNT THAT WAS RECOVERED BY THE STATE IN SETTLEMENT, DAMAGES,
9 PENALTIES AND LITIGATION COSTS, IF KNOWN. FOR THE PURPOSES OF THIS PARAGRAPH
10 THE REPORT SHALL SPECIFY:

11 (a) THE CASE NUMBER AND PARTIES FOR EACH CASE IN WHICH THERE WAS A
12 RECOVERY.

13 (b) THE SEPARATE AMOUNTS OF ANY MONIES RECOVERED FOR DAMAGES,
14 PENALTIES AND LITIGATION COSTS.

15 (c) THE PERCENTAGE OF THE RECOVERY AND THE AMOUNT THAT THE STATE PAID
16 TO ANY PRIVATE PERSON WHO BROUGHT THE ACTION.

17 3. THE AMOUNT THAT WAS EXPENDED BY THIS STATE PURSUANT TO THIS SECTION
18 IN INVESTIGATION, LITIGATION AND PERSONNEL COSTS AND RESOURCES.

19 ARTICLE 2. PRIMACY DETERMINATIONS

20 12-3021. Primacy determinations; inquiry messages; centralized
21 database; civil penalties; audits; use of data

22 A. ALL ENTITIES THAT PROVIDE HEALTH INSURANCE OR HEALTH CARE COVERAGE,
23 WORKERS' COMPENSATION, AUTOMOBILE INSURANCE OR HOMEOWNER'S INSURANCE TO
24 RESIDENTS OF THIS STATE MUST RESPOND TO ELIGIBILITY INQUIRY MESSAGES OR
25 UPLOAD TO A CENTRALIZED DATABASE INFORMATION ON COVERAGE AND BENEFITS AS MAY
26 BE REQUIRED BY ANY HEALTH CARE PROVIDER, HEALTH PLAN OR HEALTH PLAN SPONSOR,
27 OR ITS AGENT, REGARDING THE COVERAGE PROVIDED BY THAT ENTITY TO ANY PATIENT
28 OR BENEFICIARY OF THAT ENTITY.

29 B. TO RESOLVE THE PRIMACY OF THE STATE'S HEALTH PLANS BEFORE RECEIVING
30 CLAIMS OR EXPENDING PUBLIC MONIES ON CLAIMS OR PREMIUMS, A PUBLICLY SPONSORED
31 HEALTH PLAN, INCLUDING THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM, STATE
32 EMPLOYEE OR RETIREE HEALTH PLANS AND THE HEALTH PLANS OF POLITICAL
33 SUBDIVISIONS OF THIS STATE, SHALL PRESUME THAT COVERAGE MAY EXIST FOR THE
34 PLAN'S INSURED PERSONS ON THE ENROLLMENT RECORD OF ANY OTHER HEALTH PLAN AND
35 SHALL CAUSE ELIGIBILITY INQUIRIES TO BE TRANSMITTED TO EVERY HEALTH PLAN OR
36 CASUALTY INSURER IN THE UNITED STATES, FOR THEIR RESPECTIVE CLASSES OF
37 CLAIMS. BEGINNING OCTOBER 1, 2009, PUBLIC MONIES MAY NOT BE EXPENDED ON ANY

1 CLAIM OR PREMIUM IN THE ABSENCE OF A THIRD-PARTY CERTIFICATION THAT A
2 COMPREHENSIVE, ELECTRONIC TEST OF PRIMACY HAS FIRST BEEN EXECUTED.

3 C. TO ESTABLISH THE COVERAGE IN FORCE FOR A PATIENT PRESENTING OR
4 ABOUT TO PRESENT A CLAIM, A HEALTH CARE PROVIDER, HEALTH PLAN OR HEALTH PLAN
5 SPONSOR, OR ITS AGENT, MAY TRANSMIT THE MINIMUM HUMAN IDENTIFIERS IN THE ANSI
6 X.12 270 STANDARD FOR ELIGIBILITY INQUIRIES, INCLUDING THE PATIENT'S NAME,
7 SEX AND DATE OF BIRTH, TO ALL ENTITIES LICENSED OR REGISTERED TO PROVIDE
8 HEALTH INSURANCE OR HEALTH CARE COVERAGE OR CASUALTY COVERAGE TO INDIVIDUALS
9 WHO RESIDE IN THIS STATE. TO ENSURE RAPID RESPONSE AND ELIMINATE ANY DELAY
10 IN THE PAYMENT OF LEGITIMATE CLAIMS BY PUBLIC ENTITIES, AN ENTITY RECEIVING
11 SUCH INQUIRIES MUST RESPOND ACCURATELY TO THEM WITHIN TWENTY-FOUR HOURS.

12 D. A HEALTH CARE PROVIDER, HEALTH PLAN OR HEALTH PLAN SPONSOR HAS A
13 CAUSE OF ACTION FOR INJUNCTIVE RELIEF AND COSTS, INCLUDING ATTORNEY FEES, FOR
14 THE ENFORCEMENT OF THIS SECTION AGAINST ANY NONCOMPLIANT ENTITY. ON A SECOND
15 OR SUCCESSIVE OCCURRENCE OF FAILURE OR REFUSAL TO REPLY TO THE MESSAGES
16 REQUIRED UNDER THIS SECTION, THE COURT SHALL IMPOSE A CIVIL PENALTY PURSUANT
17 TO SUBSECTION E.

18 E. ON A FINDING THAT AN ENTITY KNOWINGLY FAILED OR REFUSED TO COMPLY
19 WITH THE DUTIES IMPOSED BY THIS SECTION, A COURT SHALL IMPOSE A CIVIL PENALTY
20 OF ONE THOUSAND DOLLARS FOR EACH ELIGIBILITY MESSAGE THE ENTITY FAILED OR
21 REFUSED TO REPLY TO AS REQUIRED BY THIS SECTION. AN ATTEMPT TO IMPOSE DATA
22 ELEMENTS OR OTHER BURDENS NOT EXPRESSLY AUTHORIZED BY THIS SECTION ON THE
23 CONTENT, TERMS OR EXECUTION OF MESSAGING IS A REFUSAL TO COMPLY WITH THE
24 REQUIREMENTS OF THIS SECTION.

25 F. ON A SHOWING BY ANY HEALTH PLAN FUNDED IN WHOLE OR IN PART BY THIS
26 STATE OR ITS AGENT THAT AN ENTITY HAS FAILED OR REFUSED TO RESPOND TO THE
27 MESSAGING REQUIREMENTS OF THIS SECTION, THE ATTORNEY GENERAL SHALL:

- 28 1. SUBPOENA THE NONCOMPLIANT ENTITY'S ENROLLMENT DATA.
- 29 2. COMMENCE A COMPLAINT UNDER 42 UNITED STATES CODE SECTION 1320d-5
30 FOR ADMINISTRATIVE SANCTIONS.
- 31 3. REQUEST THE FEDERAL GOVERNMENT TO COMMENCE A PROSECUTION UNDER 18
32 UNITED STATES CODE SECTION 1035.
- 33 4. COMMENCE AN ACTION IN STATE COURT TO DEMAND SPECIFIC PERFORMANCE BY
34 THE ENTITY OF ITS DUTY UNDER THIS SECTION.

35 G. ON NOTICE OF A SECOND FINDING OF AN ENTITY'S FAILURE OR REFUSAL TO
36 COMPLY WITH THE MESSAGING REQUIREMENTS OF THIS SECTION, THE DEPARTMENT OF
37 INSURANCE SHALL PERMANENTLY REVOKE THAT ENTITY'S LICENSE. THE DEPARTMENT
38 SHALL INCLUDE ANY FINDING BY ANOTHER STATE'S HEALTH PLAN OR PROVIDER OR BY

1 THE FEDERAL GOVERNMENT OF A VIOLATION OF COMPARABLE LAW IN THE CALCULATION OF
2 FIRST AND SECOND OFFENSES.

3 H. WITHIN ONE HUNDRED TWENTY DAYS AFTER THE EFFECTIVE DATE OF THIS
4 SECTION, EACH STATE FUNDED HEALTH PLAN AND MEDICAL PROVIDER SHALL CONDUCT AN
5 AUDIT OF THE PRIMACY OF ITS PAYMENTS BY MATCHING THE IDENTITIES OF ITS
6 BENEFICIARIES ELECTRONICALLY USING THE TRANSACTIONS MANDATED PURSUANT TO 42
7 UNITED STATES CODE SECTIONS 1320d THROUGH 1320d-8 AGAINST THE ENROLLMENT OF
8 ALL OTHER HEALTH PLANS. EACH ORGANIZATION MUST FILE THE RESULTS OF ITS AUDIT
9 WITH THE DEPARTMENT OF INSURANCE WHEN THE AUDIT IS COMPLETE.

10 I. BEGINNING OCTOBER 1, 2009, A HEALTH PLAN FUNDED DIRECTLY OR
11 INDIRECTLY BY TAX MONIES MAY NOT PAY ANY CLAIM OR PREMIUM THAT LACKS A
12 CERTIFICATE OF THE HEALTH PLAN'S PRIMACY DERIVED FROM A COMPREHENSIVE,
13 ELECTRONIC, PREEMPTIVE TEST OF ALL OTHER COVERAGE OR A CERTIFICATE OF ITS NET
14 LIABILITY AS A SECONDARY PAYOR.

15 J. ELIGIBILITY COVERAGE DATA THAT IS SHARED PURSUANT TO THIS SECTION
16 BY HEALTH PLANS AND OTHER PARTIES IN THE PROCESS OF DETERMINING PRIMACY SHALL
17 BE CONSTRUED AS AN ELEMENT OF DATA USED IN THE PROCESS OF BILLING FOR MEDICAL
18 SERVICES RENDERED AND IS EXPRESSLY EXEMPT FROM THE PRIVACY AND
19 CONFIDENTIALITY PROVISIONS OF THE HEALTH INSURANCE PORTABILITY AND
20 ACCOUNTABILITY ACT OF 1996 AND THE REGULATIONS PROMULGATED THEREUNDER. A
21 PERSON WHO RECEIVES THIS DATA FOR THAT PURPOSE MAY NOT CONVERT THE USE OF
22 THAT DATA TO ANY OTHER PURPOSE.

23 Sec. 4. Section 23-722.01, Arizona Revised Statutes, is amended to
24 read:

25 23-722.01. Employer reporting; exceptions; retention of
26 records; unauthorized disclosure; civil penalty;
27 new hire directory; definitions

28 A. Subject to the requirements of subsection E, the department of
29 economic security shall implement a program to require all employers doing
30 business in this state to report the following to the department of economic
31 security:

- 32 1. The hiring of any employee who resides or works in this state.
- 33 2. The rehiring or returning to work of any employee who was laid off,
34 furloughed, separated, granted a leave without pay or terminated from
35 employment.

36 B. The department of economic security shall eliminate all unnecessary
37 reporting in the information requested to reduce the burden of employers.

1 C. Employers shall report by submitting a W-4 form or an equivalent
2 form at the option of the employer. The information may be submitted
3 magnetically, electronically or by first class mail, telefacsimile or any
4 other means that are authorized by the department of economic security.

5 D. Employers shall submit the reports within twenty days after the
6 employee is hired or rehired or returns to work. Employers who submit
7 reports magnetically or electronically shall submit the reports in two
8 monthly transmissions not more than sixteen days apart. The report shall
9 contain all of the following:

- 10 1. The employee's name, address and social security number.
- 11 2. The employer's name, address and federal tax identification number.

12 E. An employer who has employees who are employed in two or more
13 states and who transmits new hire reports magnetically or electronically may
14 comply with the new hire reporting requirements by designating one state in
15 which the employer has employees to transmit the report. An employer who has
16 employees in two or more states shall notify the United States secretary of
17 health and human services of the state to which the employer shall send
18 reports.

19 F. Except as provided in subsection L, the department of economic
20 security or its agent may use the information collected pursuant to this
21 section only for the following purposes:

22 1. The administration and enforcement of child support pursuant to
23 title IV-D of the social security act. Except as provided by federal law,
24 the information collected shall only be used to locate a person to establish
25 paternity and to establish, modify and enforce support obligations. The
26 information may be disclosed to an agent under contract with the department
27 of economic security to carry out this purpose. The information may also be
28 disclosed to agencies of this state, political subdivisions of this state,
29 federal agencies involved with support and other states and their political
30 subdivisions seeking to locate persons to enforce support pursuant to title
31 IV-D of the social security act.

