

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

CHAPTER 14
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3 Section 36-108.01, Arizona Revised Statutes, is repealed.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.

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

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

4 4. The rate of return on gross revenue.

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

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

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

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

17 36-2903.01. Additional powers and duties; report; definition

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

24 B. The director shall:

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

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

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

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

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

42 (c) Establish the process for management evaluation reviews that the
43 administration shall perform to evaluate the eligibility determination
44 functions performed by the department.

45 (d) Establish eligibility quality control reviews by the
46 administration.

1 (e) Require the department to adopt rules, consistent with the rules
2 adopted by the administration for a hearing process, that applicants or
3 members may use for appeals of eligibility determinations or
4 redeterminations.

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

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

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

19 4. By rule establish a procedure and time frames for the intake of
20 grievances and requests for hearings, for the continuation of benefits and
21 services during the appeal process and for a grievance process at the
22 contractor level. Notwithstanding sections 41-1092.02, 41-1092.03 and
23 41-1092.05, the administration shall develop rules to establish the procedure
24 and time frame for the informal resolution of grievances and appeals. A
25 grievance that is not related to a claim for payment of system covered
26 services shall be filed in writing with and received by the administration or
27 the prepaid capitated provider or program contractor not later than sixty
28 days after the date of the adverse action, decision or policy implementation
29 being grieved. A grievance that is related to a claim for payment of system
30 covered services must be filed in writing and received by the administration
31 or the prepaid capitated provider or program contractor within twelve months
32 after the date of service, within twelve months after the date that
33 eligibility is posted or within sixty days after the date of the denial of a
34 timely claim submission, whichever is later. A grievance for the denial of a
35 claim for reimbursement of services may contest the validity of any adverse
36 action, decision, policy implementation or rule that related to or resulted
37 in the full or partial denial of the claim. A policy implementation may be
38 subject to a grievance procedure, but it may not be appealed for a hearing.
39 The administration is not required to participate in a mandatory settlement
40 conference if it is not a real party in interest. In any proceeding before
41 the administration, including a grievance or hearing, persons may represent
42 themselves or be represented by a duly authorized agent who is not charging a
43 fee. A legal entity may be represented by an officer, partner or employee
44 who is specifically authorized by the legal entity to represent it in the
45 particular proceeding.

1 5. Apply for and accept federal funds available under title XIX of the
2 social security act (P.L. 89-97; 79 Stat. 344; 42 United States Code section
3 1396 (1980)) in support of the system. The application made by the director
4 pursuant to this paragraph shall be designed to qualify for federal funding
5 primarily on a prepaid capitated basis. Such funds may be used only for the
6 support of persons defined as eligible pursuant to title XIX of the social
7 security act or the approved section 1115 waiver.

8 6. At least thirty days before the implementation of a policy or a
9 change to an existing policy relating to reimbursement, provide notice to
10 interested parties. Parties interested in receiving notification of policy
11 changes shall submit a written request for notification to the
12 administration.

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

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

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

22 C. The director is authorized to apply for any federal funds available
23 for the support of programs to investigate and prosecute violations arising
24 from the administration and operation of the system. Available state funds
25 appropriated for the administration and operation of the system may be used
26 as matching funds to secure federal funds pursuant to this subsection.

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

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

37 2. Defer liability, in whole or in part, of contractors for care
38 provided to members who are hospitalized on the date of enrollment or under
39 other circumstances. Payment shall be on a capped fee-for-service basis for
40 services other than hospital services and at the rate established pursuant to
41 subsection G of this section for hospital services or at the rate paid by the
42 health plan, whichever is less.

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

1 4. Notwithstanding any other law, require persons eligible pursuant to
2 section 36-2901, paragraph 6, subdivision (a), section 36-2931 and section
3 36-2981, paragraph 6 to be financially responsible for any cost sharing
4 requirements established in a state plan or a section 1115 waiver and
5 approved by the centers for medicare and medicaid services. Cost sharing
6 requirements may include copayments, coinsurance, deductibles, enrollment
7 fees and monthly premiums for enrolled members, including households with
8 children enrolled in the Arizona long-term care system.

9 E. The director shall adopt rules that further specify the medical
10 care and hospital services that are covered by the system pursuant to section
11 36-2907.

