

State of Arizona  
Senate  
Fifty-second Legislature  
First Regular Session  
2015

# SENATE BILL 1475

AN ACT

REPEALING SECTION 36-108.01, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 36-108.01; AMENDING SECTIONS 36-2239, 36-2903.01 AND 41-4255, ARIZONA REVISED STATUTES; AMENDING LAWS 2014, CHAPTER 11, SECTION 12; RELATING TO HEALTH BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Repeal

3 Section 36-108.01, Arizona Revised Statutes, is repealed.

4 Sec. 2. Title 36, chapter 1, article 1, Arizona Revised Statutes, is  
5 amended by adding a new section 36-108.01, to read:

6 36-108.01. Department of health services funds: purposes:  
7 annual report

8 A. THE INTERAGENCY SERVICE AGREEMENT FOR BEHAVIORAL HEALTH SERVICES  
9 FUND IS ESTABLISHED CONSISTING OF STATE AND FEDERAL MONIES RECEIVED BY THE  
10 DEPARTMENT TO PROVIDE BEHAVIORAL HEALTH SERVICES, EXCEPT FOR MONIES FOR  
11 NON-TITLE XIX BEHAVIORAL HEALTH SERVICES. THE DEPARTMENT SHALL ADMINISTER THE  
12 FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED.

13 B. THE INTERGOVERNMENTAL AGREEMENTS FOR COUNTY BEHAVIORAL HEALTH  
14 SERVICES FUND IS ESTABLISHED CONSISTING OF COUNTY MONIES RECEIVED BY THE  
15 DEPARTMENT TO PROVIDE BEHAVIORAL HEALTH SERVICES TO PERSONS IDENTIFIED  
16 THROUGH AGREEMENTS WITH THE COUNTIES. THE DEPARTMENT SHALL ADMINISTER THE  
17 FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED.

18 C. THE HEALTH SERVICES LOTTERY MONIES FUND IS ESTABLISHED CONSISTING  
19 OF MONIES TRANSFERRED PURSUANT TO SECTION 5-572, SUBSECTION C FOR TEENAGE  
20 PREGNANCY PREVENTION PROGRAMS ESTABLISHED BY LAWS 1995, CHAPTER 190, SECTIONS  
21 2 AND 3, THE HEALTH START PROGRAM ESTABLISHED BY SECTION 36-697 AND THE  
22 FEDERAL WOMEN, INFANTS AND CHILDREN FOOD PROGRAM. THE DEPARTMENT SHALL  
23 ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED.

24 D. THE INTERGOVERNMENTAL AGREEMENTS/INTERAGENCY SERVICES AGREEMENTS  
25 FUND IS ESTABLISHED CONSISTING OF ALL MONIES RECEIVED BY THE DEPARTMENT  
26 THROUGH INTERGOVERNMENTAL AGREEMENTS, INTERAGENCY SERVICES AGREEMENTS AND  
27 TRANSFERS BETWEEN THE DEPARTMENT AND OTHER STATE AND LOCAL ENTITIES. THE  
28 DEPARTMENT SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY  
29 APPROPRIATED.

30 E. BEGINNING NOVEMBER 1, 2015, THE DEPARTMENT SHALL REPORT ANNUALLY TO  
31 THE JOINT LEGISLATIVE BUDGET COMMITTEE ON THE REVENUES, EXPENDITURES AND  
32 ENDING BALANCES FROM THE PREVIOUS, CURRENT AND SUBSEQUENT FISCAL YEARS OF THE  
33 FUNDS ESTABLISHED IN THIS SECTION.

34 Sec. 3. Section 36-2239, Arizona Revised Statutes, is amended to read:

35 36-2239. Rates or charges of ambulance service

36 A. An ambulance service that applies for an adjustment in its rates or  
37 charges shall automatically be granted a rate increase equal to the amount  
38 determined under section 36-2234, subsection E, if the ambulance service is  
39 so entitled. An automatic rate adjustment that is granted pursuant to this  
40 subsection and that is filed on or before April 1 is effective June 1 of that  
41 year. The department shall notify the applicant and each health care  
42 services organization as defined in section 20-1051 of the rate adjustment on  
43 or before May 1 of that year.

1           B. Notwithstanding subsection E of this section, if the department  
2 does not hold a hearing within ninety days after an ambulance service submits  
3 an application to the department for an adjustment of its rates or charges,  
4 the ambulance service may adjust its rates or charges to an amount not to  
5 exceed the amount sought by the ambulance service in its application to the  
6 department. An ambulance service shall not apply for an adjustment of its  
7 rates or charges more than once every six months.

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

12           D. Except as provided in subsection H of this section, an ambulance  
13 service shall not charge, demand or collect any remuneration for any service  
14 greater or less than or different from the rate or charge determined and  
15 fixed by the department as the rate or charge for that service. An ambulance  
16 service may charge for disposable supplies, medical supplies and medication  
17 and oxygen related costs if the charges do not exceed the manufacturer's  
18 suggested retail price, are uniform throughout the ambulance service's  
19 certificated area and are filed with the director. An ambulance service  
20 shall not refund or limit in any manner or by any device any portion of the  
21 rates or charges for a service that the department has determined and fixed  
22 or ordered as the rate or charge for that service.

