

Senate Engrossed

prepaid capitated contractors; cost reports

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

CHAPTER 225

SENATE BILL 1399

AN ACT

AMENDING TITLE 36, CHAPTER 29, ARTICLE 1, ARIZONA REVISED STATUTES, BY
ADDING SECTION 36-2904.01; 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. Title 36, chapter 29, article 1, Arizona Revised
3 Statutes, is amended by adding section 36-2904.01, to read:

4 36-2904.01. Prepaid capitated contracts; expenditures; annual
5 report

6 ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE ADMINISTRATION SHALL
7 ANNUALLY REPORT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE, THE GOVERNOR,
8 THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES
9 AND THE MEMBERS OF THE SENATE AND HOUSE OF REPRESENTATIVES HEALTH AND
10 HUMAN SERVICES COMMITTEES, OR THEIR SUCCESSOR COMMITTEES, IN AGGREGATE FOR
11 ALL NONGOVERNMENT ENTITIES THAT HAVE A PREPAID CAPITATED CONTRACT WITH THE
12 ADMINISTRATION, THE PERCENTAGE OF MONIES IN THE PREVIOUS CONTRACT YEAR:

- 13 1. THAT WAS SPENT ON DIRECT PAYMENTS TO PROVIDERS FOR SERVICES.
14 2. THAT WAS SPENT ON ADMINISTRATIVE COSTS FOR EACH OF THE
15 FOLLOWING:
16 (a) HEALTH CARE QUALITY IMPROVEMENT ADMINISTRATIVE ACTIVITIES.
17 (b) PROGRAM INTEGRITY, INCLUDING FRAUD, WASTE AND ABUSE PREVENTION
18 EXPENSES.
19 (c) TAXES, LICENSES AND REGULATORY FEES.
20 (d) COMMUNITY REINVESTMENT.
21 (e) ALL OTHER ADMINISTRATIVE ACTIVITIES.

APPROVED BY THE GOVERNOR JUNE 22, 2026.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 22, 2026.