32 2. The identification and prevention of benefit fraud in assistance
33 programs under title 46, chapter 2, ~~articles 2 and~~ ARTICLE 5.

34 3. The administration of employment security services pursuant to this
35 chapter and workers' compensation programs pursuant to chapter 6 of this
36 title.

37 G. The information collected pursuant to this section shall not be
38 disclosed pursuant to title 39, chapter 1. An employee or agent of this

1 state who discloses any information collected pursuant to this section
2 without authorization is subject to a civil penalty of one thousand dollars
3 for each offense. The department of economic security may impose and collect
4 the penalty and shall deposit any collections in the state general fund. Any
5 unauthorized release of information is cause for the administrative
6 discipline of the employee or agent.

7 H. The department shall operate a state directory of new hires
8 comprised of information received from employers. The department shall enter
9 information received from employers into the state directory of new hires
10 within five business days after receipt. The information shall be forwarded
11 to the national directory of new hires within three business days after entry
12 into the state directory of new hires. For the purposes of this section, a
13 business day is a day when state offices are open for regular business.

14 I. The department of economic security shall conduct, directly or by
15 contract, an automated comparison of social security numbers reported by
16 employers pursuant to this section and the social security numbers on record
17 in the state case registry of child support orders.

18 J. If a comparison conducted pursuant to subsection I reveals a match
19 of the social security number of an obligor required to pay support in a
20 title IV-D case, the department, within two business days, shall issue an
21 income withholding order to the employer of the person obligated to pay
22 support directing the employer to withhold the ordered amount from the income
23 of the employee.

24 K. This section does not allow the department to impose penalties on
25 employers for failing to comply with this section's reporting requirements.

26 L. The department of economic security and the Arizona health care
27 cost containment system administration may use the information collected
28 pursuant to this section to verify eligibility under title XIX of the social
29 security act.

30 M. For the purposes of this section:

31 1. "Employee" means a person who is employed within the meaning of
32 chapter 24 of the internal revenue code of 1986. Employee does not include
33 an employee of a federal or state agency performing intelligence or
34 counterintelligence functions if the head of the agency has determined that
35 reporting with respect to the employee could endanger the safety of the
36 employee or compromise an ongoing investigation or intelligence mission.

1 2. "Employer" has the same meaning prescribed in section 3401(d) of
2 the internal revenue code of 1986 and includes any governmental entity and
3 any labor organization.

4 Sec. 5. Section 35-701, Arizona Revised Statutes, is amended to read:

5 35-701. Definitions

6 In this chapter, unless the context otherwise requires:

7 1. "Corporation" means any corporation organized as an authority as
8 provided in this chapter.

9 2. "Designated area" means any area of this state which is either
10 designated pursuant to section 36-1479 as a slum or blighted area as defined
11 in section 36-1471, designated by regulation as a pocket of poverty or a
12 neighborhood strategy area by the United States department of housing and
13 urban development pursuant to title I of the housing and community
14 development act of 1977 (P.L. 95-128; 42 United States Code sections 5301
15 through 5320), as amended, and the department of housing and urban
16 development act (P.L. 89-174; 42 United States Code section 3535(d)) or
17 designated by the United States department of housing and urban development
18 as an empowerment or enterprise zone pursuant to the federal omnibus budget
19 reconciliation act of 1993 (P.L. 103-66; 26 United States Code section
20 1391(g)) or an area certified as an enterprise zone pursuant to section
21 41-1524, subsection B.

22 3. "Governing body" means:

23 (a) The board or body in which the general legislative powers of the
24 municipality or the county are vested.

25 (b) The Arizona board of regents with respect to a corporation formed
26 with the permission of the Arizona board of regents.

27 4. "Income" means gross earnings from wages, salary, commissions,
28 bonuses or tips from all jobs, net earnings from such person's or family's
29 own nonfarm business, professional practice or partnership, and net earnings
30 from such person's or family's own farm. Income includes income, other than
31 earnings, that consists of amounts received from social security or railroad
32 retirement, interest, dividends, veterans payments, pensions and other
33 regular payments, public assistance or welfare payments, including aid for
34 dependent children, old age assistance, ~~general assistance~~ and aid to the
35 blind or totally disabled, but excluding separate payments for hospital or
36 other medical care.

37 5. "Manufactured house" means a structure that is manufactured in a
38 factory after June 15, 1976, that is delivered to a homesite in more than one

1 section and that is placed on a permanent foundation. The dimensions of the
2 completed house shall not be less than twenty feet by forty feet, the roof
3 must be sloping, the siding and roofing must be the same as those found in
4 site-built houses and the house must be eligible for thirty year real estate
5 mortgage financing.

6 6. "Municipality" or "county" means the Arizona board of regents or
7 any incorporated city or town, including charter cities, or any county in
8 this state in which a corporation may be organized and in which it is
9 contemplated the corporation will function.

10 7. "Persons of low and moderate income" means, for the purposes of
11 financing owner-occupied single family dwelling units in areas which the
12 municipality has found, pursuant to section 36-1479, to be slum or blighted
13 areas, as defined in section 36-1471, persons and families whose income does
14 not exceed two and one-half times the median family income of this state. In
15 all other areas it means persons and families whose income does not exceed
16 one and one-half times the median family income of this state.

17 8. "Project" means any land, any building or any other improvement and
18 all real and personal properties, including machinery and equipment whether
19 or not now in existence or under construction and whether located within or
20 without this state or the municipality or county approving the formation of
21 the corporation, that are suitable for any of the following:

22 (a) With respect to a corporation formed with the permission of a
23 municipality or county other than the Arizona board of regents:

24 (i) Any enterprise for the manufacturing, processing or assembling of
25 any agricultural or manufactured products.

26 (ii) Any commercial enterprise for the storing, warehousing,
27 distributing or selling of products of agriculture, mining or industry, or of
28 processes related thereto, including research and development.

29 (iii) Any office building or buildings for use as corporate or company
30 headquarters or regional offices or the adaptive use for offices of any
31 building within this state that is on the national register of historic
32 places or rehabilitation of residential buildings located in registered
33 historic neighborhoods.

34 (iv) A health care institution as defined in section 36-401.

35 (v) Residential real property for dwelling units located within the
36 municipality or county approving the formation of the corporation and, in the
37 case of a county, whether or not also within a municipality that is within
38 the county.

1 (vi) Repairing or rehabilitating single family dwelling units or
2 constructing or repairing residential fences and walls.

3 (vii) Convention or trade show facilities.

4 (viii) Airports, docks, wharves, mass commuting facilities, parking
5 facilities or storage or training facilities directly related to any of the
6 facilities as provided in this item.

7 (ix) Sewage or solid waste disposal facilities or facilities for the
8 furnishing of electric energy, gas or water.

9 (x) Industrial park facilities.

10 (xi) Air or water pollution control facilities.

11 (xii) Any educational institution that is operated by a nonprofit
12 educational organization that is exempt from taxation under section 501(c)(3)
13 of the United States internal revenue code and that is not otherwise funded
14 by state monies, any educational institution or organization that is
15 established under title 15, chapter 1, article 8 and that is owned by a
16 nonprofit organization, any private nonsectarian school or any private
17 nonsectarian organization established for the purpose of funding a joint
18 technological education school district.

19 (xiii) Research and development facilities.

20 (xiv) Commercial enterprises, including facilities for office,
21 recreational, hotel, motel and service uses if the facilities authorized by
22 this item are to be located in a designated area.

23 (xv) A child welfare agency, as defined in section 8-501, owned and
24 operated by a nonprofit organization.

25 (xvi) A transportation facility constructed or operated pursuant to
26 title 28, chapter 22, article 1 or 2.

27 (xvii) A museum operated by a nonprofit organization.

28 (xviii) Facilities owned or operated by a nonprofit organization
29 described in section 501(c) of the United States internal revenue code of
30 1986.

31 (xix) New or existing correctional facilities within this state.

32 (b) With respect to a corporation formed with the permission of the
33 Arizona board of regents, any facility consisting of classrooms, lecture
34 halls or conference centers or any facility for research and development or
35 for manufacturing, processing, assembling, marketing, storing and
36 transferring items developed through or connected with research and
37 development or in which the results of such research and development are

1 utilized, but only if the facility is located in an area designated as a
2 research park by the Arizona board of regents.

3 9. "Property" means any land, improvements thereon, buildings and any
4 improvements thereto, machinery and equipment of any and all kinds necessary
5 to a project and any other personal properties deemed necessary in connection
6 with a project.

7 10. "Research park" means an area of land that has been designated by
8 the Arizona board of regents as a research park for a university and that, at
9 the date of designation, is owned by this state or by the Arizona board of
10 regents.

11 11. "Single family dwelling unit" includes any new, used or
12 manufactured house that meets the insuring requirements of the federal
13 housing administration, the veterans administration or any other insuring
14 entity of the United States government or any private mortgage insurance or
15 surety company that is approved by the federal home loan mortgage corporation
16 or the federal national mortgage association.

17 Sec. 6. Section 36-550, Arizona Revised Statutes, is amended to read:

18 36-550. Definitions

19 In this article, unless the context otherwise requires:

20 1. "Community residential treatment system" means a statewide system
21 of community based residential treatment programs for the seriously mentally
22 ill which provides a wide range of services as alternatives to
23 institutionalization and in the least restrictive setting.

24 2. "Deputy director" means the deputy director of the division of
25 behavioral health in the department of health services.

26 3. "Division" means the division of behavioral health in the
27 department of health services.

28 4. "INDIGENT PERSONS" MEANS PERSONS WHO ARE AT LEAST EIGHTEEN YEARS OF
29 AGE, WHO ARE ELIGIBLE FOR MEDICAID BENEFITS AUTHORIZED BY TITLE XIX OF THE
30 SOCIAL SECURITY ACT, AS AMENDED, WHO ARE ENROLLED WITH AN ACUTE CARE HEALTH
31 PLAN THAT IS CONTRACTED WITH THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
32 ADMINISTRATION OR ENROLLED WITH THE UNITED STATES DEPARTMENT OF HEALTH
33 SERVICES INDIAN HEALTH SERVICES AND FOR WHOM THE DIVISION HAS THE
34 RESPONSIBILITY TO PROVIDE BEHAVIORAL HEALTH SERVICES.

35 ~~4.~~ 5. "Seriously mentally ill" means INDIGENT persons, who as a
36 result of a mental disorder as defined in section 36-501 exhibit emotional or
37 behavioral functioning which is so impaired as to interfere substantially
38 with their capacity to remain in the community without supportive treatment

1 or services of a long-term or indefinite duration. In these persons mental
2 disability is severe and persistent, resulting in a long-term limitation of
3 their functional capacities for primary activities of daily living such as
4 interpersonal relationships, homemaking, self-care, employment and
5 recreation.

6 Sec. 7. Section 36-550.01, Arizona Revised Statutes, is amended to
7 read:

8 36-550.01. Statewide plan for community residential treatment

9 A. The deputy director ~~shall~~ MAY establish a statewide plan for a
10 community residential treatment system by July 1, 1983. Such plan ~~shall~~ MAY
11 provide for a statewide system of mental health residential treatment
12 programs ~~which~~ THAT provides to the seriously mentally ill a wide range of
13 programs and services, as identified in section 36-550.05, as alternatives to
14 institutional care.

15 B. In addition to the provisions in subsection A of this section, the
16 statewide plan ~~shall~~ MAY include the following elements:

17 1. A description on a county by county basis of the current programs
18 and service delivery mechanisms providing services to the seriously mentally
19 ill.

20 2. An identification of areas ~~within the~~ IN THIS state where multiple
21 jurisdictions could participate in program delivery utilizing
22 intergovernmental contracts.

23 3. Goals, objectives and priorities for the delivery of such services
24 and methods to evaluate program effectiveness of goals, objectives and
25 priorities.

26 4. Cooperation with the counties to develop and maintain a coordinated
27 system for delivery of residential care.

28 5. Methods for estimating the need for community residential treatment
29 services and for allocating state funds according to that need.

30 C. The deputy director may ~~establish~~ ADOPT such rules ~~and regulations~~,
31 with the approval of the director, as are necessary for the implementation of
32 this article.

