

# CORRECTED

House Engrossed Senate Bill

~~home; community-based services; mental illness~~  
(now: enhanced residential treatment; SMI)

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

## CHAPTER 237

### SENATE BILL 1630

AN ACT

AMENDING SECTION 36-401, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 4, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-425.10; AMENDING SECTION 36-2935, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 29, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 3.1; REPEALING TITLE 36, CHAPTER 29, ARTICLE 3.1, ARIZONA REVISED STATUTES; RELATING TO SERIOUS MENTAL ILLNESS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 36-401, Arizona Revised Statutes, is amended to  
3 read:

4 36-401. Definitions; adult foster care

5 A. In this chapter, unless the context otherwise requires:

6 1. "Accredited health care institution" means a health care  
7 institution, other than a hospital, that is currently accredited by a  
8 nationally recognized accreditation organization.

9 2. "Accredited hospital" means a hospital that is currently  
10 accredited by a nationally recognized organization on hospital  
11 accreditation.

12 3. "Adult behavioral health therapeutic home" means a residence for  
13 individuals who are at least eighteen years of age, have behavioral health  
14 issues and need behavioral health services that does all of the following  
15 for those individuals:

16 (a) Provides room and board.

17 (b) Assists in acquiring daily living skills.

18 (c) Coordinates transportation to scheduled appointments.

19 (d) Monitors behaviors.

20 (e) Assists in the self-administration of medication.

21 (f) Provides feedback to case managers related to behavior.

22 4. "Adult day health care facility" means a facility that provides  
23 adult day health services during a portion of a continuous  
24 twenty-four-hour period for compensation on a regular basis for five or  
25 more adults who are not related to the proprietor.

26 5. "Adult day health services" means a program that provides  
27 planned care supervision and activities, personal care, personal living  
28 skills training, meals and health monitoring in a group setting during a  
29 portion of a continuous twenty-four-hour period. Adult day health  
30 services may also include preventive, therapeutic and restorative  
31 health-related services that do not include behavioral health services.

32 6. "Adult foster care home" means a residential setting that  
33 provides room and board and adult foster care services for at least one  
34 and not more than four adults who are participants in the Arizona  
35 long-term care system pursuant to chapter 29, article 2 of this title or  
36 contracts for services with the United States department of veterans  
37 affairs and in which the sponsor or the manager resides with the residents  
38 and integrates the residents who are receiving adult foster care into that  
39 person's family.

40 7. "Adult foster care services" means supervision, assistance with  
41 eating, bathing, toileting, dressing, self-medication and other routines  
42 of daily living or services authorized by rules adopted pursuant to  
43 section 36-405 and section 36-2939, subsection C.

44 8. "Assisted living center" means an assisted living facility that  
45 provides resident rooms or residential units to eleven or more residents.