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

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

20 1. For inpatient hospital stays from March 1, 1993 through
21 September 30, 2014, the administration shall use a prospective tiered per
22 diem methodology, using hospital peer groups if analysis shows that cost
23 differences can be attributed to independently definable features that
24 hospitals within a peer group share. In peer grouping the administration may
25 consider such factors as length of stay differences and labor market
26 variations. If there are no cost differences, the administration shall
27 implement a stop loss-stop gain or similar mechanism. Any stop loss-stop
28 gain or similar mechanism shall ensure that the tiered per diem rates
29 assigned to a hospital do not represent less than ninety ~~per-cent~~ PERCENT of
30 its 1990 base year costs or more than one hundred ten ~~per-cent~~ PERCENT of its
31 1990 base year costs, adjusted by an audit factor, during the period of March
32 1, 1993 through September 30, 1994. The tiered per diem rates set for
33 hospitals shall represent no less than eighty-seven and one-half ~~per-cent~~
34 PERCENT or more than one hundred twelve and one-half ~~per-cent~~ PERCENT of its
35 1990 base year costs, adjusted by an audit factor, from October 1, 1994
36 through September 30, 1995 and no less than eighty-five ~~per-cent~~ PERCENT or
37 more than one hundred fifteen ~~per-cent~~ PERCENT of its 1990 base year costs,
38 adjusted by an audit factor, from October 1, 1995 through September 30, 1996.
39 For the periods after September 30, 1996 no stop loss-stop gain or similar
40 mechanisms shall be in effect. An adjustment in the stop loss-stop gain
41 percentage may be made to ensure that total payments do not increase as a
42 result of this provision. If peer groups are used, the administration shall
43 establish initial peer group designations for each hospital before
44 implementation of the per diem system. The administration may also use a
45 negotiated rate methodology. The tiered per diem methodology may include
46 separate consideration for specialty hospitals that limit their provision of

1 services to specific patient populations, such as rehabilitative patients or
2 children. The initial per diem rates shall be based on hospital claims and
3 encounter data for dates of service November 1, 1990 through October 31, 1991
4 and processed through May of 1992. The administration may also establish a
5 separate reimbursement methodology for claims with extraordinarily high costs
6 per day that exceed thresholds established by the administration.

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

13 3. Through June 30, 2004, for outpatient hospital services, the
14 administration shall reimburse a hospital by applying a hospital specific
15 outpatient cost-to-charge ratio to the covered charges. Beginning on July 1,
16 2004 through June 30, 2005, the administration shall reimburse a hospital by
17 applying a hospital specific outpatient cost-to-charge ratio to covered
18 charges. If the hospital increases its charges for outpatient services filed
19 with the Arizona department of health services pursuant to chapter 4, article
20 3 of this title, by more than 4.7 ~~per-cent~~ PERCENT for dates of service
21 effective on or after July 1, 2004, the hospital specific cost-to-charge
22 ratio will be reduced by the amount that it exceeds 4.7 ~~per-cent~~ PERCENT. If
23 charges exceed 4.7 ~~per-cent~~ PERCENT, the effective date of the increased
24 charges will be the effective date of the adjusted Arizona health care cost
25 containment system cost-to-charge ratio. The administration shall develop
26 the methodology for a capped fee-for-service schedule and a statewide
27 cost-to-charge ratio. Any covered outpatient service not included in the
28 capped fee-for-service schedule shall be reimbursed by applying the statewide
29 cost-to-charge ratio that is based on the services not included in the capped
30 fee-for-service schedule. Beginning on July 1, 2005, the administration
31 shall reimburse clean claims with dates of service on or after July 1, 2005,
32 based on the capped fee-for-service schedule or the statewide cost-to-charge
33 ratio established pursuant to this paragraph. The administration may make
34 additional adjustments to the outpatient hospital rates established pursuant
35 to this section based on other factors, including the number of beds in the
36 hospital, specialty services available to patients and the geographic
37 location of the hospital.

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

- 42 (a) An admission face sheet.
- 43 (b) An itemized statement.
- 44 (c) An admission history and physical.
- 45 (d) A discharge summary or an interim summary if the claim is split.
- 46 (e) An emergency record, if admission was through the emergency room.

1 (f) Operative reports, if applicable.

2 (g) A labor and delivery room report, if applicable.

3 Payment received by a hospital from the administration pursuant to this
4 subsection or from a contractor either by contract or pursuant to section
5 36-2904, subsection I is considered payment by the administration or the
6 contractor of the administration's or contractor's liability for the hospital
7 bill. A hospital may collect any unpaid portion of its bill from other
8 third-party payors or in situations covered by title 33, chapter 7,
9 article 3.

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

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

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

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

24 6. In developing the reimbursement methodology, if a review of the
25 reports filed by a hospital pursuant to section 36-125.04 indicates that
26 further investigation is considered necessary to verify the accuracy of the
27 information in the reports, the administration may examine the hospital's
28 records and accounts related to the reporting requirements of section
29 36-125.04. The administration shall bear the cost incurred in connection
30 with this examination unless the administration finds that the records
31 examined are significantly deficient or incorrect, in which case the
32 administration may charge the cost of the investigation to the hospital
33 examined.

34 7. Except for privileged medical information, the administration shall
35 make available for public inspection the cost and charge data and the
36 calculations used by the administration to determine payments under the
37 tiered per diem system, provided that individual hospitals are not identified
38 by name. The administration shall make the data and calculations available
39 for public inspection during regular business hours and shall provide copies
40 of the data and calculations to individuals requesting such copies within
41 thirty days of receipt of a written request. The administration may charge a
42 reasonable fee for the provision of the data or information.

