

REFERENCE TITLE: ambulance service; interfacility transfers

State of Arizona  
House of Representatives  
Fifty-fourth Legislature  
Second Regular Session  
2020

## **HB 2823**

Introduced by  
Representatives Weninger: Barto, Carroll, Cobb, Grantham, Meza, Petersen,  
Senator Fann

### **AN ACT**

AMENDING SECTIONS 36-2201, 36-2232 AND 36-2233, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 21.1, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2233.01; AMENDING SECTION 36-2234, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 21.1, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2235.01; AMENDING SECTIONS 36-2236, 36-2237, 36-2240, 36-2245 AND 36-2247, ARIZONA REVISED STATUTES; RELATING TO EMERGENCY MEDICAL SERVICES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 36-2201, Arizona Revised Statutes, is amended to  
3 read:

4 36-2201. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "Administrative medical direction" means supervision of  
7 emergency medical care technicians by a base hospital medical director,  
8 administrative medical director or basic life support medical director.  
9 For the purposes of this paragraph, "administrative medical director"  
10 means a physician who is licensed pursuant to title 32, chapter 13 or 17  
11 and who provides direction within the emergency medical services and  
12 trauma system.

13 2. "Advanced emergency medical technician" means a person who has  
14 been trained in an advanced emergency medical technician program certified  
15 by the director or in an equivalent training program and who is certified  
16 by the director to render services pursuant to section 36-2205.

17 3. "Advanced life support" means the level of assessment and care  
18 identified in the scope of practice approved by the director for the  
19 advanced emergency medical technician, emergency medical technician I-99  
20 and paramedic.

21 4. "Advanced life support base hospital" means a health care  
22 institution that offers general medical and surgical services, that is  
23 certified by the director as an advanced life support base hospital and  
24 that is affiliated by written agreement with a licensed ambulance service,  
25 municipal rescue service, fire department, fire district or health  
26 services district for medical direction, evaluation and control of  
27 emergency medical care technicians.

28 5. "Ambulance" means any publicly or privately owned surface, water  
29 or air vehicle, including a helicopter, that contains a stretcher and  
30 necessary medical equipment and supplies pursuant to section 36-2202 and  
31 that is especially designed and constructed or modified and equipped to be  
32 used, maintained or operated primarily ~~for the transportation of~~ **T0**  
33 **TRANSPORT** individuals who are sick, injured or wounded or who require  
34 medical monitoring or aid. Ambulance does not include a surface vehicle  
35 that is owned and operated by a private sole proprietor, partnership,  
36 private corporation or municipal corporation for the emergency  
37 transportation and in-transit care of its employees or a vehicle that is  
38 operated to accommodate an incapacitated person or person with a  
39 disability who does not require medical monitoring, care or treatment  
40 during transport and that is not advertised as having medical equipment  
41 and supplies or ambulance attendants.

42 6. "Ambulance attendant" means any of the following:

43 (a) An emergency medical technician, an advanced emergency medical  
44 technician, an emergency medical technician I-99 or a paramedic whose

1 primary responsibility is the care of patients in an ambulance and who  
2 meets the standards and criteria adopted pursuant to section 36-2204.

3 (b) An emergency medical responder who is employed by an ambulance  
4 service operating under section 36-2202 and whose primary responsibility  
5 is ~~the driving of~~ an ambulance.

6 (c) A physician who is licensed pursuant to title 32, chapter 13  
7 or 17.

8 (d) A professional nurse who is licensed pursuant to title 32,  
9 chapter 15 and who meets the state board of nursing criteria to care for  
10 patients in the prehospital care system.

11 (e) A professional nurse who is licensed pursuant to title 32,  
12 chapter 15 and whose primary responsibility is ~~the care of~~ CARING FOR  
13 patients in an ambulance during an interfacility transport.

14 7. "Ambulance service" means a person who owns and operates one or  
15 more ambulances.

16 8. "Basic life support" means the level of assessment and care  
17 identified in the scope of practice approved by the director for the  
18 emergency medical responder and emergency medical technician.

19 9. "Bureau" means the bureau of emergency medical services and  
20 trauma system in the department.

21 10. "Centralized medical direction communications center" means a  
22 facility that is housed within a hospital, medical center or trauma center  
23 or a freestanding communication center that meets the following criteria:

24 (a) Has the ability to communicate with ambulance services and  
25 emergency medical services providers rendering patient care outside of the  
26 hospital setting via radio and telephone.

27 (b) Is staffed twenty-four hours a day seven days a week by at  
28 least a physician licensed pursuant to title 32, chapter 13 or 17.

29 11. "Certificate of necessity" means a certificate that is issued  
30 to an ambulance service by the department and that describes the  
31 following:

32 (a) THE service area.

33 (b) THE level of service.

34 (c) THE type of service.

35 (d) THE hours of operation.

36 (e) THE effective date.

37 (f) THE expiration date.

38 (g) THE legal name and address of the ambulance service.

39 (h) Any limiting or special provisions the director prescribes.

40 12. "CERTIFICATE OF OPERATION" MEANS A CERTIFICATE THAT IS ISSUED  
41 TO AN AMBULANCE SERVICE BY THE DEPARTMENT FOR INTERFACILITY TRANSFERS AND  
42 THAT DESCRIBES ALL OF THE FOLLOWING:

43 (a) THE SERVICE AREA THAT IS A COUNTY WITH A POPULATION OF MORE  
44 THAN THREE MILLION PERSONS.