- 1           9. "Assisted living facility" means a residential care institution,  
2 including an adult foster care home, that provides or contracts to provide  
3 supervisory care services, personal care services or directed care  
4 services on a continuous basis.
- 5           10. "Assisted living home" means an assisted living facility that  
6 provides resident rooms to ten or fewer residents.
- 7           11. "Behavioral health services" means services that pertain to  
8 mental health and substance use disorders and that are either:  
9           (a) Performed by or under the supervision of a professional who is  
10 licensed pursuant to title 32 and whose scope of practice allows the  
11 professional to provide these services.  
12           (b) Performed on behalf of patients by behavioral health staff as  
13 prescribed by rule.
- 14           12. "Construction" means building, erecting, fabricating or  
15 installing a health care institution.
- 16           13. "Continuous" means available at all times without cessation,  
17 break or interruption.
- 18           14. "Controlling person" means a person who:  
19           (a) Through ownership, has the power to vote at least ten percent  
20 of the outstanding voting securities.  
21           (b) If the applicant or licensee is a partnership, is the general  
22 partner or a limited partner who holds at least ten percent of the voting  
23 rights of the partnership.  
24           (c) If the applicant or licensee is a corporation, an association  
25 or a limited liability company, is the president, the chief executive  
26 officer, the incorporator or any person who owns or controls at least ten  
27 percent of the voting securities. For the purposes of this subdivision,  
28 corporation does not include nonprofit corporations.  
29           (d) Holds a beneficial interest in ten percent or more of the  
30 liabilities of the applicant or the licensee.
- 31           15. "Department" means the department of health services.
- 32           16. "Directed care services" means programs and services, including  
33 supervisory and personal care services, that are provided to persons who  
34 are incapable of recognizing danger, summoning assistance, expressing need  
35 or making basic care decisions.
- 36           17. "Direction" means authoritative policy or procedural guidance  
37 to accomplish a function or activity.
- 38           18. "Director" means the director of the department.
- 39           19. "Direct owner" means a person that has an ownership or control  
40 interest in a health care institution totaling fifty-one percent or more.
- 41           20. "ENHANCED RESIDENTIAL TREATMENT FACILITY" MEANS A RESIDENTIAL  
42 CARE INSTITUTION THAT IS LICENSED TO PROVIDE PROGRAMS AND SERVICES,  
43 INCLUDING BEHAVIORAL HEALTH SERVICES, STRUCTURED SUPPORT SERVICES AND  
44 HEALTH-RELATED SERVICES, TO RESIDENTS WHO ARE SERIOUSLY MENTALLY ILL AS  
45 DEFINED IN SECTION 36-550.

1           ~~20.~~ 21. "Facilities" means buildings that are used by a health  
2 care institution for providing any of the types of services as defined in  
3 this chapter.

4           ~~21.~~ 22. "Freestanding urgent care center":

5           (a) Means an outpatient treatment center that, regardless of its  
6 posted or advertised name, meets any of the following requirements:

7           (i) Is open twenty-four hours a day, excluding at its option  
8 weekends or certain holidays, but is not licensed as a hospital.

9           (ii) Claims to provide unscheduled medical services that are not  
10 otherwise routinely available in primary care physician offices.

11           (iii) By its posted or advertised name, gives the impression to the  
12 public that it provides medical care for urgent, immediate or emergency  
13 conditions.

14           (iv) Routinely provides ongoing unscheduled medical services for  
15 more than eight consecutive hours for an individual patient.

16           (b) Does not include the following:

17           (i) A medical facility that is licensed under a hospital's license  
18 and that uses the hospital's medical provider number.

19           (ii) A qualifying community health center pursuant to section  
20 36-2907.06.

21           (iii) Any other health care institution licensed pursuant to this  
22 chapter.

23           (iv) A physician's office that offers extended hours or same-day  
24 appointments to existing and new patients and that does not meet the  
25 requirements of subdivision (a), item (i), (iii) or (iv) of this  
26 paragraph.

27           ~~22.~~ 23. "Governing authority" means the individual, agency,  
28 partners, group or corporation, whether appointed, elected or otherwise  
29 designated, in which the ultimate responsibility and authority for the  
30 conduct of the health care institution are vested.

31           ~~23.~~ 24. "Health care institution" means every place, institution,  
32 building or agency, whether organized for profit or not, that provides  
33 facilities with medical services, nursing services, behavioral health  
34 services, health screening services, other health-related services,  
35 supervisory care services, personal care services or directed care  
36 services and includes home health agencies as defined in section 36-151,  
37 outdoor behavioral health care programs and hospice service agencies.

38           ~~24.~~ 25. "Health-related services" means services, other than  
39 medical, that pertain to general supervision, protective, preventive and  
40 personal care services, supervisory care services or directed care  
41 services.

42           ~~25.~~ 26. "Health screening services" means the acquisition,  
43 analysis and delivery of health-related data of individuals to aid in  
44 determining the need for medical services.