33 Sec. 8. Section 36-550.06, Arizona Revised Statutes, is amended to
34 read:

35 36-550.06. Client eligibility

36 A. The seriously mentally ill are eligible for services under this
37 article if they comply with the eligibility screening and application process
38 prescribed in section 36-3408, and UNDER ANY OF THE FOLLOWING CIRCUMSTANCES:

1 1. They voluntarily seek the services. ~~; or~~

2 ~~2. A court appointed guardian requests, in accordance with section~~
3 ~~36-547.04, subsection B, that they receive the services; or~~

4 2. THE DEPARTMENT RECEIVES A REQUEST FOR THESE SERVICES FROM A
5 GUARDIAN WHO IS AUTHORIZED TO CONSENT TO INPATIENT TREATMENT PURSUANT TO
6 SECTION 14-5312.01.

7 3. A court orders that they receive the services. ~~; or~~

8 4. The chief medical officer of the Arizona state hospital recommends
9 they receive such services.

10 B. Programs and services identified in section 36-550.05 may include
11 purchase of care support payments to persons to supplement social security,
12 supplemental security income, ~~general assistance~~ or veterans administration
13 disability payments, and client fees when available.

14 Sec. 9. Title 36, chapter 5, article 10, Arizona Revised Statutes, is
15 amended by adding section 36-550.09, to read:

16 36-550.09. Availability of services

17 PERSONS WHO ARE DETERMINED NOT TO BE INDIGENT PERSONS MAY RECEIVE
18 SERVICES AS PRESCRIBED IN THIS ARTICLE, SUBJECT TO AVAILABLE APPROPRIATIONS.

19 Sec. 10. Section 36-1161, Arizona Revised Statutes, is amended to
20 read:

21 36-1161. Poison and drug information center and Arizona poison
22 control system established; staff; functions

23 A. The department of health services shall establish a poison and drug
24 information center ~~located at and affiliated with the university of Arizona.~~

25 B. The department of health services, in collaboration with the poison
26 and drug information center, shall provide for the establishment of an
27 Arizona poison control system to provide comprehensive poison and drug
28 information and management of the poisoned person.

29 C. The poison and drug information center shall provide statewide
30 coordination for the Arizona poison control system. The center shall employ
31 a full-time staff, including a clinical toxicologist and poison and drug
32 information specialists and treatment consultants.

33 D. The poison and drug information center, in conjunction with the
34 department of health services and regional emergency medical services
35 systems, shall establish or designate regional programs of the Arizona poison
36 control system for purposes of assisting in the coordination of poison
37 control in this state. The regional programs may assume responsibility for
38 the following functions in their respective regions:

- 1 1. Poison prevention.
- 2 2. Data collection.
- 3 3. Education.
- 4 4. Management of the poisoned person.

5 Sec. 11. Section 36-2239, Arizona Revised Statutes, is amended to
6 read:

7 36-2239. Rates or charges of ambulance service

8 A. An ambulance service that applies for an adjustment in its rates or
9 charges shall automatically be granted a rate increase equal to the amount
10 determined under section 36-2234, subsection E, if the ambulance service is
11 so entitled. An automatic rate adjustment **THAT IS** granted pursuant to this
12 subsection and that is filed on or before April 1 is effective June 1 of that
13 year. The department shall notify the applicant and each health care
14 services organization as defined in section 20-1051 of the rate adjustment on
15 or before May 1 of that year.

16 B. Notwithstanding subsection D of this section, if the department
17 does not hold a hearing within ninety days after an ambulance service submits
18 an application to the department for an adjustment of its rates or charges,
19 the ambulance service may adjust its rates or charges to an amount not to
20 exceed the amount sought by the ambulance service in its application to the
21 department. An ambulance service shall not apply for an adjustment of its
22 rates or charges more than once every six months.

23 C. At the time it holds a hearing on the rates or charges of an
24 ambulance service pursuant to section 36-2234, the department may adjust the
25 rates or charges adjusted by the ambulance service pursuant to subsection B
26 of this section, but the adjustment shall not be retroactive.

27 D. An ambulance service shall not charge, demand or collect any
28 remuneration for any service greater or lesser than or different from the
29 rate or charge determined and fixed by the department as the rate or charge
30 for that service. An ambulance service may charge for disposable supplies,
31 medical supplies and medication and oxygen related costs if the charges do
32 not exceed the manufacturer's suggested retail price, are uniform throughout
33 the ambulance service's certificated area and are filed with the director. An
34 ambulance service shall not refund or limit in any manner or by any device
35 any portion of the rates or charges for a service which the department has
36 determined and fixed or ordered as the rate or charge for that service.

37 E. The department shall determine and render its decision regarding
38 all rates or charges within ninety days after commencement of the applicant's

1 hearing for an adjustment of rates or charges. If the department does not
2 render its decision as required by this subsection, the ambulance service may
3 adjust its rates and charges to an amount that does not exceed the amounts
4 sought by the ambulance service in its application to the department. If the
5 department renders a decision to adjust the rates or charges to an amount
6 less than that requested in the application and the ambulance service has
7 made an adjustment to its rates and charges that is higher than the
8 adjustment approved by the department, within thirty days after the
9 department's decision the ambulance service shall refund to the appropriate
10 ratepayer the difference between the ambulance service's adjusted rates and
11 charges and the rates and charges ordered by the department. The ambulance
12 service shall provide evidence to the department that the refund has been
13 made. If the ambulance service fails to comply with this subsection, the
14 director may impose a civil penalty subject to the limitations provided in
15 section 36-2245.

16 F. An ambulance service shall charge the advanced life support base
17 rate as prescribed by the director under any of the following circumstances:

18 1. A person requests an ambulance by dialing telephone number 911, or
19 a similarly designated telephone number for emergency calls, and the
20 ambulance service meets the following:

21 (a) The ambulance is staffed with at least one ambulance attendant.

22 (b) The ambulance is equipped with all required advanced life support
23 medical equipment and supplies for the advanced life support attendants in
24 the ambulance.

25 (c) The patient receives advanced life support services or is
26 transported by the advanced life support unit.

27 2. Advanced life support is requested by a medical authority or by the
28 patient.

29 3. The ambulance attendants administer one or more specialized
30 treatment activities or procedures as prescribed by the department by rule.

31 G. An ambulance service shall charge the basic life support base rate
32 as prescribed by the director under any of the following circumstances:

33 1. A person requests an ambulance by dialing telephone number 911, or
34 a similarly designated telephone number for emergency calls, and the
35 ambulance service meets the following:

36 (a) The ambulance is staffed with two ambulance attendants certified
37 by this state.

1 (b) The ambulance is equipped with all required basic life support
2 medical equipment and supplies for the basic life support medical attendants
3 in the ambulance.

4 (c) The patient receives basic life support services or is transported
5 by the basic life support unit.

6 2. Basic life support transportation or service is requested by a
7 medical authority or by the patient, unless any provision of subsection F of
8 this section applies, in which case the advanced life support rate shall
9 apply.

10 H. ~~Subsection F, paragraph 1~~ SUBSECTIONS D, F AND G of this section
11 ~~does~~ DO not apply to a remuneration made pursuant to the Arizona health care
12 cost containment system.

13 I. In establishing rates and charges the director shall consider the
14 following factors:

15 1. The transportation needs assessment of the medical response system
16 in a political subdivision.

17 2. The medical care consumer price index of the United States
18 department of labor, bureau of labor statistics.

19 3. Whether a review is made by a local emergency medical services
20 coordinating system in regions where that system is designated as to the
21 appropriateness of the proposed service level.

22 4. The rate of return on gross revenue.

23 5. Response times pursuant to section 36-2232, subsection A,
24 paragraph 2.

25 J. Notwithstanding section 36-2234, an ambulance service may charge an
26 amount for medical assessment, equipment or treatment that exceeds the
27 requirements of section 36-2205 if requested or required by a medical
28 provider or patient.

29 K. Notwithstanding subsections D, F and G of this section, an
30 ambulance service may provide gratuitous services if an ambulance is
31 dispatched and the patient subsequently declines to be treated or
32 transported.

33 Sec. 12. Section 36-2907, Arizona Revised Statutes, is amended to
34 read:

35 36-2907. Covered health and medical services; modifications;
36 related delivery of service requirements

37 A. Unless modified pursuant to this section, contractors shall provide
38 the following medically necessary health and medical services:

1 1. Inpatient hospital services that are ordinarily furnished by a
2 hospital for the care and treatment of inpatients and that are provided under
3 the direction of a physician or a primary care practitioner. For the
4 purposes of this section, inpatient hospital services ~~excludes~~ EXCLUDE
5 services in an institution for tuberculosis or mental diseases unless
6 authorized under an approved section 1115 waiver.

7 2. Outpatient health services that are ordinarily provided in
8 hospitals, clinics, offices and other health care facilities by licensed
9 health care providers. Outpatient health services include services provided
10 by or under the direction of a physician or a primary care practitioner but
11 do not include occupational therapy, or speech therapy for eligible persons
12 who are twenty-one years of age or older.

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

15 4. Medications that are ordered on prescription by a physician or a
16 dentist licensed pursuant to title 32, chapter 11. Beginning January 1,
17 2006, persons who are dually eligible for title XVIII and title XIX services
18 must obtain available medications through a medicare licensed or certified
19 medicare advantage prescription drug plan, a medicare prescription drug plan
20 or any other entity authorized by medicare to provide a medicare part D
21 prescription drug benefit.

22 5. Emergency dental care and extractions for persons who are at least
23 twenty-one years of age.

24 6. Medical supplies, equipment and prosthetic devices, not including
25 hearing aids OR DENTURES, ordered by a physician or a primary care
26 practitioner ~~or dentures ordered by a dentist licensed pursuant to title 32,~~
27 ~~chapter 11.~~ Suppliers of durable medical equipment shall provide the
28 administration with complete information about the identity of each person
29 who has an ownership or controlling interest in their business and shall
30 comply with federal bonding requirements in a manner prescribed by the
31 administration.

32 7. For persons who are at least twenty-one years of age, treatment of
33 medical conditions of the eye excluding eye examinations for prescriptive
34 lenses and the provision of prescriptive lenses.

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

1 9. Family planning services that do not include abortion or abortion
2 counseling. If a contractor elects not to provide family planning services,
3 this election does not disqualify the contractor from delivering all other
4 covered health and medical services under this chapter. In that event, the
5 administration may contract directly with another contractor, including an
6 outpatient surgical center or a noncontracting provider, to deliver family
7 planning services to a member who is enrolled with the contractor that elects
8 not to provide family planning services.

9 10. Podiatry services performed by a podiatrist licensed pursuant to
10 title 32, chapter 7 and ordered by a primary care physician or primary care
11 practitioner.

12 11. Nonexperimental transplants approved for title XIX reimbursement.

13 12. Ambulance and nonambulance transportation.

14 B. Beginning on October 1, 2002, circumcision of newborn males is not
15 a covered health and medical service.

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

19 D. The director shall adopt rules necessary to limit, to the extent
20 possible, the scope, duration and amount of services, including maximum
21 limitations for inpatient services that are consistent with federal
22 regulations under title XIX of the social security act (P.L. 89-97; 79 Stat.
23 344; 42 United States Code section 1396 (1980)). To the extent possible and
24 practicable, these rules shall provide for the prior approval of medically
25 necessary services provided pursuant to this chapter.

26 E. The director shall make available home health services in lieu of
27 hospitalization pursuant to contracts awarded under this article. For the
28 purposes of this subsection, "home health services" means the provision of
29 nursing services, home health aide services or medical supplies, equipment
30 and appliances, which are provided on a part-time or intermittent basis by a
31 licensed home health agency within a member's residence based on the orders
32 of a physician or a primary care practitioner. Home health agencies shall
33 comply with the federal bonding requirements in a manner prescribed by the
34 administration.

35 F. The director shall adopt rules for the coverage of behavioral
36 health services for persons who are eligible under section 36-2901, paragraph
37 6, subdivision (a). The administration shall contract with the department of
38 health services for the delivery of all medically necessary behavioral health

1 services to persons who are eligible under rules adopted pursuant to this
2 subsection. The division of behavioral health in the department of health
3 services shall establish a diagnostic and evaluation program to which other
4 state agencies shall refer children who are not already enrolled pursuant to
5 this chapter and who may be in need of behavioral health services. In
6 addition to an evaluation, the division of behavioral health shall also
7 identify children who may be eligible under section 36-2901, paragraph 6,
8 subdivision (a) or section 36-2931, paragraph 5 and shall refer the children
9 to the appropriate agency responsible for making the final eligibility
10 determination.

