



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fifth Legislature  
First Regular Session

House: APPROP DP 7-6-0-0

**HB 2896: health; budget reconciliation; 2021-2022.**

**Sponsor: Representative Cobb, LD 5**

**House Engrossed**

### **Overview**

Contains budget reconciliation provisions relating to Health needed for implementing the FY 2022 budget.

### **History**

The Arizona Legislature adopts a budget for each fiscal year (FY) that contains general appropriations. [Article IV, Section 20, Part 2](#), Constitution of Arizona, requires the General Appropriations Act (feed bill) to contain only appropriations for the different state departments, state institutions, public schools and interest on public debt. Statutory changes necessary to reconcile the appropriations made in the feed bill and other changes are drafted into separate bills known as Budget Reconciliation Bills (BRBs). These BRBs are prepared according to subject area.

### **Provisions**

#### ***Arizona Department of Child Safety (DCS)***

1. Requires DCS to establish and maintain a Comprehensive Health Plan Expenditure Authority Fund (Fund) as a separate fund to distinguish DCS's revenues and expenditures from other programs that are funded and administered by DCS. (Sec. 1)
2. Requires the Fund to be used to pay administrative and program costs associated with providing comprehensive medical and dental care and behavioral health services. (Sec. 1)
3. States the Fund consists of:
  - a) Monies paid by the Arizona Health Care Cost Containment System (AHCCCS) pursuant to the contract;
  - b) Amounts paid by third-party payors;
  - c) Gifts, donations and grants from any source; and
  - d) Interest on monies deposited in the fund. (Sec. 1)
4. Stipulates that all monies from capitated payments in the Fund that are unexpended and unencumbered at the end of the fiscal year revert to the state General Fund (GF) by June 30 of the following fiscal year. (Sec. 1)
5. Allows the transfer amount to be adjusted to pay non-Medicaid claims incurred by DCS. (Sec. 1)

#### ***Medical Loss Ratio***

6. Requires the Arizona Department of Insurance and Financial Institutions (DIFI) to prepare an annual report on the medical loss ratio for each dental insurer in Arizona. (Sec. 2)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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7. Requires DIFI, when calculating the medical loss ratio, to use the following data submitted by Arizona dental insurers in existing required regulatory filing:
  - a) Adjusted incurred annual dental claims;
  - b) Annual dental insurance premiums earned; and
  - c) Annual incurred federal and state taxes, licensing fees and regulatory fees on dental premiums. (Sec. 2)
8. Directs DIFI to post the calculated medical loss ratio for each dental insurer on its website. (Sec. 2)

***Arizona Department of Health Services (DHS)***

9. Requires DHS to submit, by July 1, to the Joint Legislative Budget Committee (JLBC) an annual expenditure report for the preceding fiscal year on monies transferred to DHS from the Medical Marijuana Fund and the Justice Reinvestment Fund. (Sec. 5)
10. Instructs the report to include expenditures by program and a list of grants distributed by DHS. (Sec. 5)
11. Requires DHS to indicate when all monies from transfers made from the Medical Marijuana Fund have been spent. (Sec. 5)
12. Requires DHS to reduce the revenue generated from fees collected for services provided by the Bureau of Radiation Control by \$300,000. (Sec. 26)
13. Allows monies in the Health Services Lottery Monies Fund to be used for the purposes specified in the FY 2022 General Appropriations Act. (Sec. 30)

***Arizona Department of Economic Security (DES)***

14. Requires developmental disability service providers to develop and implement policies and procedures regarding the communication to responsible people of a serious incident affecting a client who is living in a community residential setting within 24 hours after the serious incident occurs. (Sec. 8)
15. Instructs DES to:
  - a) Annually visit and inspect the premises used for the care of children or vulnerable adults for sanitation, fire and other actual and potential hazards;
  - b) Take any action it deems necessary to carry out its duties; and
  - c) Notify the parent or guardian of a developmental home resident of any serious incident or complaint involving the resident. (Sec. 10)
16. States that the denial, suspension or revocation of a developmental home license due to the failure to obtain or maintain a level 1 fingerprint clearance card is not an appealable agency action. (Sec. 11)
17. Requires DES to screen and test each adult recipient who is eligible for Temporary Assistance for Needy Families (TANF) cash benefits and who DES has reasonable cause to believe engages in the illegal use of controlled substances. (Sec. 31)
18. Stipulates that any recipient who tests positive for the use of a controlled substance that was not prescribed for the recipient by a licensed health care provider is ineligible to receive benefits for one year. (Sec. 31)

***Newborn Screening Program***

19. Requires the Newborn Screening Program (Program) to include all congenital disorders included on the Recommended Uniform Screening Panel (RUSP) for both core and secondary conditions. (Sec. 14)