1           ~~26.~~ 27. "Hospice" means a hospice service agency or the provision  
2 of hospice services in an inpatient facility.  
3           ~~27.~~ 28. "Hospice service" means a program of palliative and  
4 supportive care for terminally ill persons and their families or  
5 caregivers.  
6           ~~28.~~ 29. "Hospice service agency" means an agency or organization,  
7 or a subdivision of that agency or organization, that provides hospice  
8 services at the place of residence of its clients.  
9           ~~29.~~ 30. "Indirect owner":  
10           (a) Means a person that has an ownership or control interest in a  
11 direct owner totaling fifty-one percent or more.  
12           (b) Includes an ownership or control interest in an indirect owner  
13 totaling fifty-one percent or more and a combination of direct ownership  
14 and indirect ownership or control interests totaling fifty-one percent or  
15 more in the health care institution.  
16           ~~30.~~ 31. "Inpatient beds" or "resident beds" means accommodations  
17 with supporting services, such as food, laundry and housekeeping, for  
18 patients or residents who generally stay in excess of twenty-four hours.  
19           ~~31.~~ 32. "Intermediate care facility for individuals with  
20 intellectual disabilities" has the same meaning prescribed in section  
21 36-551.  
22           ~~32.~~ 33. "Licensed capacity" means the total number of persons for  
23 whom the health care institution is authorized by the department to  
24 provide services as required pursuant to this chapter if the person is  
25 expected to stay in the health care institution for more than twenty-four  
26 hours. For a hospital, licensed capacity means only those beds specified  
27 on the hospital license.  
28           ~~33.~~ 34. "Medical services" means the services that pertain to  
29 medical care and that are performed at the direction of a physician on  
30 behalf of patients by physicians, dentists, nurses and other professional  
31 and technical personnel.  
32           ~~34.~~ 35. "Modification" means the substantial improvement,  
33 enlargement, reduction or alteration of or other change in a health care  
34 institution.  
35           ~~35.~~ 36. "Nonproprietary institution" means any health care  
36 institution that is organized and operated exclusively for charitable  
37 purposes, no part of the net earnings of which inures to the benefit of  
38 any private shareholder or individual, or that is operated by the state or  
39 any political subdivision of the state.  
40           ~~36.~~ 37. "Nursing care institution" means a health care institution  
41 that provides inpatient beds or resident beds and nursing services to  
42 persons who need continuous nursing services but who do not require  
43 hospital care or direct daily care from a physician.  
44           ~~37.~~ 38. "Nursing services" means those services that pertain to  
45 the curative, restorative and preventive aspects of nursing care and that

1 are performed at the direction of a physician by or under the supervision  
2 of a registered nurse licensed in this state.

3 ~~38.~~ 39. "Nursing-supported group home" means a health care  
4 institution that is a community residential setting as defined in section  
5 36-551 for not more than six persons with developmental disabilities, that  
6 is operated by a service provider under contract with the department of  
7 economic security and that provides room and board, daily habilitation and  
8 continuous nursing support and intervention.

9 ~~39.~~ 40. "Organized medical staff" means a formal organization of  
10 physicians, and dentists if appropriate, with the delegated authority and  
11 responsibility to maintain proper standards of medical care and to plan  
12 for continued betterment of that care.

13 ~~40.~~ 41. "Outdoor behavioral health care program" means an agency  
14 that provides behavioral health services in an outdoor environment as an  
15 alternative to behavioral health services that are provided in a health  
16 care institution with facilities. Outdoor behavioral health care programs  
17 do not include:

18 (a) Programs, facilities or activities that are operated by a  
19 government entity or that are licensed by the department as a child care  
20 program pursuant to chapter 7.1 of this title.

21 (b) Outdoor activities for youth that are designated to be  
22 primarily recreational and that are organized by church groups, scouting  
23 organizations or similar groups.

24 (c) Outdoor youth programs that are licensed by the department of  
25 economic security.

26 ~~41.~~ 42. "Personal care services" means assistance with activities  
27 of daily living that can be performed by persons without professional  
28 skills or professional training and includes the coordination or provision  
29 of intermittent nursing services and the administration of medications and  
30 treatments by a nurse who is licensed pursuant to title 32, chapter 15 or  
31 as otherwise provided by law.

32 ~~42.~~ 43. "Physician" means any person who is licensed pursuant to  
33 title 32, chapter 13 or 17.