23           E. The department shall determine and render its decision regarding  
24 all rates or charges within ninety days after commencement of the applicant's  
25 hearing for an adjustment of rates or charges. If the department does not  
26 render its decision as required by this subsection, the ambulance service may  
27 adjust its rates and charges to an amount that does not exceed the amounts  
28 sought by the ambulance service in its application to the department. If the  
29 department renders a decision to adjust the rates or charges to an amount  
30 less than that requested in the application and the ambulance service has  
31 made an adjustment to its rates and charges that is higher than the  
32 adjustment approved by the department, within thirty days after the  
33 department's decision the ambulance service shall refund to the appropriate  
34 ratepayer the difference between the ambulance service's adjusted rates and  
35 charges and the rates and charges ordered by the department. The ambulance  
36 service shall provide evidence to the department that the refund has been  
37 made. If the ambulance service fails to comply with this subsection, the  
38 director may impose a civil penalty subject to the limitations provided in  
39 section 36-2245.

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

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

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

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

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

7 2. Advanced life support is requested by a medical authority or by the  
8 patient.

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

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

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

16 (a) The ambulance is staffed with two ambulance attendants certified  
17 by this state.

18 (b) The ambulance is equipped with all required basic life support  
19 medical equipment and supplies for the basic life support medical attendants  
20 in the ambulance.

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

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

27 H. For each contract year, the Arizona health care cost containment  
28 system administration and its contractors and subcontractors shall provide  
29 remuneration for ambulance services for persons who are enrolled in or  
30 covered by the Arizona health care cost containment system in an amount equal  
31 to ~~eighty per cent~~ 68.59 PERCENT of the amounts as prescribed by the  
32 department as of July 1 of each year for services specified in subsections F  
33 and G of this section and ~~eighty per cent~~ 68.59 PERCENT of the mileage  
34 charges as determined by the department as of July 1 of each year pursuant to  
35 section 36-2232. The Arizona health care cost containment system  
36 administration shall make annual adjustments to the Arizona health care cost  
37 containment system fee schedule according to the department's approved  
38 ambulance service rate in effect as of July 1 of each year. The rate  
39 adjustments made pursuant to this subsection are effective beginning October  
40 1 of each year.

41 I. In establishing rates and charges the director shall consider the  
42 following factors:

43 1. The transportation needs assessment of the medical response system  
44 in a political subdivision.

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

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

6           4. The rate of return on gross revenue.

7           5. Response times pursuant to section 36-2232, subsection A,  
8 paragraph 2.

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

13           K. Notwithstanding subsections D, F and G of this section, an  
14 ambulance service may provide gratuitous services if an ambulance is  
15 dispatched and the patient subsequently declines to be treated or  
16 transported.

17           Sec. 4. Section 36-2903.01, Arizona Revised Statutes, is amended to  
18 read:

19           36-2903.01. Additional powers and duties; report; definition

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

26           B. The director shall:

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

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

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

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

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

1 (c) Establish the process for management evaluation reviews that the  
2 administration shall perform to evaluate the eligibility determination  
3 functions performed by the department.

4 (d) Establish eligibility quality control reviews by the  
5 administration.

6 (e) Require the department to adopt rules, consistent with the rules  
7 adopted by the administration for a hearing process, that applicants or  
8 members may use for appeals of eligibility determinations or  
9 redeterminations.

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

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

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

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

1 the administration, including a grievance or hearing, persons may represent  
2 themselves or be represented by a duly authorized agent who is not charging a  
3 fee. A legal entity may be represented by an officer, partner or employee  
4 who is specifically authorized by the legal entity to represent it in the  
5 particular proceeding.

6 5. Apply for and accept federal funds available under title XIX of the  
7 social security act (P.L. 89-97; 79 Stat. 344; 42 United States Code section  
8 1396 (1980)) in support of the system. The application made by the director  
9 pursuant to this paragraph shall be designed to qualify for federal funding  
10 primarily on a prepaid capitated basis. Such funds may be used only for the  
11 support of persons defined as eligible pursuant to title XIX of the social  
12 security act or the approved section 1115 waiver.

13 6. At least thirty days before the implementation of a policy or a  
14 change to an existing policy relating to reimbursement, provide notice to  
15 interested parties. Parties interested in receiving notification of policy  
16 changes shall submit a written request for notification to the  
17 administration.

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

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

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

27 C. The director is authorized to apply for any federal funds available  
28 for the support of programs to investigate and prosecute violations arising  
29 from the administration and operation of the system. Available state funds  
30 appropriated for the administration and operation of the system may be used  
31 as matching funds to secure federal funds pursuant to this subsection.

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

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

42 2. Defer liability, in whole or in part, of contractors for care  
43 provided to members who are hospitalized on the date of enrollment or under  
44 other circumstances. Payment shall be on a capped fee-for-service basis for  
45 services other than hospital services and at the rate established pursuant to

1 subsection G of this section for hospital services or at the rate paid by the  
2 health plan, whichever is less.

3 3. Deputize, in writing, any qualified officer or employee in the  
4 administration to perform any act that the director by law is empowered to do  
5 or charged with the responsibility of doing, including the authority to issue  
6 final administrative decisions pursuant to section 41-1092.08.

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

15 E. The director shall adopt rules that further specify the medical  
16 care and hospital services that are covered by the system pursuant to section  
17 36-2907.