11 G. The director shall adopt rules for the provision of transportation
12 services and rules providing for copayment by members for transportation for
13 other than emergency purposes. Prior authorization is not required for
14 medically necessary ambulance transportation services rendered to members or
15 eligible persons initiated by dialing telephone number 911 or other
16 designated emergency response systems.

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

22 I. If the director does not receive bids within the amounts budgeted
23 or if at any time the amount remaining in the Arizona health care cost
24 containment system fund is insufficient to pay for full contract services for
25 the remainder of the contract term, the administration, on notification to
26 system contractors at least thirty days in advance, may modify the list of
27 services required under subsection A of this section for persons defined as
28 eligible other than those persons defined pursuant to section 36-2901,
29 paragraph 6, subdivision (a). The director may also suspend services or may
30 limit categories of expense for services defined as optional pursuant to
31 title XIX of the social security act (P.L. 89-97; 79 Stat. 344; 42 United
32 States Code section 1396 (1980)) for persons defined pursuant to section
33 36-2901, paragraph 6, subdivision (a). Such reductions or suspensions do not
34 apply to the continuity of care for persons already receiving these services.

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

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

3 1. Emergency services and specialty services provided pursuant to
4 section 36-2908.

5 2. That the director may permit the delivery of health and medical
6 services in other than the geographic service area in this state or in an
7 adjoining state if the director determines that medical practice patterns
8 justify the delivery of services or a net reduction in transportation costs
9 can reasonably be expected. Notwithstanding the definition of physician as
10 prescribed in section 36-2901, if services are procured from a physician or
11 primary care practitioner in an adjoining state, the physician or primary
12 care practitioner shall be licensed to practice in that state pursuant to
13 licensing statutes in that state similar to title 32, chapter 13, 15, 17 or
14 25 and shall complete a provider agreement for this state.

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

20 M. The director shall adopt rules that prescribe the coordination of
21 medical care for persons who are eligible for system services. The rules
22 shall include provisions for the transfer of patients, the transfer of
23 medical records and the initiation of medical care.

24 Sec. 13. Repeal

25 Section 36-2923, Arizona Revised Statutes, is repealed.

26 Sec. 14. Repeal; temporary medical coverage program; reversion

27 A. Section 36-2930, Arizona Revised Statutes, is repealed.

28 B. Any monies remaining in the temporary medical coverage program fund
29 on the effective date of this act revert to the state general fund.

30 Sec. 15. Section 36-2981, Arizona Revised Statutes, is amended to
31 read:

32 36-2981. Definitions

33 In this article, unless the context otherwise requires:

34 1. "Administration" means the Arizona health care cost containment
35 system administration.

36 2. "Contractor" means a health plan that contracts with the
37 administration for the provision of hospitalization and medical care to
38 members according to ~~the provisions of~~ this article or a qualifying plan.

1 3. "Director" means the director of the administration.

2 4. "Federal poverty level" means the federal poverty level guidelines
3 published annually by the United States department of health and human
4 services.

5 5. "Health plan" means an entity that contracts with the
6 administration for services provided pursuant to article 1 of this chapter.

7 6. "Member" means a person who is eligible for and enrolled in the
8 program, who is under nineteen years of age and whose gross household income
9 meets the following requirements:

10 ~~(a) Beginning on November 1, 1998 through September 30, 1999, has~~
11 ~~income at or below one hundred fifty per cent of the federal poverty level.~~

12 ~~(b) (a) Beginning on October 1, 1999 and for each fiscal year~~
13 ~~thereafter, FOR PERSONS WHO ARE ENROLLED IN OR WHO HAVE APPLIED FOR THE~~
14 ~~PROGRAM BEFORE OCTOBER 1, 2009, has income at or below two hundred per cent~~
15 ~~of the federal poverty level.~~

16 (b) FOR PERSONS APPLYING FOR THE PROGRAM ON OR AFTER OCTOBER 1, 2009,
17 HAS INCOME AT OR BELOW ONE HUNDRED FIFTY PER CENT OF THE FEDERAL POVERTY
18 LEVEL.

19 7. "Noncontracting provider" means an entity that provides hospital or
20 medical care but does not have a contract or subcontract with the
21 administration.

22 8. "Physician" means a person licensed pursuant to title 32, chapter
23 13 or 17.

24 9. "Prepaid capitated" means a method of payment by which a contractor
25 delivers health care services for the duration of a contract to a specified
26 number of members based on a fixed rate per member, per month without regard
27 to the number of members who receive care or the amount of health care
28 services provided to a member.

29 10. "Primary care physician" means a physician who is a family
30 practitioner, general practitioner, pediatrician, general internist,
31 obstetrician or gynecologist.

32 11. "Primary care practitioner" means a nurse practitioner who is
33 certified pursuant to title 32, chapter 15 or a physician assistant who is
34 licensed pursuant to title 32, chapter 25 and who is acting within the
35 respective scope of practice of those chapters.

36 12. "Program" means the children's health insurance program.

37 13. "Qualifying plan" means a contractor that contracts with the state
38 pursuant to section 38-651 to provide health and accident insurance for state

1 employees and that provides services to members pursuant to section 36-2989,
2 subsection A.

3 14. "Special health care district" means a special health care district
4 organized pursuant to title 48, chapter 31.

5 15. "Tribal facility" means a facility that is operated by an Indian
6 tribe and that is authorized to provide services pursuant to Public Law
7 93-638, as amended.

8 Sec. 16. Repeal; KidsCare parents

9 Section 36-2981.01, Arizona Revised Statutes, is repealed.

10 Sec. 17. Section 36-3407, Arizona Revised Statutes, is amended to
11 read:

12 36-3407. Services; contract; definition

13 A. The division shall contract for the provision of the following
14 services relating to the seriously mentally ill:

15 1. Community education to increase public awareness of the needs of
16 persons experiencing behavioral health problems.

17 2. Coordinated screening and intake.

18 3. A coordinated service delivery system.

19 4. Coordinated case management and individualized treatment planning
20 for each client.

21 5. Ongoing family participation in the planning for and selection of
22 continuum of care services.

23 6. A comprehensive continuum of care services, as appropriate for each
24 client, which shall include but not be limited to the following:

25 (a) Home based services.

26 (b) Prevention and early intervention.

27 (c) Psychiatric evaluation and consultation.

28 (d) Ancillary support services.

29 (e) Crisis intervention, including short-term and mobile crisis
30 stabilization.

31 (f) Outpatient counseling.

32 (g) Residential treatment services.

33 (h) Case management.

34 (i) Partial care services.

35 (j) Secure residential treatment services.

36 (k) Residential treatment services for clients discharged from the
37 Arizona state hospital.

38 (l) Hospitalization services.

- 1 (m) Psychotropic medication services.
- 2 (n) Independent living services.
- 3 (o) Detoxification services.
- 4 (p) Respite care.
- 5 (q) Vocational rehabilitation.
- 6 (r) Transportation.
- 7 (s) Socialization and recreation.

8 B. FOR THE PURPOSES OF THIS SECTION, "SERIOUSLY MENTALLY ILL" HAS THE
9 SAME MEANING PRESCRIBED IN SECTION 36-550.

10 Sec. 18. Title 36, chapter 34, article 1, Arizona Revised Statutes, is
11 amended by adding section 36-3415, to read:

12 36-3415. Availability of services; definition

13 A. PERSONS WHO ARE DETERMINED NOT TO BE INDIGENT PERSONS MAY RECEIVE
14 SERVICES AS PRESCRIBED IN THIS ARTICLE, SUBJECT TO AVAILABLE APPROPRIATIONS.

15 B. FOR THE PURPOSES OF THIS SECTION, "INDIGENT PERSONS" HAS THE SAME
16 MEANING PRESCRIBED IN SECTION 36-550.

17 Sec. 19. Section 38-651, Arizona Revised Statutes, is amended to read:

18 38-651. Expenditure of monies for health and accident insurance;
19 definition

20 A. The department of administration may expend public monies
21 appropriated for such purpose to procure health and accident coverage for
22 full-time officers and employees of ~~the~~ THIS state and its departments and
23 agencies. The department of administration may adopt rules ~~which~~ THAT
24 provide that if an employee dies while the employee's surviving spouse's
25 health insurance is in force, the surviving spouse ~~shall be~~ IS entitled to no
26 more than thirty-six months of extended coverage at one hundred two per cent
27 of the group rates by paying the premiums. No public monies may be expended
28 to pay all or any part of the premium of health insurance continued in force
29 by the surviving spouse. The department of administration shall seek a
30 variety of plans, including indemnity health insurance, hospital and medical
31 service plans, dental plans and health maintenance organizations. On a
32 recommendation of the department of administration and the review of the
33 joint legislative budget committee, the department of administration may
34 self-insure for the purposes of this subsection. If the department of
35 administration self-insures, the department may contract directly with
36 preferred provider organizations, physician and hospital networks, indemnity
37 health insurers, hospital and medical service plans, dental plans and health
38 maintenance organizations. If the department self-insures, the department

1 shall provide that the self-insurance program include all health coverage
2 benefits that are mandated pursuant to title 20. The self-insurance program
3 shall include provisions to provide for the protection of the officers and
4 employees, including grievance procedures for claim or treatment denials,
5 creditable coverage determinations, dissatisfaction with care and access to
6 care issues. The department of administration by rule shall designate and
7 adopt performance standards, including cost competitiveness, utilization
8 review issues, network development and access, conversion and implementation,
9 report timeliness, quality outcomes and customer satisfaction for qualifying
10 plans. The qualifying plans for which the standards are adopted include
11 indemnity health insurance, hospital and medical service plans, closed panel
12 medical and dental plans and health maintenance organizations, and for
13 eligibility of officers and employees to participate in such plans. Any
14 indemnity health insurance or hospital and medical service plan designated as
15 a qualifying plan by the department of administration must be open for
16 enrollment to all permanent full-time state employees, except that any plan
17 established prior to June 6, 1977 may be continued as a separate plan. Any
18 closed panel medical or dental plan or health maintenance organization
19 designated as the qualifying plan by the department of administration must be
20 open for enrollment to all permanent full-time state employees residing
21 within the geographic area or area to be served by the plan or organization.
22 Officers and employees may select coverage under the available options.

23 B. The department of administration may expend public monies
24 appropriated for such purpose to procure health and accident coverage for the
25 dependents of full-time officers and employees of ~~the~~ THIS state and its
26 departments and agencies. The department of administration shall seek a
27 variety of plans, including indemnity health insurance, hospital and medical
28 service plans, dental plans and health maintenance organizations. On a
29 recommendation of the department of administration and the review of the
30 joint legislative budget committee, the department of administration may
31 self-insure for the purposes of this subsection. If the department of
32 administration self-insures, the department may contract directly with
33 preferred provider organizations, physician and hospital networks, indemnity
34 health insurers, hospital and medical service plans, dental plans and health
35 maintenance organizations. If the department self-insures, the department
36 shall provide that the self-insurance program include all health coverage
37 benefits that are mandated pursuant to title 20. The self-insurance program
38 shall include provisions to provide for the protection of the officers and

1 employees, including grievance procedures for claim or treatment denials,
2 creditable coverage determinations, dissatisfaction with care and access to
3 care issues. The department of administration by rule shall designate and
4 adopt performance standards, including cost competitiveness, utilization
5 review issues, network development and access, conversion and implementation,
6 report timeliness, quality outcomes and customer satisfaction for qualifying
7 plans. The qualifying plans for which the standards are adopted include
8 indemnity health insurance, hospital and medical service plans, closed panel
9 medical and dental plans and health maintenance organizations, and for
10 eligibility of the dependents of officers and employees to participate in
11 such plans. Any indemnity health insurance or hospital and medical service
12 plan designated as a qualifying plan by the department of administration must
13 be open for enrollment to all permanent full-time state employees, except
14 that any plan established prior to June 6, 1977 may be continued as a
15 separate plan. Any closed panel medical or dental plan or health maintenance
16 organization designated as a qualifying plan by the department of
17 administration must be open for enrollment to all permanent full-time state
18 employees residing within the geographic area or area to be served by the
19 plan or organization. Officers and employees may select coverage under the
20 available options.

21 C. The department of administration may designate the Arizona health
22 care cost containment system established by title 36, chapter 29 as a
23 qualifying plan for the provision of health and accident coverage to
24 full-time state officers and employees and their dependents. The Arizona
25 health care cost containment system shall not be the exclusive qualifying
26 plan for health and accident coverage for state officers and employees either
27 on a statewide or regional basis.