34 ~~43.~~ 44. "Recidivism reduction services" means services that are  
35 delivered by an adult residential care institution to its residents to  
36 encourage lawful behavior and to discourage or prevent residents who are  
37 suspected of, charged with or convicted of one or more criminal offenses,  
38 or whose mental health and substance use can be reasonably expected to  
39 place them at risk for the future threat of prosecution, diversion or  
40 incarceration, from engaging in future unlawful behavior.

41 ~~44.~~ 45. "Recidivism reduction staff" means a person who provides  
42 recidivism reduction services.

43 ~~45.~~ 46. "Residential care institution" means a health care  
44 institution other than a hospital or a nursing care institution that  
45 provides resident beds or residential units, supervisory care services,

1 personal care services, behavioral health services, directed care services  
2 or health-related services for persons who do not need continuous nursing  
3 services.

4 ~~46.~~ 47. "Residential unit" means a private apartment, unless  
5 otherwise requested by a resident, that includes a living and sleeping  
6 space, kitchen area, private bathroom and storage area.

7 ~~47.~~ 48. "Respite care services" means services that are provided  
8 by a licensed health care institution to persons who are otherwise cared  
9 for in foster homes and in private homes to provide an interval of rest or  
10 relief of not more than thirty days to operators of foster homes or to  
11 family members.

12 49. "STRUCTURED SUPPORT SERVICES" INCLUDES SERVICES THAT ARE  
13 AVAILABLE FOR UP TO TWENTY-FOUR-HOURS PER DAY AND CASE MANAGEMENT, CRISIS  
14 INTERVENTION, SOCIAL SKILLS TRAINING AND BUDGETING ASSISTANCE.

15 ~~48.~~ 50. "Substantial compliance" means that the nature or number  
16 of violations revealed by any type of inspection or investigation of a  
17 health care institution does not pose a direct risk to the life, health or  
18 safety of patients or residents.

19 ~~49.~~ 51. "Supervision" means directly overseeing and inspecting the  
20 act of accomplishing a function or activity.

21 ~~50.~~ 52. "Supervisory care services" means general supervision,  
22 including daily awareness of resident functioning and continuing needs,  
23 the ability to intervene in a crisis and assistance in self-administering  
24 prescribed medications.

25 ~~51.~~ 53. "Temporary license" means a license that is issued by the  
26 department to operate a class or subclass of a health care institution at  
27 a specific location and that is valid until an initial licensing  
28 inspection.

29 ~~52.~~ 54. "Unscheduled medical services" means medically necessary  
30 periodic health care services that are unanticipated or cannot reasonably  
31 be anticipated and that require medical evaluation or treatment before the  
32 next business day.

33 B. If there are fewer than four Arizona long-term care system  
34 participants receiving adult foster care in an adult foster care home,  
35 nonparticipating adults may receive other types of services that are  
36 authorized by law to be provided in the adult foster care home as long as  
37 the number of adults served, including the Arizona long-term care system  
38 participants, does not exceed four.

39 C. Nursing care services may be provided by the adult foster care  
40 licensee if the licensee is a nurse who is licensed pursuant to title 32,  
41 chapter 15 and the services are limited to those allowed pursuant to law.  
42 The licensee shall keep a record of nursing services rendered.



1           Sec. 4. Title 36, chapter 29, Arizona Revised Statutes, is amended  
2 by adding article 3.1, to read:

3                           ARTICLE 3.1. SERIOUSLY MENTALLY ILL  
4                           ENHANCED RESIDENTIAL TREATMENT PILOT PROGRAM

5           36-2979. Definitions

6           IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

7           1. "ADMINISTRATION" MEANS THE ARIZONA HEALTH CARE COST CONTAINMENT  
8 SYSTEM ADMINISTRATION.

9           2. "APPLICANT" MEANS A PERSON WHO APPLIES FOR ENROLLMENT IN THE  
10 PILOT PROGRAM.

11           3. "BEHAVIORAL HEALTH SERVICES" HAS THE SAME MEANING PRESCRIBED IN  
12 SECTION 36-401.