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

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

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



1 mechanisms shall be in effect. An adjustment in the stop loss-stop gain  
2 percentage may be made to ensure that total payments do not increase as a  
3 result of this provision. If peer groups are used, the administration shall  
4 establish initial peer group designations for each hospital before  
5 implementation of the per diem system. The administration may also use a  
6 negotiated rate methodology. The tiered per diem methodology may include  
7 separate consideration for specialty hospitals that limit their provision of  
8 services to specific patient populations, such as rehabilitative patients or  
9 children. The initial per diem rates shall be based on hospital claims and  
10 encounter data for dates of service November 1, 1990 through October 31, 1991  
11 and processed through May of 1992. The administration may also establish a  
12 separate reimbursement methodology for claims with extraordinarily high costs  
13 per day that exceed thresholds established by the administration.

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

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

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

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

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

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

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

25           (b) If the hospital's bill is paid after thirty days but within sixty  
26 days of the date the bill was received, the administration shall pay one  
27 hundred ~~per cent~~ PERCENT of the rate.

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

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

43           7. Except for privileged medical information, the administration shall  
44 make available for public inspection the cost and charge data and the  
45 calculations used by the administration to determine payments under the

1 tiered per diem system, provided that individual hospitals are not identified  
2 by name. The administration shall make the data and calculations available  
3 for public inspection during regular business hours and shall provide copies  
4 of the data and calculations to individuals requesting such copies within  
5 thirty days of receipt of a written request. The administration may charge a  
6 reasonable fee for the provision of the data or information.

7 8. The prospective tiered per diem payment methodology for inpatient  
8 hospital services shall include a mechanism for the prospective payment of  
9 inpatient hospital capital related costs. The capital payment shall include  
10 hospital specific and statewide average amounts. For tiered per diem rates  
11 beginning on October 1, 1999, the capital related cost component is frozen at  
12 the blended rate of forty ~~per cent~~ PERCENT of the hospital specific capital  
13 cost and sixty ~~per cent~~ PERCENT of the statewide average capital cost in  
14 effect as of January 1, 1999 and as further adjusted by the calculation of  
15 tier rates for maternity and nursery as prescribed by law. Through September  
16 30, 2011, the administration shall adjust the capital related cost component  
17 by the data resources incorporated market basket index for prospective  
18 payment system hospitals.

19 9. For graduate medical education programs:

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

42 (b) The monies available for graduate medical education programs  
43 pursuant to this subdivision shall not exceed the fiscal year 2006-2007  
44 appropriation adjusted annually by the increase or decrease in the index  
45 published by the global insight hospital market basket index for prospective

1 hospital reimbursement. Graduate medical education programs eligible for  
2 such reimbursement are not precluded from receiving reimbursement for funding  
3 under subdivision (c) of this paragraph. Beginning July 1, 2006, the  
4 administration shall distribute any monies appropriated for graduate medical  
5 education above the amount prescribed in subdivision (a) of this paragraph in  
6 the following order or priority:

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

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

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

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

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

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

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

38 (f) Local, county and tribal governments and any university under the  
39 jurisdiction of the Arizona board of regents may provide monies in addition  
40 to any state general fund monies appropriated for graduate medical education  
41 in order to qualify for additional matching federal monies for providers,  
42 programs or positions in a specific locality and costs incurred pursuant to a  
43 specific contract between the administration and providers or other entities  
44 to provide graduate medical education services as an administrative activity.  
45 Payments by the administration pursuant to this subdivision may be limited to

1 those providers designated by the funding entity and may be based on any  
2 methodology deemed appropriate by the administration, including replacing any  
3 payments that might otherwise have been paid pursuant to subdivision (a), (b)  
4 or (c) of this paragraph had sufficient state general fund monies or other  
5 monies been appropriated to fully fund those payments. These programs,  
6 positions, payment methodologies and administrative graduate medical  
7 education services must be approved by the administration and the centers for  
8 medicare and medicaid services. The administration shall report to the  
9 president of the senate, the speaker of the house of representatives and the  
10 director of the joint legislative budget committee on or before July 1 of  
11 each year on the amount of money contributed and number of residency  
12 positions funded by local, county and tribal governments, including the  
13 amount of federal matching monies used.

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

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

22 11. For inpatient hospital services rendered on or after October 1,  
23 2011, the prospective tiered per diem payment rates are permanently reset to  
24 the amounts payable for those services as of October 1, 2011 pursuant to this  
25 subsection.

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

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

1 I. The administration may make direct payments to hospitals for  
2 hospitalization and medical care provided to a member in accordance with this  
3 article and rules. The director may adopt rules to establish the procedures  
4 by which the administration shall pay hospitals pursuant to this subsection  
5 if a contractor fails to make timely payment to a hospital. Such payment  
6 shall be at a level determined pursuant to section 36-2904, subsection H  
7 or I. The director may withhold payment due to a contractor in the amount of  
8 any payment made directly to a hospital by the administration on behalf of a  
9 contractor pursuant to this subsection.

10 J. The director shall establish a special unit within the  
11 administration for the purpose of monitoring the third-party payment  
12 collections required by contractors and noncontracting providers pursuant to  
13 section 36-2903, subsection B, paragraph 10 and subsection F and section  
14 36-2915, subsection E. The director shall determine by rule:

15 1. The type of third-party payments to be monitored pursuant to this  
16 subsection.

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

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

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

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

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

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

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

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

31          L. The administration may conduct postpayment review of all claims  
32 paid by the administration and may recoup any monies erroneously paid. The  
33 director may adopt rules that specify procedures for conducting postpayment  
34 review. A contractor may conduct a postpayment review of all claims paid by  
35 the contractor and may recoup monies that are erroneously paid.