43 8. The prospective tiered per diem payment methodology for inpatient
44 hospital services shall include a mechanism for the prospective payment of
45 inpatient hospital capital related costs. The capital payment shall include
46 hospital specific and statewide average amounts. For tiered per diem rates

1 beginning on October 1, 1999, the capital related cost component is frozen at
2 the blended rate of forty ~~per cent~~ PERCENT of the hospital specific capital
3 cost and sixty ~~per cent~~ PERCENT of the statewide average capital cost in
4 effect as of January 1, 1999 and as further adjusted by the calculation of
5 tier rates for maternity and nursery as prescribed by law. Through September
6 30, 2011, the administration shall adjust the capital related cost component
7 by the data resources incorporated market basket index for prospective
8 payment system hospitals.

9 9. For graduate medical education programs:

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

32 (b) The monies available for graduate medical education programs
33 pursuant to this subdivision shall not exceed the fiscal year 2006-2007
34 appropriation adjusted annually by the increase or decrease in the index
35 published by the global insight hospital market basket index for prospective
36 hospital reimbursement. Graduate medical education programs eligible for
37 such reimbursement are not precluded from receiving reimbursement for funding
38 under subdivision (c) of this paragraph. Beginning July 1, 2006, the
39 administration shall distribute any monies appropriated for graduate medical
40 education above the amount prescribed in subdivision (a) of this paragraph in
41 the following order or priority:

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

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

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

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

10 (ii) For a portion of additional indirect graduate medical education
11 costs for programs that are located in a county with a population of less
12 than five hundred thousand persons at the time the residency position was
13 created or for a residency position that includes a rotation in a county with
14 a population of less than five hundred thousand persons at the time the
15 residency position was established. These programs must be approved by the
16 administration.

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

19 (e) Each graduate medical education program that receives funding
20 pursuant to subdivision (b) or (c) of this paragraph shall identify and
21 report to the administration the number of new residency positions created by
22 the funding provided in this paragraph, including positions in rural areas.
23 The program shall also report information related to the number of funded
24 residency positions that resulted in physicians locating their practices in
25 this state. The administration shall report to the joint legislative budget
26 committee by February 1 of each year on the number of new residency positions
27 as reported by the graduate medical education programs.

28 (f) Local, county and tribal governments and any university under the
29 jurisdiction of the Arizona board of regents may provide monies in addition
30 to any state general fund monies appropriated for graduate medical education
31 in order to qualify for additional matching federal monies for providers,
32 programs or positions in a specific locality and costs incurred pursuant to a
33 specific contract between the administration and providers or other entities
34 to provide graduate medical education services as an administrative activity.
35 Payments by the administration pursuant to this subdivision may be limited to
36 those providers designated by the funding entity and may be based on any
37 methodology deemed appropriate by the administration, including replacing any
38 payments that might otherwise have been paid pursuant to subdivision (a), (b)
39 or (c) of this paragraph had sufficient state general fund monies or other
40 monies been appropriated to fully fund those payments. These programs,
41 positions, payment methodologies and administrative graduate medical
42 education services must be approved by the administration and the centers for
43 medicare and medicaid services. The administration shall report to the
44 president of the senate, the speaker of the house of representatives and the
45 director of the joint legislative budget committee on or before July 1 of
46 each year on the amount of money contributed and number of residency

1 positions funded by local, county and tribal governments, including the
2 amount of federal matching monies used.

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

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

11 11. For inpatient hospital services rendered on or after October 1,
12 2011, the prospective tiered per diem payment rates are permanently reset to
13 the amounts payable for those services as of October 1, 2011 pursuant to this
14 subsection.

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

28 H. The director may adopt rules that specify enrollment procedures,
29 including notice to contractors of enrollment. The rules may provide for
30 varying time limits for enrollment in different situations. The
31 administration shall specify in contract when a person who has been
32 determined eligible will be enrolled with that contractor and the date on
33 which the contractor will be financially responsible for health and medical
34 services to the person.

35 I. The administration may make direct payments to hospitals for
36 hospitalization and medical care provided to a member in accordance with this
37 article and rules. The director may adopt rules to establish the procedures
38 by which the administration shall pay hospitals pursuant to this subsection
39 if a contractor fails to make timely payment to a hospital. Such payment
40 shall be at a level determined pursuant to section 36-2904, subsection H
41 or I. The director may withhold payment due to a contractor in the amount of
42 any payment made directly to a hospital by the administration on behalf of a
43 contractor pursuant to this subsection.

44 J. The director shall establish a special unit within the
45 administration for the purpose of monitoring the third-party payment
46 collections required by contractors and noncontracting providers pursuant to

1 section 36-2903, subsection B, paragraph 10 and subsection F and section
2 36-2915, subsection E. The director shall determine by rule:

3 1. The type of third-party payments to be monitored pursuant to this
4 subsection.

5 2. The percentage of third-party payments that is collected by a
6 contractor or noncontracting provider and that the contractor or
7 noncontracting provider may keep and the percentage of such payments that the
8 contractor or noncontracting provider may be required to pay to the
9 administration. Contractors and noncontracting providers must pay to the
10 administration one hundred ~~per-cent~~ PERCENT of all third-party payments that
11 are collected and that duplicate administration fee-for-service payments. A
12 contractor that contracts with the administration pursuant to section
13 36-2904, subsection A may be entitled to retain a percentage of third-party
14 payments if the payments collected and retained by a contractor are reflected
15 in reduced capitation rates. A contractor may be required to pay the
16 administration a percentage of third-party payments that are collected by a
17 contractor and that are not reflected in reduced capitation rates.