13           4. "CONTRACTOR" MEANS AN ENTITY THAT HAS ENTERED INTO AN AGREEMENT  
14 WITH THE ADMINISTRATION TO PROVIDE ACUTE CARE AND BEHAVIORAL HEALTH  
15 SERVICES TO SERIOUSLY MENTALLY ILL INDIVIDUALS PURSUANT TO ARTICLE 1 OF  
16 THIS CHAPTER AND CHAPTER 34, ARTICLE 1 OF THIS TITLE.

17           5. "ELIGIBLE INDIVIDUAL" MEANS A PERSON WHO MEETS THE ELIGIBILITY  
18 CRITERIA PRESCRIBED IN SECTION 36-2979.02.

19           6. "ENHANCED RESIDENTIAL TREATMENT FACILITY" HAS THE SAME MEANING  
20 PRESCRIBED IN SECTION 36-401.

21           7. "ENHANCED RESIDENTIAL TREATMENT SERVICES" MEANS SERVICES  
22 AUTHORIZED UNDER FEDERAL MEDICAID AUTHORITY PURSUANT TO SECTION 36-2979.09  
23 THAT SUPPORT INDIVIDUALS IN AN ENHANCED RESIDENTIAL TREATMENT FACILITY AND  
24 THAT INCLUDE CONTINUOUS SUPERVISION, STRUCTURED SUPPORT SERVICES,  
25 MEDICATION ADMINISTRATION AND MONITORING, TREATMENT PLANNING AND  
26 COORDINATION AND PERSONAL CARE SERVICES NECESSARY FOR HEALTH AND SAFETY.

27           8. "MEMBER" MEANS AN ELIGIBLE INDIVIDUAL WHO IS ENROLLED IN THE  
28 PILOT PROGRAM.

29           9. "PILOT PROGRAM" MEANS THE SERIOUSLY MENTALLY ILL ENHANCED  
30 RESIDENTIAL TREATMENT PILOT PROGRAM ESTABLISHED BY SECTION 36-2979.01.

31           10. "SERIOUSLY MENTALLY ILL" OR "SMI" HAS THE SAME MEANING  
32 PRESCRIBED IN SECTION 36-550.

33           11. "SMI ENHANCED LEVEL OF CARE" MEANS THE FUNCTIONAL AND  
34 BEHAVIORAL LEVEL OF CARE CRITERIA ADOPTED BY THE ADMINISTRATION PURSUANT  
35 TO SECTION 36-2979.02.

36           12. "STRUCTURED SUPPORT SERVICES" HAS THE SAME MEANING PRESCRIBED  
37 IN SECTION 36-401.

38           36-2979.01. Seriously mentally ill enhanced residential  
39                           treatment pilot program; stakeholder work  
40                           group; semiannual implementation updates;  
41                           enrollment cap; federal approval

42           A. SUBJECT TO THE APPROVAL OF THE CENTERS FOR MEDICARE AND MEDICAID  
43 SERVICES, AVAILABLE APPROPRIATIONS AND THE ENROLLMENT CAP PRESCRIBED IN  
44 SUBSECTION F OF THIS SECTION, THE SERIOUSLY MENTALLY ILL ENHANCED  
45 RESIDENTIAL TREATMENT PILOT PROGRAM IS ESTABLISHED FOR THREE YEARS FROM

1 THE DATE THAT THE CENTERS FOR MEDICARE AND MEDICAID SERVICES APPROVE THE  
2 PILOT PROGRAM CONSISTENT WITH THIS ARTICLE. THE PILOT PROGRAM OPERATES  
3 THROUGH AND IS ADMINISTERED BY CONTRACTORS PURSUANT TO THEIR AGREEMENTS  
4 WITH THE ADMINISTRATION UNDER CHAPTER 34, ARTICLE 1 OF THIS TITLE. THE  
5 ADMINISTRATION SHALL SEEK ANY NECESSARY FEDERAL AUTHORITY TO IMPLEMENT THE  
6 PILOT PROGRAM, INCLUDING AUTHORITY UNDER 42 UNITED STATES CODE SECTION  
7 1315 OR OTHER APPLICABLE FEDERAL AUTHORITY, AND SHALL REQUEST APPROVAL NOT  
8 LATER THAN JULY 1, 2027. THE ADMINISTRATION SHALL BEGIN ENROLLING  
9 ELIGIBLE INDIVIDUALS NOT LATER THAN ONE YEAR AFTER RECEIVING FEDERAL  
10 APPROVAL, SUBJECT TO THE AVAILABLE APPROPRIATIONS.