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

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

42          O. Notwithstanding any other law, on federal approval the  
43 administration may make disproportionate share payments to private hospitals,  
44 county operated hospitals, including hospitals owned or leased by a special  
45 health care district, and state operated institutions for mental disease

1 beginning October 1, 1991 in accordance with federal law and subject to  
2 legislative appropriation. If at any time the administration receives  
3 written notification from federal authorities of any change or difference in  
4 the actual or estimated amount of federal funds available for  
5 disproportionate share payments from the amount reflected in the legislative  
6 appropriation for such purposes, the administration shall provide written  
7 notification of such change or difference to the president and the minority  
8 leader of the senate, the speaker and the minority leader of the house of  
9 representatives, the director of the joint legislative budget committee, the  
10 legislative committee of reference and any hospital trade association within  
11 this state, within three working days not including weekends after receipt of  
12 the notice of the change or difference. In calculating disproportionate  
13 share payments as prescribed in this section, the administration may use  
14 either a methodology based on claims and encounter data that is submitted to  
15 the administration from contractors or a methodology based on data that is  
16 reported to the administration by private hospitals and state operated  
17 institutions for mental disease. The selected methodology applies to all  
18 private hospitals and state operated institutions for mental disease  
19 qualifying for disproportionate share payments.

20 P. Disproportionate share payments made pursuant to subsection O of  
21 this section include amounts for disproportionate share hospitals designated  
22 by political subdivisions of this state, tribal governments and universities  
23 under the jurisdiction of the Arizona board of regents. Subject to the  
24 approval of the centers for medicare and medicaid services, any amount of  
25 federal funding allotted to this state pursuant to section 1923(f) of the  
26 social security act and not otherwise spent under subsection O of this  
27 section shall be made available for distribution pursuant to this subsection.  
28 Political subdivisions of this state, tribal governments and universities  
29 under the jurisdiction of the Arizona board of regents may designate  
30 hospitals eligible to receive disproportionate share payments in an amount up  
31 to the limit prescribed in section 1923(g) of the social security act if  
32 those political subdivisions, tribal governments or universities provide  
33 sufficient monies to qualify for the matching federal monies for the  
34 disproportionate share payments.

35 Q. Notwithstanding any law to the contrary, the administration may  
36 receive confidential adoption information to determine whether an adopted  
37 child should be terminated from the system.

38 R. The adoption agency or the adoption attorney shall notify the  
39 administration within thirty days after an eligible person receiving services  
40 has placed that person's child for adoption.

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



1 T. In addition to any requirements adopted pursuant to subsection D,  
2 paragraph 4 of this section, notwithstanding any other law, subject to  
3 approval by the centers for medicare and medicaid services, beginning July 1,  
4 2011, members eligible pursuant to section 36-2901, paragraph 6, subdivision  
5 (a), section 36-2931 and section 36-2981, paragraph 6 shall pay the  
6 following:

7 1. A monthly premium of fifteen dollars, except that the total monthly  
8 premium for an entire household shall not exceed sixty dollars.

9 2. A copayment of five dollars for each physician office visit.

10 3. A copayment of ten dollars for each urgent care visit.

11 4. A copayment of thirty dollars for each emergency department visit.

12 U. SUBJECT TO THE APPROVAL OF THE CENTERS FOR MEDICARE AND MEDICAID  
13 SERVICES, POLITICAL SUBDIVISIONS OF THIS STATE, TRIBAL GOVERNMENTS AND ANY  
14 UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS MAY PROVIDE  
15 TO THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION MONIES IN  
16 ADDITION TO ANY STATE GENERAL FUND MONIES APPROPRIATED FOR CRITICAL ACCESS  
17 HOSPITALS IN ORDER TO QUALIFY FOR ADDITIONAL FEDERAL MONIES. ANY AMOUNT OF  
18 FEDERAL MONIES RECEIVED BY THIS STATE PURSUANT TO THIS SUBSECTION SHALL BE  
19 DISTRIBUTED AS SUPPLEMENTAL PAYMENTS TO CRITICAL ACCESS HOSPITALS.

20 ~~U.~~ V. For the purposes of this section, "disproportionate share  
21 payment" means a payment to a hospital that serves a disproportionate share  
22 of low-income patients as described by 42 United States Code section 1396r-4.

23 Sec. 5. Section 41-4255, Arizona Revised Statutes, is amended to read:

24 41-4255. Annual report

25 A. On or before September 1 of each year, the department of homeland  
26 security ~~and the department of health services~~ shall submit a homeland  
27 security allocation and expenditure report to the governor, the president of  
28 the senate, the speaker of the house of representatives, the chairperson of  
29 the senate appropriations committee, the chairperson of the house  
30 appropriations committee, the staff and cochairpersons of the joint  
31 legislative budget committee and the members of the joint legislative  
32 committee on border and homeland security.

33 B. The director shall provide a copy of the report to the secretary of  
34 state. The department may redact sensitive information contained in the  
35 report if necessary.

36 C. The report shall include:

37 1. Each local and state project that was awarded funding for the  
38 current year.

39 2. Expenditures for each local and state project that was awarded  
40 funding for the current year.

41 3. Expenditures from federal appropriations and grants that were used  
42 by the department for administrative and state agency purposes.

43 4. A narrative description detailing each state project awarded  
44 funding, including the goals and objectives of each state project.