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

23 1. On written notice from the administration or oral or written notice
24 from a member that a claim for covered services may be in violation of this
25 section, the provider that has a contract with a contractor or noncontracting
26 provider shall investigate the inquiry and verify whether the person was
27 eligible for services at the time that covered services were provided. If
28 the claim was paid or should have been paid by the system, the provider that
29 has a contract with a contractor or noncontracting provider shall not
30 continue billing the member.

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

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

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

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

43 3. If the administration determines that a provider that has a
44 contract with a contractor or noncontracting provider has billed a member for
45 charges that were paid or should have been paid by the administration, the
46 administration shall send written notification by certified mail or other

1 service with proof of delivery to the provider that has a contract with a
2 contractor or noncontracting provider stating that this billing is in
3 violation of federal and state law. If, twenty-one days or more after
4 receiving the notification, a provider that has a contract with a contractor
5 or noncontracting provider knowingly continues billing a member for charges
6 that were paid or should have been paid by the system, the administration may
7 assess a civil penalty in an amount equal to three times the amount of the
8 billing and reduce payment to the provider that has a contract with a
9 contractor or noncontracting provider accordingly. Receipt of delivery
10 signed by the addressee or the addressee's employee is prima facie evidence
11 of knowledge. Civil penalties collected pursuant to this subsection shall be
12 deposited in the state general fund. Section 36-2918, subsections C, D and
13 F, relating to the imposition, collection and enforcement of civil penalties,
14 apply to civil penalties imposed pursuant to this paragraph.

15 L. The administration may conduct postpayment review of all claims
16 paid by the administration and may recoup any monies erroneously paid. The
17 director may adopt rules that specify procedures for conducting postpayment
18 review. A contractor may conduct a postpayment review of all claims paid by
19 the contractor and may recoup monies that are erroneously paid.

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

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

26 O. Notwithstanding any other law, on federal approval the
27 administration may make disproportionate share payments to private hospitals,
28 county operated hospitals, including hospitals owned or leased by a special
29 health care district, and state operated institutions for mental disease
30 beginning October 1, 1991 in accordance with federal law and subject to
31 legislative appropriation. If at any time the administration receives
32 written notification from federal authorities of any change or difference in
33 the actual or estimated amount of federal funds available for
34 disproportionate share payments from the amount reflected in the legislative
35 appropriation for such purposes, the administration shall provide written
36 notification of such change or difference to the president and the minority
37 leader of the senate, the speaker and the minority leader of the house of
38 representatives, the director of the joint legislative budget committee, the
39 legislative committee of reference and any hospital trade association within
40 this state, within three working days not including weekends after receipt of
41 the notice of the change or difference. In calculating disproportionate
42 share payments as prescribed in this section, the administration may use
43 either a methodology based on claims and encounter data that is submitted to
44 the administration from contractors or a methodology based on data that is
45 reported to the administration by private hospitals and state operated
46 institutions for mental disease. The selected methodology applies to all

1 private hospitals and state operated institutions for mental disease
2 qualifying for disproportionate share payments.

3 P. Disproportionate share payments made pursuant to subsection 0 of
4 this section include amounts for disproportionate share hospitals designated
5 by political subdivisions of this state, tribal governments and universities
6 under the jurisdiction of the Arizona board of regents. Subject to the
7 approval of the centers for medicare and medicaid services, any amount of
8 federal funding allotted to this state pursuant to section 1923(f) of the
9 social security act and not otherwise spent under subsection 0 of this
10 section shall be made available for distribution pursuant to this subsection.
11 Political subdivisions of this state, tribal governments and universities
12 under the jurisdiction of the Arizona board of regents may designate
13 hospitals eligible to receive disproportionate share payments in an amount up
14 to the limit prescribed in section 1923(g) of the social security act if
15 those political subdivisions, tribal governments or universities provide
16 sufficient monies to qualify for the matching federal monies for the
17 disproportionate share payments.

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

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

24 S. If the administration implements an electronic claims submission
25 system, it may adopt procedures pursuant to subsection G of this section
26 requiring documentation different than prescribed under subsection G,
27 paragraph 4 of this section.

28 T. In addition to any requirements adopted pursuant to subsection D,
29 paragraph 4 of this section, notwithstanding any other law, subject to
30 approval by the centers for medicare and medicaid services, beginning July 1,
31 2011, members eligible pursuant to section 36-2901, paragraph 6, subdivision
32 (a), section 36-2931 and section 36-2981, paragraph 6 shall pay the
33 following:

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

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

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

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

39 U. SUBJECT TO THE APPROVAL OF THE CENTERS FOR MEDICARE AND MEDICAID
40 SERVICES, POLITICAL SUBDIVISIONS OF THIS STATE, TRIBAL GOVERNMENTS AND ANY
41 UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS MAY PROVIDE
42 TO THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION MONIES IN
43 ADDITION TO ANY STATE GENERAL FUND MONIES APPROPRIATED FOR CRITICAL ACCESS
44 HOSPITALS IN ORDER TO QUALIFY FOR ADDITIONAL FEDERAL MONIES. ANY AMOUNT OF
45 FEDERAL MONIES RECEIVED BY THIS STATE PURSUANT TO THIS SUBSECTION SHALL BE
46 DISTRIBUTED AS SUPPLEMENTAL PAYMENTS TO CRITICAL ACCESS HOSPITALS.