11 B. THE ADMINISTRATION SHALL INCORPORATE THE REQUIREMENTS OF THIS  
12 ARTICLE INTO CONTRACTOR AGREEMENTS EXECUTED PURSUANT TO SECTIONS 36-3410  
13 AND 36-3412 AND SHALL REQUIRE CONTRACTORS TO FULFILL THE OBLIGATIONS OF  
14 THIS ARTICLE AS PART OF THEIR CONTRACTUAL DUTIES.

15 C. THROUGH THE SUBMISSION OF THE FIRST ANNUAL REPORT REQUIRED BY  
16 SECTION 36-2979.08, THE ADMINISTRATION SHALL CONVENE A STAKEHOLDER WORK  
17 GROUP THAT INCLUDES INDIVIDUALS WHO ARE SERIOUSLY MENTALLY ILL AND  
18 BEHAVIORAL HEALTH PROVIDERS, FAMILY MEMBERS, CAREGIVERS AND GUARDIANS OF  
19 INDIVIDUALS WHO ARE SERIOUSLY MENTALLY ILL, COUNTIES, TRIBAL NATIONS AND  
20 COMMUNITY ORGANIZATIONS TO ADVISE ON PILOT PROGRAM DESIGN AND  
21 IMPLEMENTATION. STAKEHOLDER INPUT SHALL SPECIFICALLY ADDRESS THE NEEDS OF  
22 INDIVIDUALS WHO REQUIRE COMPLEX MEDICATION MANAGEMENT, ENHANCED MONITORING  
23 AND STRUCTURED SUPPORT SERVICES TO PROMOTE MEDICATION CONTINUITY AND  
24 SAFETY.

25 D. UNTIL THE PILOT PROGRAM IS IMPLEMENTED, THE ADMINISTRATION SHALL  
26 PROVIDE SEMIANNUAL IMPLEMENTATION UPDATES TO THE PRESIDENT OF THE SENATE,  
27 THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE CHAIRPERSONS OF THE  
28 SENATE AND HOUSE OF REPRESENTATIVES HEALTH AND HUMAN SERVICES COMMITTEES,  
29 OR THEIR SUCCESSOR COMMITTEES.

30 E. THE ADMINISTRATION MAY IMPLEMENT THIS ARTICLE THROUGH POLICY,  
31 CONTRACT REQUIREMENTS AND OTHER ADMINISTRATIVE MECHANISMS AUTHORIZED UNDER  
32 SECTIONS 36-2903, 36-2904 AND 36-3412.

33 F. SUBJECT TO THE APPROVAL OF THE CENTERS FOR MEDICARE AND MEDICAID  
34 SERVICES AND TO AVAILABLE APPROPRIATIONS, THE ADMINISTRATION SHALL  
35 IMPLEMENT THE PILOT PROGRAM FOR UP TO SIXTY MEMBERS STATEWIDE. THE  
36 ADMINISTRATION MAY INCREASE THE ENROLLMENT CAP ABOVE SIXTY MEMBERS DURING  
37 THE PILOT PROGRAM IF THE ADMINISTRATION DEMONSTRATES, THROUGH DATA  
38 REPORTED PURSUANT TO SECTION 36-2979.08, REDUCED UTILIZATION OF HIGH-COST  
39 SERVICES OR COST AVOIDANCE IN STATE-FUNDED SYSTEMS THAT DEMONSTRATES THAT  
40 THE PILOT PROGRAM APPROPRIATION COULD SUSTAIN MEMBERS BEYOND THE  
41 ENROLLMENT CAP, SUBJECT TO AVAILABLE APPROPRIATIONS AND REVIEW BY THE  
42 JOINT LEGISLATIVE BUDGET COMMITTEE.