20. Stipulates that, beginning January 1, 2022, disorders that are added to the core and secondary conditions list of the RUSP must be added to Arizona's newborn screening panel within two years after their addition to the RUSP. (Sec. 14)
21. Requires the DHS Director's (Director) Newborn Screening Advisory Committee (Committee) to provide recommendations and advice to DHS regarding newborn screening best practices and emerging trends. (Sec. 14)
22. Removes language that:
  - a) Outlines Committee membership;
  - b) Caps the fee for the first specimen and hearing test at \$36; and
  - c) Requires the Committee to accompany recommendations with a cost-benefit analysis. (Sec. 14)
23. Requires the Director to present any change to the fee for the Program to JLBC for review. (Sec. 14)
24. Requires, no later than 60 days after DHS adjusts the Program fee, each health insurer and AHCCCS and its contractors to update their hospital rates that include newborn screening to reflect the increase. (Sec. 14)
25. Specifies the Newborn Screening Program Fund may consist of grants. (Sec. 15)
26. Requires DHS, by December 31, 2021, to add spinal muscular atrophy and x-linked adrenoleukodystrophy to Arizona's newborn screening panel. (Sec. 32)
27. Directs DHS to add, by December 31, 2023, all remaining core and secondary conditions included on the RUSP as of December 31, 2021 to Arizona's newborn screening panel. (Sec. 32)
28. Contains a legislative intent clause. (Sec. 33)

#### ***Sexual Violence Services***

29. Establishes the Sexual Violence Service Fund (SVS Fund) within DES. (Sec. 17)
30. States the SVS Fund consists of legislative appropriations, grants and contributions. (Sec.17)
31. Exempts monies in the SVS Fund from lapsing and makes them subject to legislative appropriation. (Sec. 17)
32. Directs DES, in consultation with the federally designated statewide coalition to end sexual violence (coalition), to establish program priorities for the SVS Fund. (Sec. 17)
33. Instructs DES to spend SVS Fund monies to provide grants to service providers (providers) for victims of sexual violence. (Sec. 17)
34. Requires a provider to adhere to statewide service standards for sexual violence programs that are approved by DES in collaboration with the coalition for grant eligibility. (Sec. 17)
35. Specifies that a provider does not qualify for grant monies if the provider discriminates in its admission or provision of services. (Sec. 17)
36. Requires DES, in consultation with the coalition, to develop a weighted methodology that makes certain considerations for allocating grant monies. (Sec. 17)
37. Establishes reporting requirements. (Sec. 17)

#### ***Counties***

38. Sets the annual county Arizona Long Term Care System (ALTCS) contributions for FY 2022 at \$283,194,000.

- a) Outlines each county's contribution.
  - b) Requires the State Treasurer to recover the cost of any funding that was not provided.
  - c) Requires the State Treasurer to deposit monies received into the ALTCS Fund. (Sec. 22)
39. Sets the county acute care contributions at \$45,634,000 and states it is the intent of the Legislature that the Maricopa County contribution be reduced in each subsequent year according to the changes in the GDP price deflator.
- a) Outlines each county's contribution.
  - b) Requires the State Treasurer to recover the cost of any funding that was not provided by a county from other funds owed to that county, excluding the Highway User Revenue Fund.
  - c) Outlines payment processes and requirements. (Sec. 25)
40. Continues to exclude the Proposition 204 administration costs from the county expenditure limitations. (Sec. 27)
41. Exempts county expenditures for restoration to competency treatment from the county expenditure limitations. (Sec. 28)