45 (b) THE LEVEL OF SERVICE.

- 1 (c) THE HOURS OF OPERATION.
- 2 (d) THE EFFECTIVE DATE.
- 3 (e) THE EXPIRATION DATE.
- 4 (f) THE LEGAL NAME AND ADDRESS OF THE AMBULANCE SERVICE.
- 5 ~~12.~~ 13. "Council" means the emergency medical services council.
- 6 ~~13.~~ 14. "Department" means the department of health services.
- 7 ~~14.~~ 15. "Director" means the director of the department of health
- 8 services.
- 9 ~~15.~~ 16. "Emergency medical care technician" means an individual
- 10 who has been certified by the department as an emergency medical
- 11 technician, an advanced emergency medical technician, an emergency medical
- 12 technician I-99 or a paramedic.
- 13 ~~16.~~ 17. "Emergency medical responder" as an ambulance attendant
- 14 means a person who has been trained in an emergency medical responder
- 15 program certified by the director or in an equivalent training program and
- 16 who is certified by the director to render services pursuant to section
- 17 36-2205.
- 18 ~~17.~~ 18. "Emergency medical services" means those services required
- 19 following an accident or an emergency medical situation:
- 20 (a) For on-site emergency medical care.
- 21 (b) ~~For the transportation of~~ TO TRANSPORT the sick or injured by a
- 22 licensed ground or air ambulance.
- 23 (c) In ~~the use of~~ USING emergency communications media.
- 24 (d) In ~~the use of~~ USING emergency receiving facilities.
- 25 (e) In administering initial care and preliminary treatment
- 26 procedures by emergency medical care technicians.
- 27 ~~18.~~ 19. "Emergency medical services provider" means any
- 28 governmental entity, quasi-governmental entity or corporation whether
- 29 public or private that renders emergency medical services in this state.
- 30 ~~19.~~ 20. "Emergency medical technician" means a person who has been
- 31 trained in an emergency medical technician program certified by the
- 32 director or in an equivalent training program and who is certified by the
- 33 director as qualified to render services pursuant to section 36-2205.
- 34 ~~20.~~ 21. "Emergency receiving facility" means a licensed health
- 35 care institution that offers emergency medical services, is staffed
- 36 twenty-four hours a day and has a physician on call.
- 37 ~~21.~~ 22. "Fit and proper" means that the director determines that
- 38 an applicant for a certificate of necessity or a certificate holder has
- 39 the expertise, integrity, fiscal competence and resources to provide
- 40 ambulance service in the service area.
- 41 23. "HOSPITAL SYSTEM" MEANS A HOSPITAL AND OTHER HEALTH CARE
- 42 ENTITIES UNDER A SINGLE OWNERSHIP STRUCTURE THAT INCLUDES AFFILIATED
- 43 HEALTH CARE PARTNERS THAT ARE CONNECTED THROUGH COMMON OWNERSHIP OR
- 44 CONTROL.

1           24. "INTERFACILITY TRANSFER" MEANS A NON-911 INTERFACILITY GROUND  
2 TRANSPORTATION OF A PATIENT FROM A HEALTH CARE INSTITUTION WITHIN THE  
3 SPONSORING HOSPITAL SYSTEM TO ANOTHER HEALTH CARE INSTITUTION BY AN  
4 AMBULANCE SERVICE THAT IS USED EXCLUSIVELY FOR THIS PURPOSE AND THAT  
5 OPERATES UNDER A CERTIFICATE OF OPERATION.

6           ~~22.~~ 25. "Medical record" means any patient record, including  
7 clinical records, prehospital care records, medical reports, laboratory  
8 reports and statements, any file, film, record or report or oral  
9 statements relating to diagnostic findings, treatment or outcome of  
10 patients, whether written, electronic or recorded, and any information  
11 from which a patient or the patient's family might be identified.

12           ~~23.~~ 26. "National certification organization" means a national  
13 organization that tests and certifies the ability of an emergency medical  
14 care technician and whose tests are based on national education standards.

15           ~~24.~~ 27. "National education standards" means the emergency medical  
16 services education standards of the United States department of  
17 transportation or other similar emergency medical services education  
18 standards developed by that department or its successor agency.

19           ~~25.~~ 28. "Paramedic" means a person who has been trained in a  
20 paramedic program certified by the director or in an equivalent training  
21 program and who is certified by the director to render services pursuant  
22 to section 36-2205.

23           ~~26.~~ 29. "Physician" means any person licensed pursuant to title  
24 32, chapter 13 or 17.

25           30. "SPONSORING HOSPITAL SYSTEM" MEANS A HOSPITAL SYSTEM THAT HAS  
26 AN AGREEMENT WITH AN AMBULANCE SERVICE OPERATING PURSUANT TO A CERTIFICATE  
27 OF OPERATION TO PROVIDE INTERFACILITY TRANSFERS FOR THAT HOSPITAL SYSTEM.

28           ~~27.~~ 31. "Stretcher van" means a vehicle that contains a stretcher  
29 and that is operated to accommodate an incapacitated person or person with  
30 a disability who does not require medical monitoring, aid, care or  
31 treatment during transport.

32           ~~28.~~ 32. "Suboperation station" means a physical facility or  
33 location at which an ambulance service ~~conducts operations for the~~  
34 OPERATES TO dispatch ~~of~~ ambulances and personnel and that may be staffed  
35 twenty-four hours a day or less as determined by system use.