43 G. A COURT MAY RECOMMEND PARTICIPATION IN THE PILOT PROGRAM BUT MAY  
44 NOT COMPEL THE ADMINISTRATION TO EXCEED THE ENROLLMENT CAP SPECIFIED IN  
45 SUBSECTION F OF THIS SECTION.



1 5. IMPAIRED JUDGMENT, DISORGANIZATION OR INABILITY TO PERFORM  
2 ACTIVITIES OF DAILY LIVING DUE TO PSYCHIATRIC SYMPTOMS.

3 6. DOCUMENTED SAFETY RISKS, INCLUDING ELOPEMENT, AGGRESSION,  
4 DELUSIONAL BEHAVIOR, FIRE OR WATER MISUSE OR EXPLOITATION RISK.

5 7. HOMELESSNESS OR IMMINENT RISK OF HOMELESSNESS.

6 8. HIGH-INTENSITY OR COMPLEX PSYCHOTROPIC MEDICATION REGIMENS  
7 REQUIRING ENHANCED MONITORING TO ENSURE ADHERENCE AND TO IDENTIFY  
8 POTENTIAL ADVERSE EFFECTS.

9 9. CLINICAL NEEDS THAT NECESSITATE STRUCTURED SUPPORT SERVICES TO  
10 MAINTAIN CONTINUITY OF MEDICATION THERAPY, SUCH AS THOSE AT ELEVATED RISK  
11 OF RELAPSE, DECOMPENSATION OR HOSPITALIZATION RELATED TO MEDICATION  
12 NONADHERENCE.

13 F. THE ADMINISTRATION MAY MODIFY THE ELIGIBILITY PROCESSES THROUGH  
14 POLICY, CONSISTENT WITH THIS ARTICLE, SUBJECT TO ANY NECESSARY APPROVAL BY  
15 THE CENTERS FOR MEDICARE AND MEDICAID SERVICES AND AVAILABLE  
16 APPROPRIATIONS.

17 36-2979.03. Enrollment in pilot program; application;  
18 delegation of clinical eligibility; waitlist  
19 management

20 A. AN INDIVIDUAL WHO SEEKS TO ENROLL IN THE PILOT PROGRAM SHALL  
21 APPLY THROUGH THE INDIVIDUAL'S CONTRACTOR. AFTER DETERMINING THE  
22 INDIVIDUAL MEETS THE SMI ENHANCED LEVEL OF CARE CRITERIA, THE CONTRACTOR  
23 SHALL FORWARD THE APPLICATION TO THE ADMINISTRATION FOR FINANCIAL  
24 ELIGIBILITY DETERMINATION PURSUANT TO SECTION 36-2979.02, SUBSECTION B.  
25 IF THE INDIVIDUAL IS NOT YET ENROLLED WITH A CONTRACTOR, THE INDIVIDUAL  
26 MAY APPLY THROUGH THE ADMINISTRATION.

27 B. SUBJECT TO THE APPROVAL OF THE CENTERS FOR MEDICARE AND MEDICAID  
28 SERVICES, AVAILABLE APPROPRIATIONS AND THE ENROLLMENT CAP PRESCRIBED IN  
29 SECTION 36-2979.01, SUBSECTION F, THE ADMINISTRATION MAY DELEGATE TO  
30 CONTRACTORS THE AUTHORITY TO DETERMINE WHETHER AN APPLICANT MEETS THE SMI  
31 ENHANCED LEVEL OF CARE CRITERIA ADOPTED BY THE ADMINISTRATION PURSUANT TO  
32 SECTION 36-2979.02, SUBSECTION E AND TO MANAGE PILOT PROGRAM WAITLISTS,  
33 ENROLLMENT DECISIONS AND CAPACITY PRIORITIZATION FOR INDIVIDUALS WHO HAVE  
34 BEEN DETERMINED FINANCIALLY ELIGIBLE BY THE ADMINISTRATION.

