

REFERENCE TITLE: AHCCCS; outpatient services

State of Arizona
House of Representatives
Fifty-fifth Legislature
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2022

HB 2525

Introduced by
Representatives Longdon: Blackwater-Nygren, Cano, Jermaine, Pawlik, Powers
Hannley, Solorio, Senator Gonzales

AN ACT

AMENDING SECTION 36-2907, ARIZONA REVISED STATUTES; RELATING TO THE
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 36-2907, Arizona Revised Statutes, is amended to
3 read:

4 36-2907. Covered health and medical services; modifications;
5 related delivery of service requirements; rules;
6 definition

7 A. Subject to the ~~limitations~~ LIMITS and exclusions specified in
8 this section, contractors shall provide the following medically necessary
9 health and medical services:

10 1. Inpatient hospital services that are ordinarily furnished by a
11 hospital ~~for the~~ TO care FOR and ~~treatment of~~ TREAT inpatients and that
12 are provided under the direction of a physician or a primary care
13 practitioner. For the purposes of this section, inpatient hospital
14 services exclude services in an institution for tuberculosis or mental
15 diseases unless authorized under an approved section 1115 waiver.

16 2. Outpatient health services that are ordinarily provided in
17 hospitals, clinics, offices and other health care facilities by licensed
18 health care providers. Outpatient health services include services
19 provided by or under the direction of a physician or a primary care
20 practitioner, including occupational therapy.

21 3. Other laboratory and X-ray services ordered by a physician or a
22 primary care practitioner.

23 4. Medications that are ordered on prescription by a physician or a
24 dentist licensed pursuant to title 32, chapter 11. Persons who are dually
25 eligible for title XVIII and title XIX services must obtain available
26 medications through a medicare licensed or certified medicare advantage
27 prescription drug plan, a medicare prescription drug plan or any other
28 entity authorized by medicare to provide a medicare part D prescription
29 drug benefit.

30 5. Medical supplies, durable medical equipment, insulin pumps and
31 prosthetic devices ordered by a physician or a primary care practitioner.
32 Suppliers of durable medical equipment shall provide the administration
33 with complete information about the identity of each person who has an
34 ownership or controlling interest in their business and shall comply with
35 federal bonding requirements in a manner prescribed by the administration.

36 6. For persons who are at least twenty-one years of age, treatment
37 of medical conditions of the eye, excluding eye examinations for
38 prescriptive lenses and the provision of prescriptive lenses.

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

42 8. Family planning services that do not include abortion or
43 abortion counseling. If a contractor elects not to provide family
44 planning services, this election does not disqualify the contractor from
45 delivering all other covered health and medical services under this
46 chapter. In that event, the administration may contract directly with

another contractor, including an outpatient surgical center or a noncontracting provider, to deliver family planning services to a member who is enrolled with the contractor that elects not to provide family planning services.

9. Podiatry services that are performed by a podiatrist who is licensed pursuant to title 32, chapter 7 and ordered by a primary care physician or primary care practitioner.

10. Nonexperimental transplants approved for title XIX reimbursement.

11. Dental services as follows:

(a) Except as provided in subdivision (b) of this paragraph, for persons who are at least twenty-one years of age, emergency dental care and extractions in an annual amount of not more than \$1,000 per member.

(b) Subject to approval by the centers for medicare and medicaid services, for persons treated at an Indian health service or tribal facility, adult dental services that are eligible for a federal medical assistance percentage of one hundred percent and that ~~are in excess of~~ EXCEED the limit prescribed in subdivision (a) of this paragraph.

12. Ambulance and nonambulance transportation, except as provided in subsection G of this section.

13. Hospice care.

14. Orthotics, if all of the following apply:

(a) The use of the orthotic is medically necessary as the preferred treatment option consistent with medicare guidelines.

(b) The orthotic is less expensive than all other treatment options or surgical procedures to treat the same diagnosed condition.

(c) The orthotic is ordered by a physician or primary care practitioner.

B. The ~~limitations~~ LIMITS and exclusions for health and medical services provided under this section are as follows:

1. Circumcision of newborn males is not a covered health and medical service.

2. For eligible persons who are at least twenty-one years of age:

~~(a) Outpatient health services do not include speech therapy.~~

~~(b)~~ (a) Prosthetic devices do not include hearing aids, dentures, bone-anchored hearing aids or cochlear implants. Prosthetic devices, except prosthetic implants, may be limited to \$12,500 per contract year.

~~(c)~~ (b) Percussive vests are not covered health and medical services.