45 5. The progress made on each project since the last report.

1           6. Project awards and expenditures from prior years beginning with  
2 fiscal year 2001-2002.

3           7. A detailed plan on how homeland security efforts will be continued  
4 in the event of decreased federal funding.

5           Sec. 6. Laws 2014, chapter 11, section 12 is amended to read:

6           Sec. 12. AHCCCS: disproportionate share payments

7           A. Disproportionate share payments for fiscal year 2014-2015 made  
8 pursuant to section 36-2903.01, subsection 0, Arizona Revised Statutes,  
9 include:

10           1. ~~\$89,877,700~~ \$105,945,500 for a qualifying nonstate operated public  
11 hospital. The Maricopa county special health care district shall provide a  
12 certified public expense form for the amount of qualifying disproportionate  
13 share hospital expenditures made on behalf of this state to the Arizona  
14 health care cost containment system administration on or before May 1, 2015  
15 for all state plan years as required by the Arizona health care cost  
16 containment system 1115 waiver standard terms and conditions. The  
17 administration shall assist the district in determining the amount of  
18 qualifying disproportionate share hospital expenditures. Once the  
19 administration files a claim with the federal government and receives federal  
20 funds participation based on the amount certified by the Maricopa county  
21 special health care district, if the certification is equal to or less than  
22 ~~\$89,877,700~~ \$105,945,500 and the administration determines that the revised  
23 amount is correct pursuant to the methodology used by the administration  
24 pursuant to section 36-2903.01, Arizona Revised Statutes, ~~as amended by this~~  
25 ~~act~~, the administration shall notify the governor, the president of the  
26 senate and the speaker of the house of representatives, shall distribute  
27 \$4,202,300 to the Maricopa county special health care district and shall  
28 deposit the balance of the federal funds participation in the state general  
29 fund. If the certification provided is for an amount less than ~~\$89,877,700~~  
30 \$105,945,500 and the administration determines that the revised amount is not  
31 correct pursuant to the methodology used by the administration pursuant to  
32 section 36-2903.01, Arizona Revised Statutes, ~~as amended by this act~~, the  
33 administration shall notify the governor, the president of the senate and the  
34 speaker of the house of representatives and shall deposit the total amount of  
35 the federal funds participation in the state general fund. ~~The~~  
36 ~~disproportionate share hospital payment attributed to the Maricopa county~~  
37 ~~special health care district may not exceed \$89,877,700.~~ IF THE  
38 CERTIFICATION PROVIDED IS FOR AN AMOUNT GREATER THAN \$105,945,500, THE  
39 ADMINISTRATION SHALL DISTRIBUTE \$4,202,300 TO THE MARICOPA COUNTY SPECIAL  
40 HEALTH CARE DISTRICT AND SHALL DEPOSIT \$68,328,000 OF THE FEDERAL FUNDS  
41 PARTICIPATION IN THE STATE GENERAL FUND. THE ADMINISTRATION MAY MAKE  
42 ADDITIONAL DISPROPORTIONATE SHARE HOSPITAL PAYMENTS TO THE MARICOPA COUNTY  
43 SPECIAL HEALTH CARE DISTRICT PURSUANT TO SECTION 36-2903.01, SUBSECTION P,  
44 ARIZONA REVISED STATUTES, AND SUBSECTION B OF THIS SECTION.

1           2. \$28,474,900 for the Arizona state hospital. The Arizona state  
 2 hospital shall provide a certified public expense form for the amount of  
 3 qualifying disproportionate share hospital expenditures made on behalf of the  
 4 state to the administration on or before March 31, 2015. The administration  
 5 shall assist the Arizona state hospital in determining the amount of  
 6 qualifying disproportionate share hospital expenditures. Once the  
 7 administration files a claim with the federal government and receives federal  
 8 funds participation based on the amount certified by the Arizona state  
 9 hospital, the administration shall distribute the entire amount of federal  
 10 financial participation to the state general fund. If the certification  
 11 provided is for an amount less than \$28,474,900, the administration shall  
 12 notify the governor, the president of the senate and the speaker of the house  
 13 of representatives and shall distribute the entire amount of federal  
 14 financial participation to the state general fund. The certified public  
 15 expense form provided by the Arizona state hospital ~~must~~ SHALL contain both  
 16 the total amount of qualifying disproportionate share hospital expenditures  
 17 and the amount limited by section 1923(g) of the social security act.

18           3. \$9,284,800 for private qualifying disproportionate share hospitals.  
 19 The Arizona health care cost containment system administration shall make  
 20 payments to hospitals consistent with this appropriation and the terms of the  
 21 section 1115 waiver, but payments are limited to those hospitals that either:

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

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

26           B. AFTER THE DISTRIBUTIONS MADE PURSUANT TO SUBSECTION A OF THIS  
 27 SECTION, THE ALLOCATIONS OF DISPROPORTIONATE SHARE HOSPITAL PAYMENTS MADE  
 28 PURSUANT TO SECTION 36-2903.01, SUBSECTION P, ARIZONA REVISED STATUTES, SHALL  
 29 BE MADE AVAILABLE FIRST TO QUALIFYING PRIVATE HOSPITALS LOCATED OUTSIDE OF  
 30 THE PHOENIX METROPOLITAN STATISTICAL AREA AND THE TUCSON METROPOLITAN  
 31 STATISTICAL AREA BEFORE BEING MADE AVAILABLE TO QUALIFYING HOSPITALS WITHIN  
 32 THE PHOENIX METROPOLITAN STATISTICAL AREA AND THE TUCSON METROPOLITAN  
 33 STATISTICAL AREA.