28 D. Except as provided in section 38-652, public monies expended
29 pursuant to this section each month shall not exceed:

30 1. Five hundred dollars multiplied by the number of officers and
31 employees who receive individual coverage.

32 2. One thousand two hundred dollars multiplied by the number of
33 married couples if both members of the couple are either officers or
34 employees and each receives individual coverage or family coverage.

35 3. One thousand two hundred dollars multiplied by the number of
36 officers or employees who receive family coverage if the spouses of the
37 officers or employees are not officers or employees.

1 E. Subsection D of this section:

2 1. Establishes a total maximum expenditure of public monies pursuant
3 to this section.

4 2. Does not establish a minimum or maximum expenditure for each
5 individual officer or employee.

6 F. In order to ensure that an officer or employee does not suffer a
7 financial penalty or receive a financial benefit based on the officer's or
8 employee's age, gender or health status, the department of administration
9 shall consider implementing the following:

10 1. Requests for proposals for health insurance that specify that the
11 carrier's proposed premiums for each plan be based on the expected age,
12 gender and health status of the entire pool of employees and officers and
13 their family members enrolled in all qualifying plans and not on the age,
14 gender or health status of the individuals expected to enroll in the
15 particular plan for which the premium is proposed.

16 2. Recommendations from a legislatively established study group on
17 risk adjustments relating to a system for reallocating premium revenues among
18 the contracting qualifying plans to the extent necessary to adjust the
19 revenues received by any carrier to reflect differences between the average
20 age, gender and health status of the enrollees in that carrier's plan or
21 plans and the average age, gender and health status of all enrollees in all
22 qualifying plans.

23 G. Each officer or employee shall certify on the initial application
24 for family coverage that ~~such~~ THE officer or employee is not receiving more
25 than the contribution for which eligible pursuant to subsection D of this
26 section. Each officer or employee shall also provide ~~such~~ THE certification
27 on any change of coverage or marital status.

28 H. If a qualifying health maintenance organization is not available to
29 an officer or employee within fifty miles of the officer's or employee's
30 residence and the officer or employee is enrolled in a qualifying plan, the
31 officer or employee shall be offered the opportunity to enroll with a health
32 maintenance organization when the option becomes available. If a health
33 maintenance organization is available within fifty miles and it is determined
34 by the department of administration that there is an insufficient number of
35 medical providers in the organization, the department may provide for a
36 change in enrollment from plans designated by the director when additional
37 medical providers join the organization.

1 I. Notwithstanding ~~the provisions of~~ subsection H of this section,
2 officers and employees who enroll in a qualifying plan and reside outside the
3 area of a qualifying health maintenance organization shall be offered the
4 option to enroll with a qualified health maintenance organization offered
5 through their provider under the same premiums as if they lived within the
6 area boundaries of the qualified health maintenance organization, ~~provided~~
7 ~~that~~ IF:

8 1. All medical services are rendered and received at an office
9 designated by the qualifying health maintenance organization or at a facility
10 referred by the health maintenance organization.

11 2. All nonemergency or nonurgent travel, ambulatory and other expenses
12 from the residence area of the officer or employee to the designated office
13 of the qualifying health maintenance organization or the facility referred by
14 the health maintenance organization ~~shall be~~ ARE the responsibility of and at
15 the expense of the officer or employee.

16 3. All emergency or urgent travel, ambulatory and other expenses from
17 the residence area of the officer or employee to the designated office of the
18 qualifying health maintenance organization or the facility referred by the
19 health maintenance organization ~~shall be~~ ARE paid pursuant to any agreement
20 between the health maintenance organization and the officer or employee
21 living outside the area of the qualifying health maintenance organization.

22 J. The department of administration shall allow any school district in
23 this state that meets the requirements of section 15-388, a charter school in
24 this state that meets the requirements of section 15-187.01 or a city, town,
25 county, community college district, special taxing district, authority or
26 public entity organized pursuant to the laws of this state that meets the
27 requirements of section 38-656 to participate in the health and accident
28 coverage prescribed in this section, except that participation is only
29 allowed in a health plan that is offered by the department and that is
30 subject to title 20, chapter 1, article 1. A school district, a charter
31 school, a city, a town, a county, a community college district, a special
32 taxing district, an authority or any public entity organized pursuant to the
33 laws of this state rather than ~~the~~ THIS state shall pay directly to the
34 benefits provider the premium for its employees.

35 K. The department of administration shall determine the actual
36 administrative and operational costs associated with school districts,
37 charter schools, cities, towns, counties, community college districts,
38 special taxing districts, authorities and public entities organized pursuant

1 to the laws of this state participating in the state health and accident
2 insurance coverage. These costs shall be allocated to each school district,
3 charter school, city, town, county, community college district, special
4 taxing district, authority and public entity organized pursuant to the laws
5 of this state based ~~upon~~ ON the total number of employees participating in
6 the coverage. This subsection only applies to a health plan that is offered
7 by the department and that is subject to title 20, chapter 1, article 1.

8 L. Insurance providers contracting with ~~the~~ THIS state shall
9 separately maintain records that delineate claims and other expenses
10 attributable to participation of a school district, charter school, city,
11 town, county, community college district, special taxing district, authority
12 and public entity organized pursuant to the laws of this state in the state
13 health and accident insurance coverage and, by November 1 of each year, shall
14 report to the department of administration the extent to which state costs
15 are impacted by participation of school districts, charter schools, cities,
16 towns, counties, community college districts, special taxing districts,
17 authorities and public entities organized pursuant to the laws of this state
18 in the state health and accident insurance coverage. By December 1 of each
19 year, the director of the department of administration shall submit a report
20 to the president of the senate and the speaker of the house of
21 representatives detailing the information provided to the department by the
22 insurance providers and including any recommendations for possible
23 legislative action.

24 M. Notwithstanding subsection J of this section, any school district
25 in this state that meets the requirements of section 15-388, a charter school
26 in this state that meets the requirements of section 15-187.01 or a city,
27 town, county, community college district, special taxing district, authority
28 or public entity organized pursuant to the laws of this state that meets the
29 requirements of section 38-656 may apply to the department of administration
30 to participate in the self-insurance program that is provided by this section
31 pursuant to rules adopted by the department. A participating entity shall
32 reimburse the department for all premiums and administrative or other
33 insurance costs. The department shall actuarially prescribe the annual
34 premium for each participating entity to reflect the actual cost of each
35 participating entity.

36 N. Any person that submits a bid to provide health and accident
37 coverage pursuant to this section shall disclose any court or administrative

1 judgments or orders issued against that person within the last ten years
2 before the submittal.

3 O. FOR THE PURPOSES OF THIS SECTION, BEGINNING OCTOBER 1, 2009,
4 "DEPENDENT" MEANS A SPOUSE UNDER THE LAWS OF THIS STATE, A CHILD WHO IS UNDER
5 NINETEEN YEARS OF AGE OR A CHILD WHO IS UNDER TWENTY-THREE YEARS OF AGE AND
6 WHO IS A FULL-TIME STUDENT.

7 Sec. 20. Section 41-1954, Arizona Revised Statutes, is amended to
8 read:

9 41-1954. Powers and duties

10 A. In addition to the powers and duties of the agencies listed in
11 section 41-1953, subsection E, the department shall:

12 1. Administer the following services:

13 (a) Employment services, which shall include manpower programs and
14 work training, field operations, technical services, unemployment
15 compensation, community work and training and other related functions in
16 furtherance of programs under the social security act, as amended, the
17 Wagner-Peyser act, as amended, the federal unemployment tax act, as amended,
18 33 United States Code, the family support act of 1988 (P.L. 100-485) and
19 other related federal acts and titles.

20 (b) Individual and family services, which shall include a section on
21 aging, services to children, youth and adults and other related functions in
22 furtherance of social service programs under the social security act, as
23 amended, title IV, grants to states for aid and services to needy families
24 with children and for child-welfare services, title XX, grants to states for
25 services, the older Americans act, as amended, the family support act of 1988
26 (P.L. 100-485) and other related federal acts and titles.

27 (c) Income maintenance services, which shall include categorical
28 assistance programs, special services unit, child support collection
29 services, establishment of paternity services, maintenance and operation of a
30 state case registry of child support orders, a state directory of new hires,
31 a support payment clearinghouse and other related functions in furtherance of
32 programs under the social security act, title IV, grants to states for aid
33 and services to needy families with children and for child-welfare services,
34 title XX, grants to states for services, as amended, and other related
35 federal acts and titles.

36 (d) Rehabilitation services, which shall include vocational
37 rehabilitation services and sections for the blind and visually impaired,
38 communication disorders, correctional rehabilitation and other related

1 functions in furtherance of programs under the vocational rehabilitation act,
2 as amended, the Randolph-Sheppard act, as amended, and other related federal
3 acts and titles.

4 (e) Administrative services, which shall include the coordination of
5 program evaluation and research, interagency program coordination and
6 in-service training, planning, grants, development and management,
7 information, legislative liaison, budget, licensing and other related
8 functions.

9 (f) Manpower planning, which shall include a state manpower planning
10 council for the purposes of the federal-state-local cooperative manpower
11 planning system and other related functions in furtherance of programs under
12 the comprehensive employment and training act of 1973, as amended, and other
13 related federal acts and titles.

14 (g) Economic opportunity services, which shall include the furtherance
15 of programs prescribed under the economic opportunity act of 1967, as
16 amended, and other related federal acts and titles.

17 (h) Mental retardation and other developmental disability programs,
18 with emphasis on referral and purchase of services. The program shall
19 include educational, rehabilitation, treatment and training services and
20 other related functions in furtherance of programs under the developmental
21 disabilities services and facilities construction act, Public Law 91-517, and
22 other related federal acts and titles.

23 (i) Nonmedical home and community based services and functions
24 including department designated case management, housekeeping services, chore
25 services, home health aid, personal care, visiting nurse services, adult day
26 care or adult day health, respite sitter care, attendant care, home delivered
27 meals and other related services and functions.

28 2. Provide a coordinated system of initial intake, screening,
29 evaluation and referral of persons served by the department.

30 3. Adopt rules it deems necessary or desirable to further the
31 objectives and programs of the department.

32 4. Formulate policies, plans and programs to effectuate the missions
33 and purposes of the department.

34 5. Employ, determine the conditions of employment and prescribe the
35 duties and powers of administrative, professional, technical, secretarial,
36 clerical and other persons as may be necessary in the performance of its
37 duties, contract for the services of outside advisors, consultants and aides
38 as may be reasonably necessary and reimburse department volunteers,

1 designated by the director, for expenses in transporting clients of the
2 department on official business.

3 6. Make contracts and incur obligations within the general scope of
4 its activities and operations subject to the availability of funds.

5 7. Contract with or assist other departments, agencies and
6 institutions of the state, local and federal governments in the furtherance
7 of its purposes, objectives and programs.

8 8. Be designated as the single state agency for the purposes of
9 administering and in furtherance of each federally supported state plan.

10 9. Accept and disburse grants, matching funds and direct payments from
11 public or private agencies for the conduct of programs which are consistent
12 with the overall purposes and objectives of the department.

13 10. Provide information and advice on request by local, state and
14 federal agencies and by private citizens, business enterprises and community
15 organizations on matters within the scope of its duties subject to the
16 departmental rules on the confidentiality of information.

17 11. Establish and maintain separate financial accounts as required by
18 federal law or regulations.

19 12. Advise with and make recommendations to the governor and the
20 legislature on all matters concerning its objectives.

21 13. Have an official seal which shall be judicially noticed.

22 14. Annually estimate the current year's population of each county,
23 city and town in this state, using the periodic census conducted by the
24 United States department of commerce, or its successor agency, as the basis
25 for such estimates and deliver such estimates to the economic estimates
26 commission before December 15.

27 15. Estimate the population of any newly annexed areas of a political
28 subdivision as of July 1 of the fiscal year in which the annexation occurs
29 and deliver such estimates as promptly as is feasible after the annexation
30 occurs to the economic estimates commission.

31 16. Establish and maintain a statewide program of services for persons
32 who are both hearing impaired and visually impaired and coordinate
33 appropriate services with other agencies and organizations to avoid
34 duplication of these services and to increase efficiency. The department of
35 economic security shall enter into agreements for the utilization of the
36 personnel and facilities of the department of economic security, the
37 department of health services and other appropriate agencies and
38 organizations in providing these services.