36           ~~29.~~ 33. "Trauma center" means any acute care hospital that  
37 provides in-house ~~twenty-four-hour~~ TWENTY-FOUR-HOUR daily dedicated trauma  
38 surgical services AND that is designated pursuant to section 36-2225.

39           ~~30.~~ 34. "Trauma registry" means data collected by the department  
40 on trauma patients and on the incidence, causes, severity, outcomes and  
41 operation of a trauma system and its components.

42           ~~31.~~ 35. "Trauma system" means an integrated and organized  
43 arrangement of health care resources having the specific capability to  
44 perform triage, transport and provide care.

1           ~~32.~~ 36. "Validated testing procedure" means a testing procedure  
2 that ~~is inclusive of~~ INCLUDES practical skills, or ~~an attestation of~~  
3 ATTESTS practical skills proficiency on a form developed by the department  
4 by the educational training program, identified pursuant to section  
5 36-2204, paragraph 2, that is certified as valid by an organization  
6 capable of determining testing procedure and testing content validity and  
7 that is recommended by the medical direction commission and the emergency  
8 medical services council before the director's approval.

9           ~~33.~~ 37. "Wheelchair van" means a vehicle that contains or that is  
10 designed and constructed or modified to contain a wheelchair and that is  
11 operated to accommodate an incapacitated person or A person with a  
12 disability who does not require medical monitoring, aid, care or treatment  
13 during transport.

14           Sec. 2. Section 36-2232, Arizona Revised Statutes, is amended to  
15 read:

16           36-2232. Director; powers and duties; regulation of ambulance  
17 services; inspections; response time compliance

18           A. The director shall adopt rules to regulate the operation of  
19 ambulances and ambulance services in this state. Each rule shall identify  
20 all sections and subsections of this chapter under which the rule was  
21 formulated. The rules shall provide for the department to do the  
22 following:

23           1. Determine, fix, alter and regulate just, reasonable and  
24 sufficient rates and charges for the provision of ambulances, including  
25 rates and charges for advanced life support service, basic life support  
26 service, patient loaded mileage, standby waiting, subscription service  
27 contracts and other contracts for services related to the provision of  
28 ambulances. The director may establish a rate and charge structure as  
29 defined by federal medicare guidelines for ambulance services. The  
30 director shall inform all ambulance services of the procedures and  
31 methodology used to determine ambulance rates or charges.

32           2. Regulate operating and response times of ambulances to meet OR  
33 EXCEED the needs of the public OR THE SPONSORING HOSPITAL SYSTEM and to  
34 ensure adequate service. The rules adopted by the director for  
35 ~~certificated ambulance service~~ response times shall include:

36           (a) FOR A CERTIFICATED AMBULANCE SERVICE OPERATING PURSUANT TO A  
37 CERTIFICATE OF NECESSITY, uniform standards for urban, suburban, rural and  
38 wilderness geographic areas within the certificate of necessity based on,  
39 at a minimum, population density, geographic and medical considerations.

40           (b) FOR A CERTIFICATED AMBULANCE SERVICE OPERATING PURSUANT TO A  
41 CERTIFICATE OF OPERATION, UNIFORM STANDARDS FOR ITS SERVICE AREA AND  
42 MEDICAL CONSIDERATIONS.

43           3. Determine, fix, alter and regulate bases of operation. The  
44 director may issue a certificate of necessity OR CERTIFICATE OF OPERATION  
45 to more than one ambulance service within any base of operation. For the

1 purposes of this paragraph, "base of operation" means a service area  
2 granted under a certificate of necessity OR A CERTIFICATE OF OPERATION.

3 4. Issue, amend, transfer, suspend or revoke certificates of  
4 necessity OR CERTIFICATES OF OPERATION under terms consistent with this  
5 article.

6 5. Prescribe a uniform system of accounts to be used by ambulance  
7 services that conforms to standard accounting forms and principles for the  
8 ambulance industry and generally accepted accounting principles.

9 6. Require the filing of an annual financial report and other data.  
10 These rules shall require an ambulance service to file the report with the  
11 department not later than one hundred eighty days after the completion of  
12 its annual accounting period.

13 7. Regulate ambulance services in all matters affecting services to  
14 the public to the end that this article may be fully carried out.

15 8. Prescribe bonding requirements, if any, for ambulance services  
16 granted authority to provide any type of subscription service.

17 9. Offer technical assistance to ambulance services to maximize a  
18 healthy and viable business climate for the provision of ambulances.

19 10. Offer technical assistance to ambulance services in order to  
20 obtain or to amend a certificate of necessity OR CERTIFICATE OF OPERATION.

21 11. Inspect, at a maximum of ~~twelve-month~~ TWELVE-MONTH intervals,  
22 each ambulance registered pursuant to section 36-2212 to ensure that the  
23 vehicle is operational and safe and that all required medical equipment is  
24 operational. At the request of the provider, the inspection may be  
25 performed by a facility approved by the director. If a provider requests  
26 that the inspection be performed by a facility approved by the director,  
27 the provider shall pay the cost of the inspection.

28 B. The director may require any ambulance service offering  
29 subscription service contracts to obtain a bond in an amount determined by  
30 the director that is based on the number of subscription service contract  
31 holders and to file the bond with the director ~~for the protection of~~ TO  
32 PROTECT all subscription service contract holders in this state who are  
33 covered under that subscription contract.

34 C. An ambulance service shall:

35 1. Maintain, establish, add, move or delete suboperation stations  
36 within its base of operation to ensure that the ambulance service meets  
37 the established response times or those approved by the director in a  
38 political subdivision contract.