***Disproportionate Share (DSH) Payments***

42. Sets the annual DSH payment allotment for the Maricopa County Special Health Care District (District) at \$113,818,500 for FY 2022.
- a) Requires the District to provide a certified public expense form for the amount of qualifying DSH expenditures made to AHCCCS by May 1, 2022 for all state plan years as required by the AHCCCS Section 1115 waiver.
  - b) States that if the certification is equal to or less than \$113,818,500 and AHCCCS determines the amount is correct, AHCCCS must:
    - i. Notify the Governor and the Legislature; and
    - ii. Distribute \$4,202,300 to the District and deposit the balance in the state GF.
  - c) Stipulates that if the certification is less than \$113,818,500 and AHCCCS determines the amount is not correct, AHCCCS must:
    - i. Notify the Governor and the Legislature; and
    - ii. Deposit the total amount in the state GF.
  - d) Provides that if the certification is greater than \$113,818,500, AHCCCS must distribute \$4,202,300 to the District and \$75,482,000 of the federal financial participation in the state GF.
  - e) Permits AHCCCS to make additional DSH payments to the District pursuant to statute. (Sec. 23)
43. Sets the annual DSH payment allotment to the Arizona State Hospital (ASH) at \$28,474,900 for FY 2022.
- a) Requires ASH to provide a certified public expense form for the amount of qualifying DSH expenditures made to AHCCCS by March 31, 2022.
  - b) Requires AHCCCS to:
    - i. Assist ASH in determining the amount of qualifying DSH expenditures; and
    - ii. Deposit the entire amount of federal financial participation in the state GF.
  - c) States that if the certification is less than \$28,474,900, AHCCCS must:
    - i. Notify the Governor and the Legislature; and
    - ii. Deposit the entire amount of federal financial participation in the state GF.
  - d) Requires the certified public expense form to contain the total amount of qualifying DSH expenditures and the amount limited by federal law. (Sec. 23)
44. Sets the annual DSH payment allotment for private qualifying DSH hospitals at \$884,800 for FY 2022, consistent with the appropriation and the terms of the Section 1115 waiver.

- a) Limits payments to hospitals that either:
  - i. Meet the mandatory definition of DSH qualifying hospital under Section 1923 of the Social Security Act; or
  - ii. Are located in Yuma County and contain at least 300 beds. (Sec. 23)
- 45. States that once DSH distributions are made, further distributions must be made available first to qualifying private hospitals located outside of Phoenix and Tucson metropolitan statistical areas before being made available to qualifying hospitals within the Phoenix and Tucson metropolitan statistical areas. (Sec. 23)

#### **AHCCCS**

- 46. Requires AHCCCS to transfer to the counties any portion necessary to comply with the Patient Protection and Affordable Care Act regarding the counties' proportional share of this state's contribution. (Sec. 24)
- 47. Continues, for the contract year beginning October 1, 2021 and ending September 30, 2022, the risk contingency rate setting for all managed care organizations at the funding levels that were imposed for the contract year beginning October 1, 2010 and ending September 30, 2011. (Sec. 29)
- 48. States that it is the intent of the Legislature that AHCCCS implement a program within the available appropriation. (Sec. 34)

#### **K-12 Immunizations**

- 49. States that an immunization for which a U.S. Food and Drug Administration emergency use authorization has been issued is not required for school attendance. (Sec. 12)
- 50. Requires an immunization to be prescribed by DHS rule before the immunization may be required for in-person school attendance. (Sec. 12)

#### **COVID-19 Vaccine**

- 51. Requires an employer to provide reasonable accommodation for an employee with religious beliefs that prevent the employee from taking the COVID-19 vaccination. (Sec. 3)
- 52. Prohibits Arizona and any city, town or county from:
  - a) Establishing a COVID-19 passport;
  - b) Requiring any person to be vaccinated for COVID-19; and
  - c) Requiring a business to obtain proof of COVID-19 vaccination status of any patron entering the business establishment. (Sec. 13)
- 53. States that an individual is not limited from requesting their own vaccination records be provided to the individual or a third party. (Sec. 13)
- 54. Stipulates that a health care institution is not prohibited from requiring its employees to be vaccinated. (Sec. 13)

#### **Arizona State Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers (NCIA Board)**

- 55. Increases, from 9 to 11, the number of members on the NCIA Board and modifies NCIA Board membership. (Sec. 6)
- 56. Requires, beginning July 1, 2021, all new licenses and certifications issued by the NCIA Board to be approved by both the NCIA Board and DHS. (Sec. 7)
- 57. Establishes the NCIA Study Committee (Committee) and outlines Committee membership and duties. (Sec. 21)
- 58. Continues the NCIA Board until March 31, 2022. (Sec. 19)

- 59. Repeals the NCIA Board on January 1, 2023. (Sec. 19)
- 60. Contains a purpose statement. (Sec. 35)
- 61. Contains a retroactivity clause of July 1, 2021. (Sec. 36)

***Miscellaneous***

- 62. Requires the State Treasurer, by July 1 of each year, to report to JLBC and the Governor's Office of Strategic Planning and Budgeting on distributions made from the Smart and Safe Arizona Fund to specified entities. (Sec. 5)
- 63. Stipulates that, subject to available monies, the office of the State Long-Term Care Ombudsman must visit each long term care facility in Arizona without prior notice at least two times each year to speak with residents of the long-term care facility, or the resident's representative if the resident is nonverbal, without the presence of the facility's staff.
  - a) Specifies this requirement is in addition to any follow-up in response to a complaint. (Sec. 20)
- 64. Makes technical and conforming changes. (Sec. 4, 6, 7, 8, 9, 10, 14, 15, 16, 20)