1 17. Establish and charge fees for deposit in the department of economic
2 security prelayoff assistance services fund to employers who voluntarily
3 participate in the services of the department which provide job service and
4 retraining for persons who have been or are about to be laid off from
5 employment. The department shall charge only those fees necessary to cover
6 the costs of administering the job service and retraining services.

7 18. Establish a focal point for addressing the issue of hunger in
8 Arizona and provide coordination and assistance to public and private
9 nonprofit organizations which aid hungry persons and families throughout this
10 state. Specifically such activities shall include:

11 (a) Collecting and disseminating information regarding the location
12 and availability of surplus food for distribution to needy persons, the
13 availability of surplus food for donation to charity food bank organizations,
14 and the needs of charity food bank organizations for surplus food.

15 (b) Coordinating the activities of federal, state, local and private
16 nonprofit organizations that provide food assistance to the hungry.

17 (c) Accepting and disbursing federal monies, and any state monies
18 appropriated by the legislature, to private nonprofit organizations in
19 support of the collection, receipt, handling, storage and distribution of
20 donated or surplus food items.

21 (d) Providing technical assistance to private nonprofit organizations
22 that provide or intend to provide services to the hungry.

23 (e) Developing a state plan on hunger which, at a minimum, identifies
24 the magnitude of the hunger problem in this state, the characteristics of the
25 population in need, the availability and location of charity food banks and
26 the potential sources of surplus food, assesses the effectiveness of the
27 donated food collection and distribution network and other efforts to
28 alleviate the hunger problem, and recommends goals and strategies to improve
29 the status of the hungry. The state plan on hunger shall be incorporated
30 into the department's state comprehensive plan prepared pursuant to section
31 41-1956.

32 (f) Establishing a special purpose advisory council on hunger pursuant
33 to section 41-1981.

34 19. Establish an office to address the issue of homelessness and to
35 provide coordination and assistance to public and private nonprofit
36 organizations that prevent homelessness or aid homeless individuals and
37 families throughout this state. These activities shall include:

1 (a) Promoting and participating in planning for the prevention of
2 homelessness and the development of services to homeless persons.

3 (b) Identifying and developing strategies for resolving barriers in
4 state agency service delivery systems that inhibit the provision and
5 coordination of appropriate services to homeless persons and persons in
6 danger of being homeless.

7 (c) Assisting in the coordination of the activities of federal, state
8 and local governments and the private sector that prevent homelessness or
9 provide assistance to homeless people.

10 (d) Assisting in obtaining and increasing funding from all appropriate
11 sources to prevent homelessness or assist in alleviating homelessness.

12 (e) Serving as a clearinghouse on information regarding funding and
13 services available to assist homeless persons and persons in danger of being
14 homeless.

15 (f) Developing an annual state comprehensive homeless assistance plan
16 to prevent and alleviate homelessness.

17 (g) Submitting an annual report by January 1, 1992 and each year
18 thereafter to the governor, the president of the senate and the speaker of
19 the house of representatives on the status of homelessness and efforts to
20 prevent and alleviate homelessness.

21 20. Cooperate with the Arizona-Mexico commission in the governor's
22 office and with researchers at universities in this state to collect data and
23 conduct projects in the United States and Mexico on issues that are within
24 the scope of the department's duties and that relate to quality of life,
25 trade and economic development in this state in a manner that will help the
26 Arizona-Mexico commission to assess and enhance the economic competitiveness
27 of this state and of the Arizona-Mexico region.

28 B. If the department has responsibility for the care, custody or
29 control of a child or is paying the cost of care for a child, it may serve as
30 representative payee to receive and administer social security and veterans
31 administration benefits and other benefits payable to such child.
32 Notwithstanding any law to the contrary, the department:

33 1. Shall deposit, pursuant to sections 35-146 and 35-147, such monies
34 as it receives to be retained separate and apart from the state general fund
35 on the books of the department of administration.

36 2. May use such monies to defray the cost of care and services
37 expended by the department for the benefit, welfare and best interests of the

1 child and invest any of the monies that the director determines are not
2 necessary for immediate use.

3 3. Shall maintain separate records to account for the receipt,
4 investment and disposition of funds received for each child.

5 4. On termination of the department's responsibility for the child,
6 shall release any funds remaining to the child's credit in accordance with
7 the requirements of the funding source or in the absence of such requirements
8 shall release the remaining funds to:

9 (a) The child, if the child is at least eighteen years of age or is
10 emancipated.

11 (b) The person responsible for the child if the child is a minor and
12 not emancipated.

13 C. Subsection B of this section does not pertain to benefits payable
14 to or for the benefit of a child receiving services under title 36.

15 D. Volunteers reimbursed for expenses pursuant to subsection A,
16 paragraph 5 of this section are not eligible for workers' compensation under
17 title 23, chapter 6.

18 E. In implementing the temporary assistance for needy families program
19 pursuant to Public Law 104-193, the department shall provide for cash
20 assistance to two parent families if both parents are able to work only upon
21 documented participation by both parents in work activities described in
22 title 46, chapter 2, article 5, except that payments may be made to families
23 who do not meet the participation requirements if:

24 1. It is determined on an individual case basis that they have
25 emergency needs.

26 2. The family is determined to be eligible for diversion from
27 long-term cash assistance pursuant to title 46, chapter 2, article 5.

28 F. The department shall provide for cash assistance under temporary
29 assistance for needy families pursuant to Public Law 104-193 to two parent
30 families for no longer than six months if both parents are able to work,
31 except that additional assistance may be provided on an individual case basis
32 to families with extraordinary circumstances. The department shall establish
33 by rule the criteria to be used to determine eligibility for additional cash
34 assistance.

35 ~~G. The department may establish a representative payee program to~~
36 ~~provide representative payee services to manage social security or~~
37 ~~supplemental security income benefits for persons who are receiving general~~
38 ~~assistance benefits pursuant to section 46-233 and who require the services~~

~~of a representative payee to manage social security or supplemental security income benefits. The department may use not more than an average of eight hundred fifty dollars for any one person annually from monies appropriated for general assistance benefits for the purpose of paying persons or agencies to provide representative payee services.~~

~~H.~~ G. The department shall adopt the following discount medical payment system no later than October 1, 1993 for persons who the department determines are eligible and who are receiving rehabilitation services pursuant to subsection A, paragraph 1, subdivision (d) of this section:

1. For inpatient hospital admissions and outpatient hospital services the department shall reimburse a hospital according to the tiered per diem rates and outpatient cost-to-charge ratios established by the Arizona health care cost containment system pursuant to section 36-2903.01, subsection H.

2. The department's liability for a hospital claim under this subsection is subject to availability of funds.

3. A hospital bill is considered received for purposes of paragraph 5 of this subsection upon initial receipt of the legible, error-free claim form by the department if the claim includes the following error-free documentation in legible form:

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

4. The department shall require that the hospital pursue other third party payors before submitting a claim to the department. Payment received by a hospital from the department pursuant to this subsection is considered payment by the department of the department's liability for the hospital bill. A hospital may collect any unpaid portion of its bill from other third party payors or in situations covered by title 33, chapter 7, article 3.

5. For inpatient hospital admissions and outpatient hospital services rendered on and after October 1, 1997, if the department receives the claim directly from the hospital, the department shall pay a hospital's rate established according to this section subject to the following:

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

1 (b) If the hospital's bill is paid after thirty days but within sixty
2 days of the date the bill was received, the department shall pay one hundred
3 per cent of the rate.

4 (c) If the hospital's bill is paid any time after sixty days of the
5 date the bill was received, the department shall pay one hundred per cent of
6 the rate plus a fee of one per cent per month for each month or portion of a
7 month following the sixtieth day of receipt of the bill until the date of
8 payment.

9 6. For medical services other than those for which a rate has been
10 established pursuant to section 36-2903.01, subsection ~~H~~ K, the department
11 shall pay according to the Arizona health care cost containment system capped
12 fee-for-service schedule adopted pursuant to section 36-2904, subsection L or
13 any other established fee schedule the department determines reasonable.

14 ~~I~~ H. The department shall not pay claims for services pursuant to
15 this section that are submitted more than nine months after the date of
16 service for which the payment is claimed.

17 ~~J~~ I. To assist in the location of persons or assets for the purpose
18 of establishing paternity, establishing, modifying or enforcing child support
19 obligations and other related functions, the department has access, including
20 automated access if the records are maintained in an automated ~~data-base~~
21 DATABASE, to records of state and local government agencies, including:

- 22 1. Vital statistics, including records of marriage, birth and divorce.
- 23 2. State and local tax and revenue records, including information on
24 residence address, employer, income and assets.
- 25 3. Records concerning real and titled personal property.
- 26 4. Records of occupational and professional licenses.
- 27 5. Records concerning the ownership and control of corporations,
28 partnerships and other business entities.
- 29 6. Employment security records.
- 30 7. Records of agencies administering public assistance programs.
- 31 8. Records of the motor vehicle division of the department of
32 transportation.
- 33 9. Records of the state department of corrections.
- 34 10. Any system used by a state agency to locate a person for motor
35 vehicle or law enforcement purposes, including access to information
36 contained in the Arizona criminal justice information system.

37 ~~K~~ J. Notwithstanding subsection J of this section, the department or
38 its agents shall not seek or obtain information on the assets of an

1 individual unless paternity is presumed pursuant to section 25-814 or
2 established.

3 ~~K.~~ K. Access to records of the department of revenue pursuant to
4 subsection J of this section shall be provided in accordance with section
5 42-2003.

6 ~~L.~~ L. The department also has access to certain records held by
7 private entities with respect to child support obligors or obligees, or
8 individuals against whom such an obligation is sought. The information shall
9 be obtained as follows:

10 1. In response to a child support subpoena issued by the department
11 pursuant to section 25-520, the names and addresses of these persons and the
12 names and addresses of the employers of these persons, as appearing in
13 customer records of public utilities and cable television companies.

14 2. Information on these persons held by financial institutions.

15 ~~M.~~ M. Pursuant to department rules, the department may compromise or
16 settle any support debt owed to the department if the director or an
17 authorized agent determines that it is in the best interest of the state and
18 after considering each of the following factors:

19 1. The obligor's financial resources.

20 2. The cost of further enforcement action.

21 3. The likelihood of recovering the full amount of the debt.

22 ~~N.~~ N. Notwithstanding any law to the contrary, a state or local
23 governmental agency or private entity is not subject to civil liability for
24 the disclosure of information made in good faith to the department pursuant
25 to this section.

26 Sec. 21. Section 46-136, Arizona Revised Statutes, is amended to read:

27 46-136. Powers of state department regarding work projects for
28 unemployed persons

29 A. The state department may institute work projects for the employment
30 of needy unemployed persons being granted public assistance. The nature of
31 the work projects shall be determined by the state department and the
32 governing body of the county, municipal government or school district
33 involved, ~~to be projects necessary and desirable to the community,~~ including
34 projects designed to improve health and public safety. County or municipal
35 governments, including school districts, shall cooperate in such projects by
36 furnishing supervision, transportation and payment of industrial commission
37 insurance.

1 B. The state department shall act as the official agency for the state
2 in any social welfare activity initiated by the federal government and shall
3 administer state funds appropriated or made available for the relief of
4 dependent persons, except as otherwise provided by law.

5 C. The state department shall expend from ~~appropriations available for~~
6 ~~general assistance, or from~~ any amounts otherwise available by law, ~~amounts~~
7 ~~as~~ THAT, in the discretion of the director, are determined necessary for such
8 purpose in conjunction with any agency or department of the federal
9 government for the purpose of receiving and distributing food stamps offered
10 to public welfare agencies for needy persons. The amount so determined may
11 be expended by the department in payment of expenses necessarily incurred by
12 reason of the receipt or distribution of such food stamps.

13 Sec. 22. Section 46-217, Arizona Revised Statutes, is amended to read:

14 46-217. Finger imaging program; temporary assistance to needy
15 families

16 A. The department shall establish a finger imaging program.

17 B. Every adult applicant for, ~~OR~~ adult recipient or eligible minor
18 parent recipient of ~~general assistance or~~ temporary assistance for needy
19 families as a condition of eligibility for assistance is required to be
20 finger imaged as required by this section.