39 2. Determine the operating hours of its suboperation stations to  
40 provide for coverage of its base of operation.

41 3. Provide the department with a list of suboperation station  
42 locations.

43 4. Notify the department not later than thirty days after the  
44 ambulance service makes a change in the number or location of its  
45 suboperation stations.

1 D. At any time, the director or the director's agents may:  
2 1. Inquire into the operation of an ambulance service, including a  
3 person operating an ambulance that has not been issued a certificate of  
4 registration or a person who does not have or is operating outside of a  
5 certificate of necessity OR CERTIFICATE OF OPERATION.

6 2. Conduct on-site inspections of facilities, communications  
7 equipment, vehicles, procedures, materials and equipment.

8 3. Review the qualifications of ambulance attendants.

9 4. INQUIRE INTO THE COMPLIANCE OF CERTIFICATION BY THE COMMISSION  
10 ON ACCREDITATION OF AMBULANCE SERVICES.

11 E. If all ambulance services that have been granted authority to  
12 operate within the same service area or that have overlapping certificates  
13 of necessity AND CERTIFICATE OF OPERATION apply for uniform rates and  
14 charges, the director may establish uniform rates and charges for the  
15 service area. THE DEPARTMENT SHALL GRANT REQUESTS FROM AN AMBULANCE  
16 SERVICE TO BE PART OF THE PHOENIX UNIFORM RATE GROUP.

17 F. In consultation with the medical director of the emergency  
18 medical services and trauma system, the emergency medical services council  
19 and the medical direction commission, the director of the department of  
20 health services shall establish protocols for ambulance services to refer  
21 and advise a patient or transport a patient by the most appropriate means  
22 to the most appropriate provider of medical services based on the  
23 patient's condition. The protocols shall include triage and treatment  
24 protocols that allow all classifications of emergency medical care  
25 technicians responding to a person who has accessed 911, or a similar  
26 public dispatch number, for a condition that does not pose an immediate  
27 threat to life or limb to refer and advise a patient or transport a  
28 patient to the most appropriate health care institution as defined in  
29 section 36-401 based on the patient's condition, taking into consideration  
30 factors including patient choice, the patient's health care provider,  
31 specialized health care facilities and local protocols.

32 G. The director, when reviewing an ambulance service's response  
33 time compliance with its certificate of necessity OR CERTIFICATE OF  
34 OPERATION, shall consider in addition to other factors the effect of  
35 hospital diversion, delayed emergency department admission and the number  
36 of ambulances engaged in response or transport in the affected area.

37 Sec. 3. Section 36-2233, Arizona Revised Statutes, is amended to  
38 read:

39 36-2233. Certificate of necessity to operate an ambulance  
40 service; exceptions; service areas

41 A. EXCEPT AS PROVIDED IN SUBSECTION F OF THIS SECTION, any person  
42 wishing to operate an ambulance service in this state shall apply to the  
43 department on a form prescribed by the director for a certificate of  
44 necessity.



1 B. The director shall issue a certificate of necessity if all of  
2 the following apply:

3 1. The ambulance service has a certificate of registration issued  
4 by the department for at least one ambulance pursuant to section 36-2212.

5 2. The director finds that public necessity requires the service or  
6 any part of the service proposed by the applicant.

7 3. The director finds that the applicant is fit and proper to  
8 provide the service.

9 4. The applicant has paid the appropriate fees pursuant to section  
10 36-2240.

11 5. The applicant has filed a surety bond pursuant to section  
12 36-2237.

13 C. A certificate of necessity issued pursuant to subsection B of  
14 this section shall be for all or part of the service proposed by the  
15 applicant as determined necessary by the director for public convenience  
16 and necessity.

17 D. This section does not require a certificate of necessity for:

18 1. Vehicles and persons that are exempt from a certificate of  
19 registration pursuant to section 36-2217.

20 2. Ambulance services operating under temporary authority pursuant  
21 to section 36-2242.

22 E. The director may grant a service area by one or any combination  
23 of the following descriptions:

24 1. Metes and bounds.

25 2. A city, town or political subdivision not limited to a specific  
26 date. The merger or consolidation of two or more fire districts pursuant  
27 to section 48-820 or 48-822 does not expand the service area boundaries of  
28 an existing certificate of necessity.

29 3. A city, town or political subdivision as of a specific date that  
30 does not include annexation.

31 F. THIS SECTION DOES NOT APPLY TO A PERSON WISHING TO OPERATE  
32 INTERFACILITY TRANSFERS UNDER A CERTIFICATE OF OPERATION ISSUED PURSUANT  
33 TO SECTION 36-2233.01.

34 Sec. 4. Title 36, chapter 21.1, article 2, Arizona Revised  
35 Statutes, is amended by adding section 36-2233.01, to read:

36 36-2233.01. Certificate of operation to provide interfacility  
37 transfers; requirements; definition

38 A. ANY PERSON WISHING TO OPERATE AN AMBULANCE SERVICE IN THIS STATE  
39 TO PROVIDE INTERFACILITY TRANSFERS SHALL APPLY TO THE DEPARTMENT ON A FORM  
40 PRESCRIBED BY THE DIRECTOR FOR A CERTIFICATE OF OPERATION.