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

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

6 A. On or before September 1 of each year, the department of homeland
7 security ~~and the department of health services~~ shall submit a homeland
8 security allocation and expenditure report to the governor, the president of
9 the senate, the speaker of the house of representatives, the chairperson of
10 the senate appropriations committee, the chairperson of the house
11 appropriations committee, the staff and cochairpersons of the joint
12 legislative budget committee and the members of the joint legislative
13 committee on border and homeland security.

14 B. The director shall provide a copy of the report to the secretary of
15 state. The department may redact sensitive information contained in the
16 report if necessary.

17 C. The report shall include:

18 1. Each local and state project that was awarded funding for the
19 current year.

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

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

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

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

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

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

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

32 Sec. 12. AHCCCS: disproportionate share payments

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

36 1. ~~\$89,877,700~~ \$105,945,500 for a qualifying nonstate operated public
37 hospital. The Maricopa county special health care district shall provide a
38 certified public expense form for the amount of qualifying disproportionate
39 share hospital expenditures made on behalf of this state to the Arizona
40 health care cost containment system administration on or before May 1, 2015
41 for all state plan years as required by the Arizona health care cost
42 containment system 1115 waiver standard terms and conditions. The
43 administration shall assist the district in determining the amount of
44 qualifying disproportionate share hospital expenditures. Once the
45 administration files a claim with the federal government and receives federal
46 funds participation based on the amount certified by the Maricopa county

1 special health care district, if the certification is equal to or less than
2 ~~\$89,877,700~~ \$105,945,500 and the administration determines that the revised
3 amount is correct pursuant to the methodology used by the administration
4 pursuant to section 36-2903.01, Arizona Revised Statutes, ~~as amended by this~~
5 ~~act~~, the administration shall notify the governor, the president of the
6 senate and the speaker of the house of representatives, shall distribute
7 \$4,202,300 to the Maricopa county special health care district and shall
8 deposit the balance of the federal funds participation in the state general
9 fund. If the certification provided is for an amount less than ~~\$89,877,700~~
10 \$105,945,500 and the administration determines that the revised amount is not
11 correct pursuant to the methodology used by the administration pursuant to
12 section 36-2903.01, Arizona Revised Statutes, ~~as amended by this act~~, the
13 administration shall notify the governor, the president of the senate and the
14 speaker of the house of representatives and shall deposit the total amount of
15 the federal funds participation in the state general fund. ~~The~~
16 ~~disproportionate share hospital payment attributed to the Maricopa county~~
17 ~~special health care district may not exceed \$89,877,700.~~ IF THE
18 CERTIFICATION PROVIDED IS FOR AN AMOUNT GREATER THAN \$105,945,500, THE
19 ADMINISTRATION SHALL DISTRIBUTE \$4,202,300 TO THE MARICOPA COUNTY SPECIAL
20 HEALTH CARE DISTRICT AND SHALL DEPOSIT \$68,328,000 OF THE FEDERAL FUNDS
21 PARTICIPATION IN THE STATE GENERAL FUND. THE ADMINISTRATION MAY MAKE
22 ADDITIONAL DISPROPORTIONATE SHARE HOSPITAL PAYMENTS TO THE MARICOPA COUNTY
23 SPECIAL HEALTH CARE DISTRICT PURSUANT TO SECTION 36-2903.01, SUBSECTION P,
24 ARIZONA REVISED STATUTES, AND SUBSECTION B OF THIS SECTION.

25 2. \$28,474,900 for the Arizona state hospital. The Arizona state
26 hospital shall provide a certified public expense form for the amount of
27 qualifying disproportionate share hospital expenditures made on behalf of the
28 state to the administration on or before March 31, 2015. The administration
29 shall assist the Arizona state hospital in determining the amount of
30 qualifying disproportionate share hospital expenditures. Once the
31 administration files a claim with the federal government and receives federal
32 funds participation based on the amount certified by the Arizona state
33 hospital, the administration shall distribute the entire amount of federal
34 financial participation to the state general fund. If the certification
35 provided is for an amount less than \$28,474,900, the administration shall
36 notify the governor, the president of the senate and the speaker of the house
37 of representatives and shall distribute the entire amount of federal
38 financial participation to the state general fund. The certified public
39 expense form provided by the Arizona state hospital ~~must~~ SHALL contain both
40 the total amount of qualifying disproportionate share hospital expenditures
41 and the amount limited by section 1923(g) of the social security act.