~~(d)~~ (c) Durable medical equipment is limited to items covered by medicare.

~~(e)~~ (d) Nonexperimental transplants do not include pancreas-only transplants.

~~(f)~~ (e) Bariatric surgery procedures, including laparoscopic and open gastric bypass and restrictive procedures, are not covered health and medical services.

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

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

11 E. The director shall make available home health services in lieu
12 of hospitalization pursuant to contracts awarded under this article. For
13 the purposes of this subsection, "home health services" means the
14 provision of nursing services, home health aide services or medical
15 supplies, equipment and appliances that are provided on a part-time or
16 intermittent basis by a licensed home health agency within a member's
17 residence based on the orders of a physician or a primary care
18 practitioner. Home health agencies shall comply with the federal bonding
19 requirements in a manner prescribed by the administration.

20 F. The director shall adopt rules for the coverage of behavioral
21 health services for persons who are eligible under section 36-2901,
22 paragraph 6, subdivision (a). The administration acting through the
23 regional behavioral health authorities shall establish a diagnostic and
24 evaluation program to which other state agencies shall refer children who
25 are not already enrolled pursuant to this chapter and who may be in need
26 of behavioral health services. In addition to an evaluation, the
27 administration acting through regional behavioral health authorities shall
28 also identify children who may be eligible under section 36-2901,
29 paragraph 6, subdivision (a) or section 36-2931, paragraph 5 and shall
30 refer the children to the appropriate agency responsible for making the
31 final eligibility determination.

32 G. The director shall adopt rules providing for transportation
33 services and rules providing for copayment by members for transportation
34 for other than emergency purposes. Subject to approval by the centers for
35 medicare and medicaid services, nonemergency medical transportation shall
36 not be provided except for stretcher vans and ambulance
37 transportation. Prior authorization is required for transportation by
38 stretcher van and for medically necessary ambulance transportation
39 initiated pursuant to a physician's direction. Prior authorization is not
40 required for medically necessary ambulance transportation services
41 rendered to members or eligible persons initiated by dialing telephone
42 number 911 or other designated emergency response systems.

43 H. The director may adopt rules to allow the administration, at the
44 director's discretion, to use a second opinion procedure under which
45 surgery may not be eligible for coverage pursuant to this chapter without

1 documentation as to need by at least two physicians or primary care
2 practitioners.

3 I. If the director does not receive bids within the amounts
4 budgeted or if at any time the amount remaining in the Arizona health care
5 cost containment system fund is insufficient to pay for full contract
6 services for the remainder of the contract term, the administration, on
7 notification to system contractors at least thirty days in advance, may
8 modify the list of services required under subsection A of this section
9 for persons defined as eligible other than those persons defined pursuant
10 to section 36-2901, paragraph 6, subdivision (a). The director may also
11 suspend services or may limit categories of expense for services defined
12 as optional pursuant to title XIX of the social security act (P.L. 89-97;
13 79 Stat. 344; 42 United States Code section 1396 (1980)) for persons
14 defined pursuant to section 36-2901, paragraph 6, subdivision (a). Such
15 reductions or suspensions do not apply to the continuity of care for
16 persons already receiving these services.

17 J. All health and medical services provided under this article
18 shall be provided in the geographic service area of the member, except:

19 1. Emergency services and specialty services provided pursuant to
20 section 36-2908.

21 2. That the director may allow the delivery of health and medical
22 services in other than the geographic service area in this state or in an
23 adjoining state if the director determines that medical practice patterns
24 justify the delivery of services or a net reduction in transportation
25 costs can reasonably be expected. Notwithstanding the definition of
26 physician as prescribed in section 36-2901, if services are procured from
27 a physician or primary care practitioner in an adjoining state, the
28 physician or primary care practitioner shall be licensed to practice in
29 that state pursuant to licensing statutes in that state that are similar
30 to title 32, chapter 13, 15, 17 or 25 and shall complete a provider
31 agreement for this state.

32 K. Covered outpatient services shall be subcontracted by a primary
33 care physician or primary care practitioner to other licensed health care
34 providers to the extent practicable for purposes including, but not
35 limited to, making health care services available to underserved areas,
36 reducing costs of providing medical care and reducing transportation
37 costs.

38 L. The director shall adopt rules that prescribe the coordination
39 of medical care for persons who are eligible for system services. The
40 rules shall include provisions for transferring patients and medical
41 records and initiating medical care.

42 M. For the purposes of this section, "ambulance" has the same
43 meaning prescribed in section 36-2201.