41 B. THE DIRECTOR SHALL ISSUE A CERTIFICATE OF OPERATION IF THE  
42 APPLICANT MEETS ALL OF THE FOLLOWING:

43 1. OWNS AND OPERATES AN AMBULANCE SERVICE AND IS PROVIDING  
44 INTERFACILITY TRANSPORTS AT THE LOCATION WHERE THE APPLICANT'S AMBULANCE

1 COMPANY IS ACCREDITED BY THE COMMISSION ON ACCREDITATION OF AMBULANCE  
2 SERVICES FOR THE SAME LEVEL OF SERVICE IN ANOTHER STATE.

3 2. HAS OBTAINED A HOSPITAL SYSTEM SPONSORSHIP.

4 3. CONTRACTS WITH A THIRD-PARTY VENDOR TO CAPTURE AND REPORT  
5 PERFORMANCE DATA TO THE DEPARTMENT AS PRESCRIBED PURSUANT TO SECTION  
6 36-2232, SUBSECTION A, PARAGRAPH 2, SUBDIVISION (b).

7 4. HAS PAID THE APPROPRIATE FEES PURSUANT TO SECTION 36-2240.

8 5. HAS FILED A SURETY BOND PURSUANT TO SECTION 36-2237.

9 C. AN APPLICANT THAT HAS BEEN AWARDED A CERTIFICATE OF OPERATION  
10 SHALL APPLY FOR A CERTIFICATION OF REGISTRATION PURSUANT TO SECTION  
11 36-2212.

12 D. THIS SECTION DOES NOT APPLY TO ANY PERSON THAT HAS BEEN ISSUED  
13 AND HOLDS A VALID CERTIFICATE OF NECESSITY PURSUANT TO SECTION 36-2233  
14 THAT AUTHORIZES INTERFACILITY TRANSPORT.

15 E. FOR THE PURPOSES OF THIS SECTION, "SPONSORSHIP" MEANS AN  
16 AGREEMENT BETWEEN A HOSPITAL SYSTEM AND THE APPLICANT FOR A CERTIFICATE OF  
17 OPERATION TO PROVIDE INTERFACILITY TRANSFERS.

18 Sec. 5. Section 36-2234, Arizona Revised Statutes, is amended to  
19 read:

20 36-2234. Hearings; waiver of hearing; emergency action;  
21 judicial review; definition

22 A. The director shall require a public hearing on any proposed  
23 action related to rates, fares or charges, operating or response times,  
24 bases of operation or certificates of necessity unless subsection C, E, or  
25 M of this section applies. PUBLIC HEARINGS AND JUDICIAL REVIEW UNDER THIS  
26 SECTION DO NOT APPLY TO CERTIFICATES OF OPERATION.

27 B. A public hearing held pursuant to subsection A of this section  
28 shall meet the following requirements:

29 1. The hearing shall be held pursuant to title 41, chapter 6,  
30 article 10.

31 2. The director shall mail notice of the hearing to every ambulance  
32 service in the affected region ~~no~~ NOT later than fifteen days before the  
33 hearing.

34 3. The director may mail notice to other persons who the director  
35 determines are interested in the hearing.

36 4. In a hearing or rehearing conducted pursuant to this article, an  
37 ambulance service may be represented by a corporate officer, an employee  
38 or a designee who has been specifically authorized by the ambulance  
39 service to represent it.

40 5. A certificate of necessity hearing may not last more than ten  
41 days unless the administrative law judge determines, in writing, on the  
42 final day of the hearing that there is an extraordinary need for  
43 additional hearing days.

44 C. The director may waive the hearing required under subsection A  
45 of this section if notification, including a general description of the

1 proposed action of the department and the time and manner for any  
2 interested person to request a hearing, is given and all of the following  
3 apply:

4 1. Notification of the proposed action has been sent to every  
5 ambulance service in the affected region ~~no~~ NOT later than fifteen days  
6 before the action.

7 2. The director has notified other persons who the director  
8 determines are interested in the proposed action ~~no~~ NOT later than fifteen  
9 days before the action.

10 3. The director has published notice of the proposed action in a  
11 newspaper of general circulation in the affected region at least once each  
12 week for two consecutive weeks before the action is taken.

13 4. The director has received no requests within the fifteen-day  
14 notification period for a hearing to be held on the proposed action.

15 D. If the director receives a request pursuant to subsection C,  
16 paragraph 4 of this section, the director shall hold a hearing in  
17 compliance with subsection B of this section.

18 E. The director shall not hold a hearing if a person requests a  
19 hearing regarding a rate increase that does not exceed the amount computed  
20 as follows:

21 1. Determine the percentage growth in the transportation consumer  
22 price index of the United States department of labor, bureau of labor  
23 statistics, from the end of the second preceding calendar year to the  
24 calendar year immediately preceding the calendar year for which the rate  
25 increase is requested.

26 2. Determine the percentage growth in the medical care consumer  
27 price index of the United States department of labor, bureau of labor  
28 statistics, from the end of the second preceding calendar year to the  
29 calendar year immediately preceding the calendar year for which the rate  
30 increase is requested.

31 3. Add the amount determined in paragraph 1 of this subsection to  
32 the amount determined in paragraph 2 of this subsection and divide the sum  
33 by two.

34 F. A rate increase authorized pursuant to subsection E of this  
35 section is deemed to be fixed by the department at the requested level.  
36 Notwithstanding subsection C of this section, the department shall hold a  
37 hearing pursuant to section 36-2232, subsection E for any proposed uniform  
38 rate or charge that exceeds the annual rate increase prescribed in  
39 subsection E of this section. The department shall require the applicants  
40 to submit the following information signed by the designated financial  
41 officer and the chief executive of the ambulance service who has fiduciary  
42 responsibility for providing accurate financial information:

43 1. A financial statement for the previous twenty-four months  
44 relating to the certificated areas.