34           Sec. 7. ALTCs: county contributions: fiscal year 2015-2016

35           A. Notwithstanding section 11-292, Arizona Revised Statutes, county  
 36 contributions for the Arizona long-term care system for fiscal year 2015-2016  
 37 are as follows:

38	1. Apache	\$ 618,900
39	2. Cochise	\$ 5,165,500
40	3. Coconino	\$ 1,858,500
41	4. Gila	\$ 2,117,900
42	5. Graham	\$ 1,336,700
43	6. Greenlee	\$ 79,700
44	7. La Paz	\$ 696,300
45	8. Maricopa	\$153,303,200

1	9. Mohave	\$ 8,033,700
2	10. Navajo	\$ 2,562,200
3	11. Pima	\$ 39,303,600
4	12. Pinal	\$ 15,539,700
5	13. Santa Cruz	\$ 1,942,200
6	14. Yavapai	\$ 8,416,600
7	15. Yuma	\$ 8,259,900

8 B. If the overall cost for the Arizona long-term care system exceeds  
9 the amount specified in the general appropriation act for fiscal year  
10 2015-2016, the state treasurer shall collect from the counties the difference  
11 between the amount specified in subsection A of this section and the  
12 counties' share of the state's actual contribution. The counties' share of  
13 the state's contribution shall be in compliance with any federal maintenance  
14 of effort requirements. The director of the Arizona health care cost  
15 containment system administration shall notify the state treasurer of the  
16 counties' share of the state's contribution and report the amount to the  
17 director of the joint legislative budget committee. The state treasurer  
18 shall withhold from any other monies payable to a county from whatever state  
19 funding source is available an amount necessary to fulfill that county's  
20 requirement specified in this subsection. The state treasurer may not  
21 withhold distributions from the Arizona highway user revenue fund pursuant to  
22 title 28, chapter 18, article 2, Arizona Revised Statutes. The state  
23 treasurer shall deposit the amounts withheld pursuant to this subsection and  
24 amounts paid pursuant to subsection A of this section in the long-term care  
25 system fund established by section 36-2913, Arizona Revised Statutes.

26 Sec. 8. Sexually violent persons; county reimbursement; fiscal  
27 year 2015-2016; deposit; tax distribution  
28 withholding; definition

29 A. Notwithstanding any other law, if this state pays the costs of a  
30 commitment of a sexually violent individual, the county shall reimburse the  
31 department of health services for thirty-one percent of these costs for  
32 fiscal year 2015-2016.

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

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

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

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

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

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

15 Sec. 9. Competency restoration treatment; city and county  
16 reimbursement; fiscal year 2015-2016; deposit; tax  
17 distribution withholding

18 A. Notwithstanding section 13-4512, Arizona Revised Statutes, if this  
19 state pays the costs of a defendant's inpatient, in custody competency  
20 restoration treatment pursuant to section 13-4512, Arizona Revised Statutes,  
21 the city or county shall reimburse the department of health services for one  
22 hundred percent of these costs for fiscal year 2015-2016.

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

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

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

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

1           Sec. 10. AHCCCS: disproportionate share payments

2           A. Disproportionate share payments for fiscal year 2015-2016 made  
3 pursuant to section 36-2903.01, subsection O, Arizona Revised Statutes,  
4 include:

5           1. \$113,818,500 for a qualifying nonstate operated public hospital.  
6 The Maricopa county special health care district shall provide a certified  
7 public expense form for the amount of qualifying disproportionate share  
8 hospital expenditures made on behalf of this state to the Arizona health care  
9 cost containment system administration on or before May 1, 2016 for all state  
10 plan years as required by the Arizona health care cost containment system  
11 1115 waiver standard terms and conditions. The administration shall assist  
12 the district in determining the amount of qualifying disproportionate share  
13 hospital expenditures. Once the administration files a claim with the  
14 federal government and receives federal funds participation based on the  
15 amount certified by the Maricopa county special health care district, if the  
16 certification is equal to or less than \$113,818,500 and the administration  
17 determines that the revised amount is correct pursuant to the methodology  
18 used by the administration pursuant to section 36-2903.01, Arizona Revised  
19 Statutes, the administration shall notify the governor, the president of the  
20 senate and the speaker of the house of representatives, shall distribute  
21 \$4,202,300 to the Maricopa county special health care district and shall  
22 deposit the balance of the federal funds participation in the state general  
23 fund. If the certification provided is for an amount less than \$113,818,500  
24 and the administration determines that the revised amount is not correct  
25 pursuant to the methodology used by the administration pursuant to section  
26 36-2903.01, Arizona Revised Statutes, the administration shall notify the  
27 governor, the president of the senate and the speaker of the house of  
28 representatives and shall deposit the total amount of the federal funds  
29 participation in the state general fund. If the certification provided is  
30 for an amount greater than \$113,818,500, the administration shall distribute  
31 \$4,202,300 to the Maricopa county special health care district and shall  
32 deposit \$74,241,400 of the federal funds participation in the state general  
33 fund. The administration may make additional disproportionate share hospital  
34 payments to the Maricopa county special health care district pursuant to  
35 section 36-2903.01, subsection P, Arizona Revised Statutes, and subsection B  
36 of this section.