21 C. Finger images obtained pursuant to this section shall be used only
22 for the purposes of determining eligibility for temporary assistance for
23 needy families and ~~general assistance and~~ preventing multiple enrollments in
24 assistance programs and may not be accessed by any other agency of this state
25 for another purpose.

26 D. The department shall adopt rules:

27 1. Setting forth the finger imaging requirements and any exceptions to
28 these requirements for physical or other impairment.

29 2. For administratively appealing multiple enrollment determinations.

30 E. An applicant for or recipient of temporary assistance for needy
31 families ~~or general assistance~~ is not eligible for this assistance unless the
32 adult applicant, adult recipient or eligible minor parent provides finger
33 images pursuant to the finger imaging program.

34 F. If an adult applicant for, ~~OR~~ adult recipient or eligible minor
35 parent recipient of temporary assistance for needy families ~~or general~~
36 ~~assistance~~ refuses to comply with the finger imaging requirements, the
37 department shall deny these benefits to the assistance unit.

1 G. If an adult applicant for, ~~OR~~ OR adult recipient or eligible minor
2 parent recipient of temporary assistance for needy families ~~or general~~
3 ~~assistance~~ complies with the finger imaging requirements and meets all other
4 eligibility requirements, the department shall approve these benefits. If
5 the finger image of an applicant, adult recipient or eligible minor parent
6 for assistance matches another finger image on file, a fraud investigator
7 shall be notified and the applicant or recipient shall be made aware of the
8 match. If a finger image is not accessed within a one year period, it shall
9 be purged from the file. If the investigator verifies the fraud, the
10 department shall terminate benefits. The applicant or recipient may appeal
11 this termination pursuant to section 46-205. If the match is appealed, the
12 finger image match shall be verified by a trained individual before the
13 termination of benefits.

14 H. The director of the department of economic security shall report to
15 the chairperson of the senate appropriations committee and the chairperson of
16 the house of representatives appropriations committee on February 15, 1997,
17 and each year thereafter as to the actual and projected savings from reduced
18 caseloads in the temporary assistance for needy families ~~or general~~
19 ~~assistance programs~~ PROGRAM directly attributable to the finger imaging
20 program prescribed by this section.

21 Sec. 23. Section 46-292, Arizona Revised Statutes, is amended to read:

22 46-292. Eligibility for assistance

23 A. Cash assistance may be given under this title to any dependent
24 child:

25 1. Who has established residence in Arizona at the time of application
26 and is either:

27 (a) A citizen by birth or naturalization.

28 (b) A qualified alien who entered the United States on or before
29 August 21, 1996.

30 (c) A qualified alien who entered the United States as a member of one
31 of the exception groups under Public Law 104-193, section 412, in which case
32 the person shall be determined eligible in accordance with Public Law
33 104-193.

34 (d) Defined as a qualified alien by the attorney general of the United
35 States under the authority of Public Law 104-208, section 501.

36 For the purposes of subdivisions (b) and (c) of this paragraph, "qualified
37 alien" means a person who is defined as a qualified alien under Public Law
38 104-193, section 431.

1 2. Whose parent or parents or person or persons acting in the parents'
2 place, if employable, do not refuse to accept available employment and any
3 employable child in the family does not refuse to accept available
4 employment. The department shall assess the applicant's employability at the
5 time of initial application for assistance to establish a self-sufficiency
6 diversion option, if appropriate, before benefit issuance. The determination
7 of employability and the conditions under which employment shall be required
8 shall be determined by the state department, except that claimed
9 unemployability because of physical or mental incapacity shall be determined
10 by the state department in accordance with this title.

11 3. Whose parent or parents or other relatives who are applying for or
12 receiving assistance on behalf of the child have not, within one year prior
13 to application, or while a recipient, transferred or assigned real or
14 personal property with the intent to evade federal or state eligibility
15 requirements. Transfer of property with retention of a life estate for the
16 purpose of qualifying for assistance is prohibited. Where fair consideration
17 for the property was received, no inquiry into motive is necessary. A person
18 found ineligible under this section shall be ineligible for such time as the
19 state department determines.

20 B. Qualified aliens entering the United States after August 21, 1996
21 are ineligible for benefits for a period of five years beginning on their
22 date of entry, except for Cuban and Haitian entrants as defined in section
23 501(e)(2) of the refugee education assistance act of 1980 and exceptions
24 provided under Public Law 104-193 (personal responsibility and work
25 opportunity reconciliation act of 1996) and Public Law 105-32 (balanced
26 budget act of 1997).

27 C. A parent or any other relative who applies for or receives cash
28 assistance under this title on behalf of a child shall cooperate with the
29 department by taking the following actions:

30 1. Providing information regarding the identity of the child's father
31 and mother and other pertinent information including their names, social
32 security numbers and current addresses or a sworn statement that attests to
33 the lack of this information and that is accompanied by facts supporting the
34 asserted lack of information.

35 2. Appearing at interviews, hearings and legal proceedings.

36 3. Submitting and having the child submit to genetic testing.

37 4. Signing authorizations for third parties to release information
38 concerning the applicant or the child, or both.

1 5. In cases in which parentage has not been established, providing a
2 sworn statement alleging paternity and setting forth facts establishing a
3 reasonable possibility of the requisite sexual contact between the parties.

4 6. Supplying additional information the department requires.

5 D. The department shall sanction a recipient who fails, without good
6 cause as prescribed in subsection E of this section, to cooperate with child
7 support enforcement efforts according to the sanction provisions of section
8 46-300.

9 E. One or more of the following circumstances constitute good cause
10 for failure to cooperate with child support enforcement efforts:

11 1. Cooperation may result in physical or emotional harm to the parent,
12 child for whom support is sought or caretaker relative with whom the child is
13 living.

14 2. Legal proceedings for adoption of the child for whom support is
15 sought are pending before a court.

16 3. The participant has been working, for less than ninety days, with a
17 public or licensed private social agency on the issue of whether to allow the
18 child for whom support is sought to be adopted.

19 4. The child for whom support is sought was conceived as a result of
20 sexual assault pursuant to section 13-1406 or incest.

21 F. A person claiming good cause has twenty days from the date the good
22 cause claim is provided to the agency to supply evidence supporting the
23 claim. When determining whether the parent or relative is cooperating with
24 the agency as provided in subsection C of this section, the agency shall
25 require:

26 1. If the good cause exception in subsection E, paragraph 1 of this
27 section is claimed, law enforcement, court, medical, criminal, psychological,
28 social service or governmental records or sworn statements from persons with
29 personal knowledge of the circumstances that indicate that the alleged parent
30 or obligor might inflict physical harm on the parent, child or caretaker
31 relative.

32 2. If the good cause exception in subsection E, paragraph 2 of this
33 section is claimed, court documents that indicate that legal proceedings for
34 adoption are pending before a court of competent jurisdiction.

35 3. If the good cause exception in subsection E, paragraph 3 of this
36 section is claimed, records from a public or licensed private social services
37 agency showing that placing the child for whom support is sought is under
38 consideration.

1 4. If the good cause exception in subsection E, paragraph 4 of this
2 section is claimed, law enforcement, court, medical, criminal, psychological,
3 social service or governmental records or sworn statements from persons with
4 personal knowledge of the circumstances surrounding the conception of the
5 child that indicate the child was conceived as a result of sexual assault
6 pursuant to section 13-1406 or incest.

7 G. Notwithstanding subsection A of this section and except as provided
8 in subsection H of this section, a dependent child or children who are born
9 during one of the following time periods are not eligible for assistance
10 under this title:

11 1. The period in which the parent or other relative is receiving
12 assistance benefits.

13 2. The temporary period in which the parent or other relative is
14 ineligible pursuant to a penalty imposed by the department for failure to
15 comply with benefit eligibility requirements, after which the parent or other
16 relative is eligible for a continuation of benefits.

17 3. Any period after November 1, 1995 that is less than sixty months
18 between a voluntary withdrawal from program benefits or a period of
19 ineligibility for program benefits which immediately followed a period during
20 which program benefits were received and a subsequent reapplication and
21 eligibility approval for benefits.

22 H. The following exceptions apply to subsection G of this section:

23 1. The department shall allow an increase in cash assistance under the
24 program for a dependent child or children born as a result of an act of
25 sexual assault as prescribed in section 13-1406 or incest. The department
26 shall ensure that the proper law enforcement authorities are notified of
27 allegations of sexual assault or incest made pursuant to this paragraph. For
28 the purposes of this paragraph, "an act of sexual assault" includes sexual
29 assault of a spouse if the offense was committed before ~~the effective date of~~
30 ~~this amendment to this section~~ AUGUST 12, 2005.

31 2. For those parents or other relatives who are currently authorized
32 for cash assistance the department shall allow an increase in cash assistance
33 under the program as a result of the birth of a child or children to the
34 parent or other relative only if the birth occurred within ten months of the
35 initial eligible month. The department may use only the additional child or
36 children who are born from the pregnancies covered in this subsection in
37 computing the additional benefit.

1 3. The department shall allow an increase in cash assistance for any
2 dependent child born to a parent who has not received cash assistance under
3 this title for at least twelve consecutive months if the child is born within
4 the period beginning ten months after the twelve consecutive month period and
5 ending ten months after the parent resumes receiving cash assistance.

6 4. A dependent child or children who were born during a period in
7 which the custodial parent received cash assistance through the Arizona works
8 program shall be eligible to receive assistance under this title.

9 5. A dependent child or children who were born within ten months after
10 the custodial parent received cash assistance through the Arizona works
11 program shall be eligible to receive assistance under this title.

12 I. The department shall calculate the sixty-month time period
13 referenced in subsection G, paragraph 3 of this section in the following
14 manner:

15 1. For persons who are receiving cash assistance on November 1, 1995,
16 the sixty-month time period begins on November 1, 1995. A subsequent
17 sixty-month time period begins immediately after the previous period ends if
18 the person is receiving cash assistance through two sixty-month periods. If
19 the individual is not receiving cash assistance at the end of the previous
20 sixty-month period, any subsequent sixty-month time period begins on the date
21 when cash assistance became effective again, regardless of when the person
22 received an actual payment.

23 2. For persons who begin receiving cash assistance after November 1,
24 1995, the sixty-month time period begins on the date cash assistance becomes
25 effective, regardless of when the person received an actual payment. A
26 subsequent sixty-month period begins as provided in paragraph 1 of this
27 subsection.

28 J. In calculating a parent's or any other relative's benefit increase
29 that arises from any general increase that has been approved for all program
30 recipients, the department shall not consider a child or children born under
31 the time periods listed in subsection G of this section.

32 K. For the parents or other relatives who have additional children for
33 whom they receive no cash assistance payment under subsection G of this
34 section, the department shall make any necessary program amendments or
35 request any necessary federal waivers to allow the parents or other relatives
36 to earn income in an amount equal to the disallowed cash assistance payment
37 without affecting their eligibility for assistance.

1 L. The director shall adopt rules:

2 1. To implement this section including rules to define the
3 investigatory steps which must be taken to confirm that an act of sexual
4 assault or incest led to the birth of a dependent child or children.

5 2. That require the department to inform both verbally and in writing
6 the parents and other relatives who are receiving assistance under this
7 article of the specific family planning services that are available to them
8 while they are enrolled as eligible persons in the Arizona health care cost
9 containment system.

10 M. Nothing in this section shall be construed to prevent an otherwise
11 eligible child who is not included in the family's calculation of benefits
12 under this article from being eligible for coverage under title 36, chapter
13 29 or for any services that are directly linked to eligibility for the
14 temporary assistance for needy families program.

15 N. Assistance shall not be denied or terminated under this
16 article because the principal wage earner works one hundred or more hours
17 per month.

18 O. The department shall include all income from every source available
19 to the person requesting cash assistance, except income that is required to
20 be disregarded by this subsection and as determined by the department in
21 rules. For the amount of income that is received from employment, each month
22 every employed person is entitled to receive an earned income disregard of
23 ninety dollars plus an additional thirty per cent of the remaining earned
24 income. A household that includes an employed person is entitled to an
25 earned income disregard equal to the actual amount billed to the household
26 for the care of an adult or child dependent household member, up to two
27 hundred dollars a month for a child under two years of age and up to one
28 hundred seventy-five dollars a month for each other dependent. This
29 dependent care disregard is allowed only if the expense is necessary to allow
30 the household member to become or remain employed or to attend postsecondary
31 training or education that is preparatory to employment.