1           2. Any additional information the department requires to analyze  
2 the request.

3           G. If an ambulance service with an established general public rate  
4 applies for a contract rate or range of rates that is up to thirty percent  
5 less than its established rate, the director shall grant the rate without  
6 a public hearing or waiver, and without any right of intervention, unless  
7 within ninety days ~~of~~ AFTER the filing of a completed application the  
8 director determines that the contract rate or range of rates applied for  
9 does not accurately reflect the cost and economics of providing the  
10 contract services, would adversely affect the service available to the  
11 general public in the area of service as designated by its certificate of  
12 necessity OR CERTIFICATE OF OPERATION or would cause any fixed rate, fare  
13 or charge to the general public to be adversely affected.

14           H. If the department disallows a proposed contract rate pursuant to  
15 subsection G of this section, the ambulance service has a right to a  
16 hearing for review of the proposed contract rate or range of rates.

17           I. The director may adopt rules for the establishment of a contract  
18 rate or range of rates that may be implemented and that exceeds the thirty  
19 percent rate variance identified pursuant to subsection G of this section.

20           J. Subsections G, H and I of this section are limited to contract  
21 rates or a range of rates applied for prescheduled, interfacility or  
22 convalescent transports.

23           K. A service contract between an ambulance service and a political  
24 subdivision of this state, including local fire districts, shall be filed  
25 with and approved by the department in accordance with the following  
26 requirements:

27           1. On receipt of the proposed contract, the department has fifteen  
28 days to review the contract and notify the ambulance service of any  
29 additional information the department requires, recommended corrections or  
30 any provision that does or may violate this article.

31           2. The ambulance service has fifteen days to provide the department  
32 with the information requested or to submit a revised or amended contract  
33 if required under paragraph 1 of this subsection.

34           3. The contract becomes effective fifteen days after the ambulance  
35 service complies with the department's request unless the department  
36 determines that any rate or charge or other provisions specified in the  
37 contract will cause any fixed rate or charge to the general public rate to  
38 be adversely affected or the contract would be in violation of the  
39 ambulance service's certificate of necessity.

40           4. If the department disallows a proposed contract pursuant to this  
41 subsection, the ambulance service has a right to a hearing for review of  
42 the proposed contract.

43           5. The rates and charges contained in the contract are the rates  
44 and charges fixed by the director in a decision or order for the ambulance

1 service and conform to the ambulance service's current or subsequent  
2 general public rates and charges.

3 6. The area of response is within the ambulance service's  
4 certificated area.

5 L. In case of emergency, the director may take action providing for  
6 immediate suspension of a certificate of registration, ~~or~~ a certificate of  
7 necessity **OR A CERTIFICATE OF OPERATION**, or ~~both~~ **ANY COMBINATION THEREOF**,  
8 under this section without notice or a hearing if the director determines  
9 that a potential threat to the public health and safety exists. If such  
10 an action is taken by the director, the director shall conduct a hearing  
11 within ten days after the date of the director's action unless the person  
12 against whom the action is directed waives the right to have a hearing  
13 held within ten days. If the ten-day hearing requirement is waived, the  
14 director shall set a date mutually agreeable to the interested parties.  
15 The purpose of the hearing is to review the decision of the director to  
16 take such an action. The director shall make findings of fact and may  
17 continue, suspend or modify the director's action.

18 M. The director shall waive the hearing required under subsection A  
19 of this section if geographical changes in suboperation stations do not  
20 alter the service area or adversely affect approved response times.

21 N. Except as provided in section 41-1092.08, subsection H, a final  
22 decision of the director is subject to judicial review pursuant to title  
23 12, chapter 7, article 6.

24 O. For the purposes of this section, "hearing day":

25 1. Means any portion of a business day that is used for any  
26 hearing-related activity, including testimony, argument or presentation of  
27 evidence.

28 2. Does not include prehearing conferences or other administrative  
29 matters that occur before the start of the hearing.

30 Sec. 6. Title 36, chapter 21.1, article 2, Arizona Revised  
31 Statutes, is amended by adding section 36-2235.01, to read:

32 **36-2235.01. Certificate of operation; initial term; renewal;**  
33 **terms; effect of sponsorship termination**

34 **A. THE INITIAL CERTIFICATE OF OPERATION ISSUED PURSUANT TO SECTION**  
35 **36-2233.01 TO AN AMBULANCE SERVICE SHALL BE FOR A TERM OF THREE YEARS.**

36 **B. AFTER ONE YEAR, THE DIRECTOR MAY EVALUATE THE PERFORMANCE OF THE**  
37 **CERTIFICATE HOLDER. IF PERFORMANCE IS DETERMINED TO BE SUBSTANDARD, THE**  
38 **CERTIFICATE HOLDER SHALL IMPLEMENT AN IMPROVEMENT PLAN THAT COMPLIES WITH**  
39 **REQUIREMENTS SET BY THE DIRECTOR.**

40 **C. BEFORE THE EXPIRATION OF THE INITIAL OR ANY SUBSEQUENT**  
41 **CERTIFICATE OF OPERATION, THE CERTIFICATE HOLDER MUST DEMONSTRATE**  
42 **ACCREDITATION IN THIS STATE BY THE COMMISSION ON ACCREDITATION OF**  
43 **AMBULANCE SERVICES. IF THE CERTIFICATE HOLDER MEETS ALL REQUIREMENTS,**  
44 **APPLIES FOR A RENEWAL AND PAYS THE FEES PRESCRIBED IN SECTION 36-2240, THE**