37           2. \$28,474,900 for the Arizona state hospital. The Arizona state  
38 hospital shall provide a certified public expense form for the amount of  
39 qualifying disproportionate share hospital expenditures made on behalf of the  
40 state to the administration on or before March 31, 2016. The administration  
41 shall assist the Arizona state hospital in determining the amount of  
42 qualifying disproportionate share hospital expenditures. Once the  
43 administration files a claim with the federal government and receives federal  
44 funds participation based on the amount certified by the Arizona state  
45 hospital, the administration shall distribute the entire amount of federal

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

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

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

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

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

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

26 On or before December 31, 2016, notwithstanding any other law, for  
27 fiscal year 2015-2016 the Arizona health care cost containment system  
28 administration shall transfer to the counties such portion, if any, as may be  
29 necessary to comply with section 10201(c)(6) of the patient protection and  
30 affordable care act (P.L. 111-148), regarding the counties' proportional  
31 share of the state's contribution.

32 Sec. 12. County acute care contribution; fiscal year 2015-2016

33 A. Notwithstanding section 11-292, Arizona Revised Statutes, for  
34 fiscal year 2015-2016 for the provision of hospitalization and medical care,  
35 the counties shall contribute the following amounts:

36	1. Apache	\$ 268,800
37	2. Cochise	\$ 2,214,800
38	3. Coconino	\$ 742,900
39	4. Gila	\$ 1,413,200
40	5. Graham	\$ 536,200
41	6. Greenlee	\$ 190,700
42	7. La Paz	\$ 212,100
43	8. Maricopa	\$19,203,200

1	9. Mohave	\$ 1,237,700
2	10. Navajo	\$ 310,800
3	11. Pima	\$14,951,800
4	12. Pinal	\$ 2,715,600
5	13. Santa Cruz	\$ 482,800
6	14. Yavapai	\$ 1,427,800
7	15. Yuma	\$ 1,325,100

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

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

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

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



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

6 Sec. 13. Hospitalization and medical care contribution: fiscal  
7 year 2015-2016

8 A. Notwithstanding any other law, for fiscal year 2015-2016, beginning  
9 with the second monthly distribution of transaction privilege tax revenues,  
10 the state treasurer shall withhold one-eleventh of the following amounts from  
11 state transaction privilege tax revenues otherwise distributable, after any  
12 amounts withheld for the county long-term care contribution or the county  
13 administration contribution pursuant to section 11-292, subsection 0, Arizona  
14 Revised Statutes, for deposit in the Arizona health care cost containment  
15 system fund established by section 36-2913, Arizona Revised Statutes, for the  
16 provision of hospitalization and medical care:

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

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

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

41 D. In fiscal year 2015-2016, the sum of \$2,646,200 withheld pursuant  
42 to subsection A of this section is allocated for the county acute care  
43 contribution for the provision of hospitalization and medical care services  
44 administered by the Arizona health care cost containment system  
45 administration.

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

3 Sec. 14. Proposition 204 administration; county expenditure  
4 limitation

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

9 Sec. 15. AHCCCS; risk contingency rate setting

10 Notwithstanding any other law, for the contract year beginning  
11 October 1, 2015 and ending September 30, 2016, the Arizona health care cost  
12 containment system administration may continue the risk contingency rate  
13 setting for all managed care organizations and the funding for all managed  
14 care organizations administrative funding levels that was imposed for the  
15 contract year beginning October 1, 2010 and ending September 30, 2011.

16 Sec. 16. AHCCCS; health care provider rate reduction

17 A. Notwithstanding any other law, for rates effective October 1, 2015  
18 through September 30, 2016, the Arizona health care cost containment system  
19 administration may reduce payments up to an aggregate of five percent for all  
20 health care providers, excluding nursing facility, developmental disability  
21 and home and community based health care providers.

22 B. The administration may reduce provider payments by less than the  
23 percentage specified under subsection A of this section if adjustments to  
24 capitation rates for changes in utilization for the period October 1, 2015  
25 through September 30, 2016 are less than the amounts appropriated in the  
26 general appropriation act to the Arizona health care cost containment system  
27 administration for a three percent capitation rate increase in fiscal year  
28 2015-2016. The fiscal impact of reducing provider payments by less than the  
29 percentage specified under subsection A of this section may not exceed the  
30 amount by which the appropriation for capitation rates in fiscal year  
31 2015-2016 exceeds utilization adjustments.

32 Sec. 17. Department of health services; health care provider  
33 rate reduction

34 A. Notwithstanding any other law, for rates effective October 1, 2015  
35 through September 30, 2016, the department of health services may reduce  
36 payments up to an aggregate of five percent for all health care providers,  
37 excluding nursing facility, developmental disability and home and community  
38 based health care providers.

39 B. The department of health services may reduce provider payments by  
40 less than the percentage specified under subsection A of this section if  
41 adjustments to capitation rates for changes in utilization for the period  
42 October 1, 2015 through September 30, 2016 are less than the amounts  
43 appropriated in the general appropriation act to the department of health  
44 services for a three percent capitation rate increase in fiscal year  
45 2015-2016. The fiscal impact of reducing provider payments by less than the

1 percentage specified under subsection A of this section may not exceed the  
2 amount by which the appropriation for capitation rates in fiscal year  
3 2015-2016 exceeds utilization adjustments.