42 3. \$9,284,800 for private qualifying disproportionate share hospitals.
43 The Arizona health care cost containment system administration shall make
44 payments to hospitals consistent with this appropriation and the terms of the
45 section 1115 waiver, but payments are limited to those hospitals that either:

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

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

5 B. AFTER THE DISTRIBUTIONS MADE PURSUANT TO SUBSECTION A OF THIS
6 SECTION, THE ALLOCATIONS OF DISPROPORTIONATE SHARE HOSPITAL PAYMENTS MADE
7 PURSUANT TO SECTION 36-2903.01, SUBSECTION P, ARIZONA REVISED STATUTES, SHALL
8 BE MADE AVAILABLE FIRST TO QUALIFYING PRIVATE HOSPITALS LOCATED OUTSIDE OF
9 THE PHOENIX METROPOLITAN STATISTICAL AREA AND THE TUCSON METROPOLITAN
10 STATISTICAL AREA BEFORE BEING MADE AVAILABLE TO QUALIFYING HOSPITALS WITHIN
11 THE PHOENIX METROPOLITAN STATISTICAL AREA AND THE TUCSON METROPOLITAN
12 STATISTICAL AREA.

13 Sec. 7. ALTCS; county contributions; fiscal year 2015-2016

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

17	1. Apache	\$ 618,900
18	2. Cochise	\$ 5,165,500
19	3. Coconino	\$ 1,858,500
20	4. Gila	\$ 2,117,900
21	5. Graham	\$ 1,336,700
22	6. Greenlee	\$ 79,700
23	7. La Paz	\$ 696,300
24	8. Maricopa	\$153,303,200
25	9. Mohave	\$ 8,033,700
26	10. Navajo	\$ 2,562,200
27	11. Pima	\$ 39,303,600
28	12. Pinal	\$ 15,539,700
29	13. Santa Cruz	\$ 1,942,200
30	14. Yavapai	\$ 8,416,600
31	15. Yuma	\$ 8,259,900

32 B. If the overall cost for the Arizona long-term care system exceeds
33 the amount specified in the general appropriation act for fiscal year
34 2015-2016, the state treasurer shall collect from the counties the difference
35 between the amount specified in subsection A of this section and the
36 counties' share of the state's actual contribution. The counties' share of
37 the state's contribution shall be in compliance with any federal maintenance
38 of effort requirements. The director of the Arizona health care cost
39 containment system administration shall notify the state treasurer of the
40 counties' share of the state's contribution and report the amount to the
41 director of the joint legislative budget committee. The state treasurer
42 shall withhold from any other monies payable to a county from whatever state
43 funding source is available an amount necessary to fulfill that county's
44 requirement specified in this subsection. The state treasurer may not
45 withhold distributions from the Arizona highway user revenue fund pursuant to
46 title 28, chapter 18, article 2, Arizona Revised Statutes. The state

1 treasurer shall deposit the amounts withheld pursuant to this subsection and
2 amounts paid pursuant to subsection A of this section in the long-term care
3 system fund established by section 36-2913, Arizona Revised Statutes.

4 Sec. 8. Sexually violent persons; county reimbursement; fiscal
5 year 2015-2016; deposit; tax distribution
6 withholding; definition

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

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

15 C. Each county shall make the reimbursements for these costs as
16 specified in subsection A of this section within thirty days after a request
17 by the department of health services. If the county does not make the
18 reimbursement, the superintendent of the Arizona state hospital shall notify
19 the state treasurer of the amount owed and the treasurer shall withhold the
20 amount, including any additional interest as provided in section 42-1123,
21 Arizona Revised Statutes, from any transaction privilege tax distributions to
22 the county. The treasurer shall deposit, pursuant to sections 35-146 and
23 35-147, Arizona Revised Statutes, the withholdings in the Arizona state
24 hospital fund established by section 36-545.08, Arizona Revised Statutes.

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

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

31 F. For the purposes of this section, "costs of a commitment" means the
32 costs associated with the detainment of a person in a licensed facility under
33 the supervision of the superintendent of the Arizona state hospital before
34 the court determines that the person is sexually violent and the cost of
35 detainment of the person after the court has determined that the person is
36 sexually violent.

37 Sec. 9. Competency restoration treatment; city and county
38 reimbursement; fiscal year 2015-2016; deposit; tax
39 distribution withholding

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

45 B. The department of health services shall deposit, pursuant to
46 sections 35-146 and 35-147, Arizona Revised Statutes, the reimbursements

1 under subsection A of this section in the Arizona state hospital fund
2 established by section 36-545.08, Arizona Revised Statutes.

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

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

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

20 Sec. 10. AHCCCS; disproportionate share payments

21 A. Disproportionate share payments for fiscal year 2015-2016 made
22 pursuant to section 36-2903.01, subsection 0, Arizona Revised Statutes,
23 include:

24 1. \$113,818,500 for a qualifying nonstate operated public hospital.
25 The Maricopa county special health care district shall provide a certified
26 public expense form for the amount of qualifying disproportionate share
27 hospital expenditures made on behalf of this state to the Arizona health care
28 cost containment system administration on or before May 1, 2016 for all state
29 plan years as required by the Arizona health care cost containment system
30 1115 waiver standard terms and conditions. The administration shall assist
31 the district in determining the amount of qualifying disproportionate share
32 hospital expenditures. Once the administration files a claim with the
33 federal government and receives federal funds participation based on the
34 amount certified by the Maricopa county special health care district, if the
35 certification is equal to or less than \$113,818,500 and the administration
36 determines that the revised amount is correct pursuant to the methodology
37 used by the administration pursuant to section 36-2903.01, Arizona Revised
38 Statutes, the administration shall notify the governor, the president of the
39 senate and the speaker of the house of representatives, shall distribute
40 \$4,202,300 to the Maricopa county special health care district and shall
41 deposit the balance of the federal funds participation in the state general
42 fund. If the certification provided is for an amount less than \$113,818,500
43 and the administration determines that the revised amount is not correct
44 pursuant to the methodology used by the administration pursuant to section
45 36-2903.01, Arizona Revised Statutes, the administration shall notify the
46 governor, the president of the senate and the speaker of the house of

1 representatives and shall deposit the total amount of the federal funds
2 participation in the state general fund. If the certification provided is
3 for an amount greater than \$113,818,500, the administration shall distribute
4 \$4,202,300 to the Maricopa county special health care district and shall
5 deposit \$74,241,400 of the federal funds participation in the state general
6 fund. The administration may make additional disproportionate share hospital
7 payments to the Maricopa county special health care district pursuant to
8 section 36-2903.01, subsection P, Arizona Revised Statutes, and subsection B
9 of this section.

10 2. \$28,474,900 for the Arizona state hospital. The Arizona state
11 hospital shall provide a certified public expense form for the amount of
12 qualifying disproportionate share hospital expenditures made on behalf of the
13 state to the administration on or before March 31, 2016. The administration
14 shall assist the Arizona state hospital in determining the amount of
15 qualifying disproportionate share hospital expenditures. Once the
16 administration files a claim with the federal government and receives federal
17 funds participation based on the amount certified by the Arizona state
18 hospital, the administration shall distribute the entire amount of federal
19 financial participation to the state general fund. If the certification
20 provided is for an amount less than \$28,474,900, the administration shall
21 notify the governor, the president of the senate and the speaker of the house
22 of representatives and shall distribute the entire amount of federal
23 financial participation to the state general fund. The certified public
24 expense form provided by the Arizona state hospital shall contain both the
25 total amount of qualifying disproportionate share hospital expenditures and
26 the amount limited by section 1923(g) of the social security act.

27 3. \$884,800 for private qualifying disproportionate share hospitals.
28 The Arizona health care cost containment system administration shall make
29 payments to hospitals consistent with this appropriation and the terms of the
30 section 1115 waiver, but payments are limited to those hospitals that either:

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

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

35 B. After the distributions made pursuant to subsection A of this
36 section, the allocations of disproportionate share hospital payments made
37 pursuant to section 36-2903.01, subsection P, Arizona Revised Statutes, shall
38 be made available first to qualifying private hospitals located outside of
39 the Phoenix metropolitan statistical area and the Tucson metropolitan
40 statistical area before being made available to qualifying hospitals within
41 the Phoenix metropolitan statistical area and the Tucson metropolitan
42 statistical area.

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

44 On or before December 31, 2016, notwithstanding any other law, for
45 fiscal year 2015-2016 the Arizona health care cost containment system
46 administration shall transfer to the counties such portion, if any, as may be

1 necessary to comply with section 10201(c)(6) of the patient protection and
2 affordable care act (P.L. 111-148), regarding the counties' proportional
3 share of the state's contribution.

4 Sec. 12. County acute care contribution: fiscal year 2015-2016

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

8	1. Apache	\$ 268,800
9	2. Cochise	\$ 2,214,800
10	3. Coconino	\$ 742,900
11	4. Gila	\$ 1,413,200
12	5. Graham	\$ 536,200
13	6. Greenlee	\$ 190,700
14	7. La Paz	\$ 212,100
15	8. Maricopa	\$19,203,200
16	9. Mohave	\$ 1,237,700
17	10. Navajo	\$ 310,800
18	11. Pima	\$14,951,800
19	12. Pinal	\$ 2,715,600
20	13. Santa Cruz	\$ 482,800
21	14. Yavapai	\$ 1,427,800
22	15. Yuma	\$ 1,325,100

23 B. If a county does not provide funding as specified in subsection A
24 of this section, the state treasurer shall subtract the amount owed by the
25 county to the Arizona health care cost containment system fund and the
26 long-term care system fund established by section 36-2913, Arizona Revised
27 Statutes, from any payments required to be made by the state treasurer to
28 that county pursuant to section 42-5029, subsection D, paragraph 2, Arizona
29 Revised Statutes, plus interest on that amount pursuant to section 44-1201,
30 Arizona Revised Statutes, retroactive to the first day the funding was
31 due. If the monies the state treasurer withholds are insufficient to meet
32 that county's funding requirements 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. Payment of an amount equal to one-twelfth of the total amount
39 determined pursuant to subsection A of this section shall be made to the
40 state treasurer on or before the fifth day of each month. On request from
41 the director of the Arizona health care cost containment system
42 administration, the state treasurer shall require that up to three months'
43 payments be made in advance, if necessary.