1 DIRECTOR SHALL RENEW THE CERTIFICATE OF OPERATION FOR A TERM OF THREE  
2 YEARS.

3 D. IF THE DIRECTOR DOES NOT ACT ON THE CERTIFICATE OF OPERATION  
4 WITHIN NINETY DAYS AFTER THE EXPIRATION DATE OF THE CERTIFICATE OF  
5 OPERATION, THE CERTIFICATE OF OPERATION SHALL BE RENEWED FOR A PERIOD OF  
6 AT LEAST ONE YEAR. THE TERM OF THE CERTIFICATE OF OPERATION SHALL BE  
7 EXTENDED TO THREE YEARS IF THE DIRECTOR DETERMINES THAT CAUSE IS NOT  
8 ESTABLISHED FOR DENYING OR RENEWING FOR A SHORTER TERM.

9 E. NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, IF THE  
10 HOSPITAL SYSTEM SPONSORSHIP IS TERMINATED, THE CERTIFICATE OF OPERATION IS  
11 VOID.

12 Sec. 7. Section 36-2236, Arizona Revised Statutes, is amended to  
13 read:

14 36-2236. Nature of certificates of necessity and certificate  
15 of operation; transfer; suspension; service area

16 A. A certificate of necessity OR CERTIFICATE OF OPERATION issued  
17 pursuant to this article is not a franchise, may be revoked by the  
18 director and does not confer a property right on its holder.

19 B. A certificate of necessity OR CERTIFICATE OF OPERATION shall not  
20 be assigned or otherwise transferred without the written approval of the  
21 director. When any certificate is assigned or transferred, the director  
22 shall issue to the assignee or transferee a new certificate valid only for  
23 the unexpired term of the transferred or assigned certificate.

24 C. In case of emergency, the director may suspend a certificate of  
25 necessity OR CERTIFICATE OF OPERATION as provided in section 36-2234.

26 D. If a certificate of necessity issued pursuant to this article  
27 includes any city, town or other political subdivision of this state, the  
28 service area shall be all the geographical area lying within the city,  
29 town, or political subdivision, unless the certificate issued by the  
30 director specifically excludes a portion of the city, town, or political  
31 subdivision. This subsection does not affect the validity of any  
32 previously granted certificate OF NECESSITY for an unincorporated area  
33 lying within the boundaries of a city.

34 Sec. 8. Section 36-2237, Arizona Revised Statutes, is amended to  
35 read:

36 36-2237. Required insurance, financial responsibility or  
37 bond; revocation for failure to comply

38 A. The director shall not issue a certificate of necessity OR  
39 CERTIFICATE OF OPERATION to an ambulance service unless the service has  
40 filed with the department a certificate of insurance or other evidence of  
41 financial responsibility in an amount the director deems necessary to  
42 adequately protect the interests of the public. The liability insurance  
43 shall bind the insurer to pay compensation for injuries to persons and for  
44 loss or damage to property resulting from the negligent operation of the  
45 ambulance service.

1 B. If an application for a certificate of necessity OR CERTIFICATE  
2 OF OPERATION includes any type of subscription service contract and, in  
3 the director's discretion, a surety bond is necessary pursuant to section  
4 36-2232, the director shall not issue a certificate ~~of necessity~~ until the  
5 applicant has filed a surety bond with the director in the form and amount  
6 determined by ~~him~~ THE DIRECTOR on which bond the applicant is the  
7 principal obligor and this state is the obligee. The director shall  
8 approve the bond and the bond must be with a surety company authorized to  
9 transact business in this state as surety on the bond. The bond must be  
10 conditioned on ~~the payment by~~ the applicant ~~to~~ PAYING any subscribers that  
11 may be parties to any type of subscription service contract.

12 C. The director shall fix the total amount of the bond required and  
13 the director may increase or decrease the bond amount subject to criteria  
14 adopted by rule ~~and regulation~~.

15 D. The director shall revoke the certificate of necessity OR  
16 CERTIFICATE OF OPERATION of any ambulance service ~~which~~ THAT fails to  
17 comply with this section.

18 Sec. 9. Section 36-2240, Arizona Revised Statutes, is amended to  
19 read:

20 36-2240. Fees

21 Fees not to exceed the following amounts shall be paid by the owner  
22 of an ambulance service to the department for deposit in the state general  
23 fund to be available for legislative appropriation in order to carry out  
24 ~~the provisions of~~ this chapter:

25 1. ~~One hundred dollars upon~~ \$100 ON filing an application for a  
26 certificate of necessity OR CERTIFICATE OF OPERATION.

27 2. ~~Fifty dollars upon~~ \$50 ON filing an application to amend,  
28 transfer or renew a certificate of necessity OR CERTIFICATE OF OPERATION.

29 3. ~~For the issuance of~~ TO ISSUE an initial certificate of necessity  
30 OR CERTIFICATE OF OPERATION, ~~two hundred dollars~~ \$200 for each ambulance  
31 proposed to be operated by the ambulance service to which the certificate  
32 is granted.

33 4. An annual regulatory fee of ~~two hundred dollars~~ \$200 for each  
34 ambulance issued a certificate of registration pursuant to section  
35 36-2212, to be collected at the same time as the certificate of  
36 registration fee imposed by section 36-2212.