4 Sec. 18. AHCCCS; voluntary critical access hospital payments;  
5 appropriation; fiscal year 2015-2016; notification

6 Any monies received for critical access hospital payments from  
7 political subdivisions of this state, tribal governments and any university  
8 under the jurisdiction of the Arizona board of regents, and any federal  
9 monies used to match those payments, that are received in fiscal year  
10 2015-2016 by the Arizona health care cost containment system administration  
11 are appropriated to the administration in fiscal year 2015-2016. Before the  
12 expenditure of these monies, the administration shall notify the joint  
13 legislative budget committee and the governor's office of strategic planning  
14 and budgeting of the amount of monies that will be expended under this  
15 section.

16 Sec. 19. AHCCCS; cost sharing requirements; rulemaking  
17 exemption

18 A. The Arizona health care cost containment system administration  
19 shall pursue cost sharing requirements for members to the maximum extent  
20 allowed under federal law.

21 B. Subject to approval by the centers for medicare and medicaid  
22 services, beginning January 1, 2016, the administration shall charge and  
23 collect from each person who is enrolled pursuant to section 36-2901.01,  
24 Arizona Revised Statutes:

25 1. A premium of two percent of the person's household income.

26 2. A copayment of eight dollars for nonemergency use of an emergency  
27 room for the first incident and twenty-five dollars for each subsequent  
28 incident if the person is not admitted to the hospital. The administration  
29 may not impose a copayment on a person who is admitted to the hospital by the  
30 emergency department.

31 3. A copayment of twenty-five dollars for nonemergency use of an  
32 emergency room for the first incident and twenty-five dollars for each  
33 subsequent incident if there is a community health center, rural health  
34 center or urgent care center within twenty miles of the hospital.

35 C. Subject to approval by the centers for medicare and medicaid  
36 services, beginning January 1, 2016, the administration shall charge and  
37 collect from each person who is enrolled pursuant to section 36-2901.07,  
38 Arizona Revised Statutes:

39 1. A premium of two percent of the person's household income.

40 2. A copayment of twenty-five dollars for nonemergency use of an  
41 emergency room if the person is not admitted to the hospital. The  
42 administration may not impose a copayment on a person who is admitted to the  
43 hospital by the emergency department.

1           3. A copayment of twenty-five dollars for nonemergency use of an  
2 emergency room if there is a community health center, rural health center or  
3 urgent care center within twenty miles of the hospital.

4           4. An exemption from providing nonemergency medical transportation  
5 services from October 1, 2015 to September 30, 2016.

6           D. For the purpose of implementing cost sharing pursuant to this  
7 section, the Arizona health care cost containment system administration is  
8 exempt from the rulemaking requirements of title 41, chapter 6, Arizona  
9 Revised Statutes, for one year after the effective date of this act.

10           Sec. 20. AHCCCS; social security administration; medicare  
11 liability waiver; report

12           The Arizona health care cost containment system may participate in any  
13 special disability workload 1115 demonstration waiver offered by the centers  
14 for medicare and medicaid services. Any credits provided by the 1115  
15 demonstration waiver process are to be used in the fiscal year when those  
16 credits are made available to fund the state share of any medical assistance  
17 expenditures that qualify for federal financial participation under the  
18 medicaid program. The Arizona health care cost containment system  
19 administration shall report the receipt of any credits to the director of the  
20 joint legislative budget committee on or before December 31, 2015 and June  
21 30, 2016.

22           Sec. 21. Department of health services; health research  
23 account; Alzheimer's disease research

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

28           Sec. 22. AHCCCS; emergency department use; report

29           On or before December 1, 2015, the Arizona health care cost containment  
30 system administration shall report to the directors of the joint legislative  
31 budget committee and the governor's office of strategic planning and  
32 budgeting on the use of emergency departments for nonemergency purposes by  
33 Arizona health care cost containment system enrollees.

34           Sec. 23. Hospital transparency; joint report

35           On or before January 1, 2016, the director of the Arizona health care  
36 cost containment system administration and the director of the department of  
37 health services shall submit a joint report on hospital charge master  
38 transparency to the governor, the speaker of the house of representatives and  
39 the president of the senate and shall provide a copy to the secretary of  
40 state. The report shall provide a summary of the current charge master  
41 reporting process, a summary of hospital billed charges compared to costs and  
42 examples of how charge masters or hospital prices are reported and used in  
43 other states. The report shall include recommendations to improve the  
44 state's use of hospital charge master information, including reporting and  
45 oversight changes.

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

2 On or before December 31, 2016, the department of health services, or  
3 the state agency that administers behavioral health services for this state,  
4 shall report to the directors of the joint legislative budget committee and  
5 the governor's office of strategic planning and budgeting on the efforts to  
6 increase third-party liability payments for behavioral health services.

7 Sec. 25. Intent; implementation of program

8 It is the intent of the legislature that for fiscal year 2015-2016 the  
9 Arizona health care cost containment system administration implement a  
10 program within the available appropriation.

11 Sec. 26. AHCCCS; capitation rate increases

12 The Arizona health care cost containment system administration  
13 capitation rate increases may not exceed one and one-half percent in fiscal  
14 years 2016-2017 and 2017-2018.

15 Sec. 27. Department of health services; capitation rate  
16 increases

17 The department of health services capitation rate increases may not  
18 exceed one and one-half percent in fiscal years 2016-2017 and 2017-2018.

19 Sec. 28. Retroactivity

20 Laws 2014, chapter 11, section 12, as amended by this act, applies  
21 retroactively to from and after June 30, 2014.