32 P. Any parent or other relative who applies for or receives cash
33 assistance under this article on behalf of a dependent child who is between
34 six and sixteen years of age shall ensure that the child is enrolled in and
35 attending school. An initial applicant is ineligible for benefits until the
36 applicant's dependent children are verified to be enrolled in and attending
37 an educational program. The department of education shall assist the
38 department of economic security in obtaining verification of school

1 enrollment and attendance. The director of the department of economic
2 security may adopt rules for granting good cause exceptions from this
3 subsection. The department of economic security shall sanction a recipient
4 who fails, without good cause, to ensure school enrollment and attendance
5 according to section 46-300.

6 Q. Any parent or other relative who applies for or receives cash
7 assistance under this section on behalf of a dependent child shall ensure
8 that the child is immunized in accordance with the schedule of immunizations
9 pursuant to section 36-672. The director of the department of economic
10 security may adopt rules for granting good cause exceptions from this
11 subsection. The department of economic security shall sanction a recipient,
12 in accordance with section 46-300, who fails, without good cause, to obtain
13 the required immunizations for a dependent child unless the recipient submits
14 to the department of economic security the documentation described in section
15 15-873.

16 R. ELIGIBILITY FOR ASSISTANCE UNDER THIS SECTION IS CONTINGENT ON THE
17 ADULT RECIPIENT ANNUALLY SUBMITTING TO AND PASSING A DRUG-SCREENING TEST AS
18 ADMINISTERED BY THE DEPARTMENT AT THE DEPARTMENT'S EXPENSE.

19 Sec. 24. Section 46-295, Arizona Revised Statutes, is amended to read:

20 46-295. Recovery of public assistance from legally responsible
21 persons; fund; definition

22 A. If a recipient of public assistance has a person WHO IS legally
23 responsible for that person's support AND who is presently able to reimburse
24 the department for public assistance provided, the department, through the
25 attorney general or county attorney, shall proceed in the following order
26 against:

- 27 1. The spouse of a recipient.
- 28 2. The former spouse of a recipient.
- 29 3. A father or mother not presently receiving public assistance.
- 30 4. Any other legally responsible person.

31 B. If a recipient of public assistance receives an overpayment of
32 support or is determined ineligible pursuant to section ~~46-233, 46-234,~~
33 46-292 or 46-293, the department may recover the support incorrectly paid
34 during that time period. The department shall deposit monies recovered in
35 the public assistance collections fund established pursuant to this section.

36 C. On request of the department, the attorney general or county
37 attorney shall commence an action in the superior court in the county where
38 the recipient of public assistance resides or in the superior court in

1 Maricopa county, against the persons in the order specified in subsection A
2 of this section, to recover the assistance granted and to secure an order
3 requiring payment of amounts that become due in the future for which the
4 person is liable.

5 D. The public assistance collections fund is established consisting of
6 monies received pursuant to this section and section 41-2752. The department
7 shall administer the fund. Subject to legislative appropriation, the
8 department shall use fund monies to improve public assistance collection
9 activities. The department shall deposit, pursuant to sections 35-146 and
10 35-147, twenty-five per cent of the monies collected pursuant to this section
11 in the public assistance collections fund and seventy-five per cent of the
12 monies collected pursuant to this section in the state general fund.
13 Notwithstanding this subsection, pursuant to sections 35-146 and 35-147, the
14 department shall deposit fifty per cent of the monies collected pursuant to
15 section 41-2752 in the public assistance fund and the remaining fifty per
16 cent of the monies collected pursuant to section 41-2752 shall be deposited
17 in the state general fund.

18 E. For the purposes of this section, "public assistance" includes
19 monies paid by the department to or for the benefit of a dependent child and
20 foster care maintenance paid pursuant to 42 United States Code sections 670
21 through 676.

22 Sec. 25. Repeal

23 Laws 2007, chapter 263, section 42 is repealed.

24 Sec. 26. Competency restoration treatment; city and county
25 reimbursement; fiscal year 2009-2010; deposit; tax
26 withholding

27 A. Notwithstanding section 13-4512, Arizona Revised Statutes, if this
28 state pays the costs of a defendant's inpatient competency restoration
29 treatment pursuant to section 13-4512, Arizona Revised Statutes, the city or
30 county shall reimburse the department of health services for eighty-six per
31 cent of these costs for fiscal year 2009-2010, except for those counties with
32 populations of less than eight hundred thousand persons who shall pay fifty
33 per cent of these costs for fiscal year 2009-2010.

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

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

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

16 Sec. 27. State employee health benefits

17 Beginning October 1, 2009, for fiscal year 2009-2010, the department of
18 administration shall not implement a differentiated health insurance premium
19 based on the integrated or nonintegrated status of a health insurance
20 provider available through the state employee health insurance program.

21 Sec. 28. AHCCCS; reimbursement rates

22 A. Notwithstanding any other law, for rates effective October 1, 2009
23 through September 30, 2010, the Arizona health care cost containment system
24 administration shall not increase the institutional or noninstitutional
25 provider rates above the rates in effect on September 30, 2008.

26 B. Notwithstanding any other law, in addition to any rate adjustments
27 made pursuant to subsection A, for rates effective October 1, 2009 through
28 September 30, 2010, the Arizona health care cost containment system
29 administration may reduce institutional and noninstitutional provider rates
30 up to five per cent.

31 C. Any rate reductions made pursuant to subsections A and B in
32 combination shall not exceed five per cent.

33 Sec. 29. AHCCCS; disproportionate share payments

34 Disproportionate share payments for fiscal year 2009-2010 made pursuant
35 to section 36-2903.01, subsection P, Arizona Revised Statutes, include:

36 1. \$89,877,700 for a qualifying nonstate operated public hospital.
37 The Maricopa county special health care district shall provide a certified
38 public expense form for the amount of qualifying disproportionate share

1 hospital expenditures made on behalf of this state to the administration on
2 or before May 1, 2010 for all state plan years as required by the Arizona
3 health care cost containment system 1115 waiver standard terms and
4 conditions. The administration shall assist the district in determining the
5 amount of qualifying disproportionate share hospital expenditures. Once the
6 administration files a claim with the federal government and receives federal
7 funds participation based on the amount certified by the Maricopa county
8 special health care district, if the certification is equal to or greater
9 than \$89,877,700, the administration shall distribute \$4,202,300 to the
10 Maricopa county special health care district and deposit the balance of the
11 federal funds participation in the state general fund. If the certification
12 provided is for an amount less than \$89,877,700, and the administration
13 determines that the revised amount is correct pursuant to the methodology
14 used by the administration pursuant to section 36-2903.01, Arizona Revised
15 Statutes, the administration shall notify the governor, the president of the
16 senate and the speaker of the house of representatives, shall distribute
17 \$4,202,300 to the Maricopa county special health care district and shall
18 deposit the balance of the federal funds participation in the state general
19 fund. If the certification provided is for an amount less than \$89,877,700
20 and the administration determines that the revised amount is not correct
21 pursuant to the methodology used by the administration pursuant to section
22 36-2903.01, Arizona Revised Statutes, the administration shall notify the
23 governor, the president of the senate and the speaker of the house of
24 representatives and shall deposit the total amount of the federal funds
25 participation in the state general fund.

26 2. \$28,474,900 for the Arizona state hospital. The Arizona state
27 hospital shall provide a certified public expense form for the amount of
28 qualifying disproportionate share hospital expenditures made on behalf of the
29 state to the administration on or before March 31, 2010. The administration
30 shall assist the Arizona state hospital in determining the amount of
31 qualifying disproportionate share hospital expenditures. Once the
32 administration files a claim with the federal government and receives federal
33 funds participation based on the amount certified by the Arizona state
34 hospital, the administration shall distribute the entire amount of federal
35 financial participation to the state general fund. If the certification
36 provided is for an amount less than \$28,474,900, the administration shall
37 notify the governor, the president of the senate and the speaker of the house
38 of representatives and shall distribute the entire amount of federal

1 financial participation to the state general fund. The certified public
2 expense form provided by the Arizona state hospital shall contain both the
3 total amount of qualifying disproportionate share hospital expenditures and
4 the amount limited by section 1923(g) of the social security act.

5 3. \$26,147,700 for private qualifying disproportionate share
6 hospitals.

7 Sec. 30. County acute care contribution; fiscal year 2009-2010

8 A. Notwithstanding section 11-292, Arizona Revised Statutes, for
9 fiscal year 2009-2010 for the provision of hospitalization and medical care,
10 the counties shall contribute the following amounts:

11	1. Apache	\$ 268,800
12	2. Cochise	\$ 2,214,800
13	3. Coconino	\$ 742,900
14	4. Gila	\$ 1,413,200
15	5. Graham	\$ 536,200
16	6. Greenlee	\$ 190,700
17	7. La Paz	\$ 212,100
18	8. Maricopa	\$21,035,400
19	9. Mohave	\$ 1,237,700
20	10. Navajo	\$ 310,800
21	11. Pima	\$14,951,800
22	12. Pinal	\$ 2,715,600
23	13. Santa Cruz	\$ 482,800
24	14. Yavapai	\$ 1,427,800
25	15. Yuma	\$ 1,325,100

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

1 distributions from the highway user revenue fund pursuant to title 28,
2 chapter 18, article 2, Arizona Revised Statutes.

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

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

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

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

29 Sec. 31. ALTCS; county contributions; fiscal year 2009-2010

30 Notwithstanding section 11-292, Arizona Revised Statutes, county
31 contributions for the Arizona long-term care system for fiscal year 2009-2010
32 are as follows:

33	1. Apache	\$ 655,700
34	2. Cochise	\$ 5,813,900
35	3. Coconino	\$ 1,967,700
36	4. Gila	\$ 2,410,400
37	5. Graham	\$ 1,577,300
38	6. Greenlee	\$ 147,200

1	7. La Paz	\$ 793,700
2	8. Maricopa	\$164,638,800
3	9. Mohave	\$ 7,461,000
4	10. Navajo	\$ 2,713,000
5	11. Pima	\$ 42,511,400
6	12. Pinal	\$ 13,884,800
7	13. Santa Cruz	\$ 1,987,700
8	14. Yavapai	\$ 8,629,800
9	15. Yuma	\$ 7,697,300

10 Sec. 32. Hospitalization and medical care contribution; fiscal
11 year 2009-2010

12 A. Notwithstanding any other law, for fiscal year 2009-2010, beginning
13 with the second monthly distribution of transaction privilege tax revenues,
14 the state treasurer shall withhold one-eleventh of the following amounts from
15 state transaction privilege tax revenues otherwise distributable, after any
16 amounts withheld for the county long-term care contribution or the county
17 administration contribution pursuant to section 11-292, subsection 0, Arizona
18 Revised Statutes, for deposit in the Arizona health care cost containment
19 system fund established by section 36-2913, Arizona Revised Statutes, for the
20 provision of hospitalization and medical care:

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

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

1 necessary to fulfill that county's requirement. The state treasurer shall
2 not withhold distributions from the 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 2009-2010, 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. 33. Proposition 204 administration; county expenditure
15 limitation

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

20 Sec. 34. Lottery distribution; homeless services; suspension

21 Notwithstanding section 5-522, subsection G, Arizona Revised Statutes,
22 for fiscal year 2009-2010, monies that would otherwise be appropriated from
23 the state lottery fund to the department of economic security for homeless
24 services shall be deposited in the state general fund.

25 Sec. 35. Child care assistance eligibility; report

26 Notwithstanding section 46-803, Arizona Revised Statutes, for fiscal
27 year 2009-2010, the department of economic security may reduce maximum income
28 eligibility levels for child care assistance in order to manage within
29 appropriated and available monies. The department of economic security shall
30 notify the joint legislative budget committee of any change in maximum income
31 eligibility levels for child care within fifteen days after implementing the
32 change.

33 Sec. 36. AHCCCS; third party liability; contracting

34 On or before January 1, 2010, the Arizona health care cost containment
35 system administration shall enter into an agreement with a contractor to
36 implement systems to ensure that the state is the payor of last resort for
37 all medical services provided to Arizona health care cost containment system
38 members.

1 Sec. 37. Conforming legislation
2 The legislative council staff shall prepare proposed legislation
3 conforming the Arizona Revised Statutes to the provisions of this act for
4 consideration in the forty-ninth legislature, second regular session."
5 Amend title to conform

RUSSELL PEARCE

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