37 Sec. 10. Section 36-2245, Arizona Revised Statutes, is amended to  
38 read:

39 36-2245. Investigations; dispute resolution; informal  
40 interviews; hearings; stipulations; judicial  
41 review; civil penalty; confidentially

42 A. The department may ~~conduct an investigation into~~ INVESTIGATE the  
43 operation of ambulances and ambulance services.

44 B. Proceedings under this section may be initiated by the  
45 department.

1 C. If the department receives a written and signed statement of  
 2 dissatisfaction **PERTAINING TO PATIENT CARE, WAIT TIME FOR INTERFACILITY**  
 3 **TRANSFERS** or dispute of charges or any matter relating to the regulation  
 4 of ambulance services, the customer, **PATIENT, HOSPITAL SYSTEM OR HEALTH**  
 5 **CARE PROVIDER** is deemed to have filed an informal complaint against the  
 6 ambulance service. Within fifteen days ~~of receipt of~~ **AFTER RECEIVING** the  
 7 complaint, a designated representative of the department shall inform the  
 8 ambulance service that an informal complaint has been filed, state the  
 9 nature of the allegations made, specify the purported rule violation and  
 10 identify specific records relating to the purported rule violation that  
 11 the ambulance service shall provide to the department. The ambulance  
 12 service shall comply with the request for records in a timely manner.

13 D. Within forty-five days ~~of receipt of~~ **AFTER RECEIVING** the  
 14 records, the department shall determine ~~if~~ **WHETHER** the complaint is  
 15 nonsubstantive or substantive.

16 E. If the department determines that a complaint filed pursuant to  
 17 this section is nonsubstantive, it shall render a written decision to all  
 18 parties within five days ~~of~~ **AFTER** that determination. The complainant may  
 19 make a formal complaint to the department if the complainant disagrees  
 20 with the department's decision. If the nonsubstantive complaint involves  
 21 rates and charges, a designated representative of the department shall  
 22 attempt to resolve the dispute by correspondence or telephone with the  
 23 ambulance service and the customer.

24 F. If the department determines that a complaint filed pursuant to  
 25 this section is substantive, the complaint becomes a formal complaint.  
 26 The department shall inform the ambulance service that the initial  
 27 investigation was substantive in nature and may warrant action pursuant to  
 28 this article. The department shall inform the ambulance service of the  
 29 specific rule violation and shall allow the ambulance service thirty days  
 30 to answer the complaint in writing.

31 G. The department may issue a written request for an informal  
 32 interview with the ambulance service if the department believes that the  
 33 evidence indicates that grounds for action exist. The request shall state  
 34 the reasons for the interview and shall schedule an interview at least ten  
 35 days ~~from~~ **AFTER** the date that the department sends the request for an  
 36 interview.

37 H. If the department determines that evidence warrants action or if  
 38 the ambulance service refuses to attend the informal interview, the  
 39 director shall institute formal proceedings and hold a hearing pursuant to  
 40 title 41, chapter 6, article 10.

41 I. If the department believes that a lesser disciplinary action is  
 42 appropriate, the department may enter into a stipulated agreement with the  
 43 ambulance service. This stipulation may include a civil penalty as  
 44 provided under subsection J of this section.



1 J. In addition to other disciplinary action provided under this  
2 section, the director may impose a civil penalty of not more than ~~three~~  
3 ~~hundred fifty dollars~~ \$350 for each violation of this chapter that  
4 constitutes grounds to suspend or revoke a certificate of necessity OR  
5 CERTIFICATE OF OPERATION. This penalty shall not exceed ~~fifteen thousand~~  
6 ~~dollars~~ \$15,000. Each day that a violation occurs constitutes a separate  
7 offense. The director shall deposit, pursuant to sections 35-146 and  
8 35-147, all monies collected under this subsection in the emergency  
9 medical services operating fund established ~~under~~ BY section 36-2218.

10 K. The director may suspend a certificate of necessity OR  
11 CERTIFICATE OF OPERATION without holding a hearing if the director  
12 determines that the certificate holder has failed to pay a civil penalty  
13 imposed under this section. The director shall reinstate the certificate  
14 of necessity OR CERTIFICATE OF OPERATION when the certificate holder pays  
15 the penalty in full.

16 L. Except as provided in section 41-1092.08, subsection H, a final  
17 decision of the department pursuant to this section is subject to judicial  
18 review pursuant to title 12, chapter 7, article 6.

19 M. Information, documents and records received by the department or  
20 prepared by the department in connection with an investigation that is  
21 conducted pursuant to this article and that relates to emergency medical  
22 care technicians are confidential and are not subject to public inspection  
23 or civil discovery. When the investigation has been completed and the  
24 investigation file has been closed, the results of the investigation and  
25 the decision of the department shall be available to the public.

26 Sec. 11. Section 36-2247, Arizona Revised Statutes, is amended to  
27 read:

28 36-2247. Certificates of necessity; certificates of  
29 operation; ambulance services; name change

30 At least thirty days before the date an ambulance service changes  
31 its legal name, the ambulance service shall send the department written  
32 notice of the name change. Within thirty days after the date of receiving  
33 the notice, the department shall issue an amended certificate of necessity  
34 OR CERTIFICATE OF OPERATION that incorporates the name change but retains  
35 the expiration date of the current certificate of necessity OR CERTIFICATE  
36 OF OPERATION.