44 D. The state treasurer shall deposit the amounts paid pursuant to
45 subsection C of this section and amounts withheld pursuant to subsection B of
46 this section in the Arizona health care cost containment system fund and the

1 long-term care system fund established by section 36-2913, Arizona Revised
2 Statutes.

3 E. If payments made pursuant to subsection C of this section exceed
4 the amount required to meet the costs incurred by the Arizona health care
5 cost containment system for the hospitalization and medical care of those
6 persons defined as an eligible person pursuant to section 36-2901, paragraph
7 6, subdivisions (a), (b) and (c), Arizona Revised Statutes, the director of
8 the Arizona health care cost containment system administration may instruct
9 the state treasurer either to reduce remaining payments to be paid pursuant
10 to this section by a specified amount or to provide to the counties specified
11 amounts from 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 F. It is the intent of the legislature that the Maricopa county
15 contribution pursuant to subsection A of this section be reduced in each
16 subsequent year according to the changes in the GDP price deflator. For the
17 purposes of this subsection, "GDP price deflator" has the same meaning
18 prescribed in section 41-563, Arizona Revised Statutes.

19 Sec. 13. Hospitalization and medical care contribution; fiscal
20 year 2015-2016

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

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

44 B. If the monies the state treasurer withholds are insufficient to
45 meet a county's funding requirement as specified in subsection A of this
46 section, the state treasurer shall withhold from any other monies payable to

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

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

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

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

15 Sec. 14. Proposition 204 administration; county expenditure
16 limitation

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

21 Sec. 15. AHCCCS; risk contingency rate setting

22 Notwithstanding any other law, for the contract year beginning
23 October 1, 2015 and ending September 30, 2016, the Arizona health care cost
24 containment system administration may continue the risk contingency rate
25 setting for all managed care organizations and the funding for all managed
26 care organizations administrative funding levels that was imposed for the
27 contract year beginning October 1, 2010 and ending September 30, 2011.

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

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

34 B. The administration may reduce provider payments by less than the
35 percentage specified under subsection A of this section if adjustments to
36 capitation rates for changes in utilization for the period October 1, 2015
37 through September 30, 2016 are less than the amounts appropriated in the
38 general appropriation act to the Arizona health care cost containment system
39 administration for a three percent capitation rate increase in fiscal year
40 2015-2016. The fiscal impact of reducing provider payments by less than the
41 percentage specified under subsection A of this section may not exceed the
42 amount by which the appropriation for capitation rates in fiscal year
43 2015-2016 exceeds utilization adjustments.

44 Sec. 17. Department of health services; health care provider
45 rate reduction

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

6 B. The department of health services may reduce provider payments by
7 less than the percentage specified under subsection A of this section if
8 adjustments to capitation rates for changes in utilization for the period
9 October 1, 2015 through September 30, 2016 are less than the amounts
10 appropriated in the general appropriation act to the department of health
11 services for a three percent capitation rate increase in fiscal year
12 2015-2016. The fiscal impact of reducing provider payments by less than the
13 percentage specified under subsection A of this section may not exceed the
14 amount by which the appropriation for capitation rates in fiscal year
15 2015-2016 exceeds utilization adjustments.

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

18 Any monies received for critical access hospital payments from
19 political subdivisions of this state, tribal governments and any university
20 under the jurisdiction of the Arizona board of regents, and any federal
21 monies used to match those payments, that are received in fiscal year
22 2015-2016 by the Arizona health care cost containment system administration
23 are appropriated to the administration in fiscal year 2015-2016. Before the
24 expenditure of these monies, the administration shall notify the joint
25 legislative budget committee and the governor's office of strategic planning
26 and budgeting of the amount of monies that will be expended under this
27 section.

28 Sec. 19. AHCCCS; cost sharing requirements; rulemaking
29 exemption

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

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

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

38 2. A copayment of eight dollars for nonemergency use of an emergency
39 room for the first incident and twenty-five dollars for each subsequent
40 incident if the person is not admitted to the hospital. The administration
41 may not impose a copayment on a person who is admitted to the hospital by the
42 emergency department.

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

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

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

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

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

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

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

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

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

31 Sec. 21. Department of health services; health research
32 account; Alzheimer's disease research

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

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

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

43 Sec. 23. Hospital transparency; joint report

44 On or before January 1, 2016, the director of the Arizona health care
45 cost containment system administration and the director of the department of
46 health services shall submit a joint report on hospital charge master

1 transparency to the governor, the speaker of the house of representatives and
2 the president of the senate and shall provide a copy to the secretary of
3 state. The report shall provide a summary of the current charge master
4 reporting process, a summary of hospital billed charges compared to costs and
5 examples of how charge masters or hospital prices are reported and used in
6 other states. The report shall include recommendations to improve the
7 state's use of hospital charge master information, including reporting and
8 oversight changes.

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

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

15 Sec. 25. Intent; implementation of program

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

19 Sec. 26. AHCCCS; capitation rate increases

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

23 Sec. 27. Department of health services; capitation rate
24 increases

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

27 Sec. 28. Retroactivity

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

APPROVED BY THE GOVERNOR MARCH 12, 2015.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 12, 2015.