35 C. THE ADMINISTRATION OR A CONTRACTOR EXERCISING DELEGATED  
36 AUTHORITY UNDER THIS SECTION SHALL:

37 1. APPLY THE ELIGIBILITY CRITERIA ADOPTED BY THE ADMINISTRATION  
38 PURSUANT TO SECTION 36-2979.02.

39 2. IMPLEMENT AND MAINTAIN ONE OR MORE WAITLISTS, THE TOTAL OF WHICH  
40 MAY NOT EXCEED ONE HUNDRED APPLICANTS, FOR APPLICANTS FOR WHOM ELIGIBILITY  
41 HAS BEEN DETERMINED.

42 3. IF THE WAITLIST REACHES ONE HUNDRED APPLICANTS, IMPLEMENT AN  
43 INTEREST LIST FOR ADDITIONAL APPLICANTS AND EMPLOY PHASED ENROLLMENT OR  
44 OTHER UTILIZATION CONTROLS AS NECESSARY TO ENSURE THAT THE ENROLLMENT CAP  
45 PRESCRIBED IN SECTION 36-2979.01, SUBSECTION F IS NOT EXCEEDED.

1           4. ASSIGN AVAILABLE PILOT PROGRAM CAPACITY BY APPLYING THE PRIORITY  
2 FACTORS PRESCRIBED IN SUBSECTION D OF THIS SECTION.

3           5. REPORT ENROLLMENT DATA TO THE ADMINISTRATION IN THE FORM AND  
4 FREQUENCY REQUIRED BY THE ADMINISTRATION BY POLICY.

5           D. IF THE NUMBER OF FINANCIALLY AND CLINICALLY ELIGIBLE INDIVIDUALS  
6 EXCEEDS AVAILABLE PILOT PROGRAM CAPACITY, THE CONTRACTOR SHALL ASSIGN  
7 AVAILABLE SLOTS BASED ON THE HIGHEST CLINICAL ACUITY AND FUNCTIONAL  
8 IMPAIRMENT DEFINED BY A METHODOLOGY THAT TAKES INTO ACCOUNT THE FOLLOWING  
9 PRIORITY FACTORS:

10           1. INDIVIDUALS UNDER COURT-ORDERED TREATMENT.

11           2. INDIVIDUALS WITH LEGAL GUARDIANSHIP DUE TO PSYCHIATRIC  
12 INCAPACITY.

13           3. INDIVIDUALS RECENTLY DISCHARGED FROM JAIL OR PRISON, THE STATE  
14 HOSPITAL OR A BEHAVIORAL HEALTH RESIDENTIAL FACILITY.

15           4. INDIVIDUALS WHO ARE HOMELESS OR AT IMMINENT RISK OF  
16 HOMELESSNESS.

17           5. INDIVIDUALS WITH REPEATED CRISIS EPISODES, PSYCHIATRIC  
18 HOSPITALIZATIONS OR PUBLIC SAFETY INVOLVEMENT.

19           6. INDIVIDUALS PRESENTING SIGNIFICANT SAFETY RISKS DUE TO  
20 PSYCHIATRIC SYMPTOMS.

21           7. INDIVIDUALS WITH HIGH-INTENSITY OR COMPLEX PSYCHOTROPIC  
22 MEDICATION REGIMENS REQUIRING ENHANCED MONITORING TO ENSURE ADHERENCE AND  
23 TO IDENTIFY POTENTIAL ADVERSE EFFECTS.

24           E. THE ADMINISTRATION SHALL RETAIN AUTHORITY TO REVIEW AND REVERSE  
25 CONTRACTOR CLINICAL ELIGIBILITY AND ENROLLMENT DETERMINATIONS AND TO AUDIT  
26 CONTRACTOR COMPLIANCE WITH ELIGIBILITY AND ENROLLMENT REQUIREMENTS.

27           F. THE ADMINISTRATION MAY RESERVE A PORTION OF AVAILABLE ENROLLMENT  
28 CAPACITY FOR EMERGENCY OR PRIORITY PLACEMENTS.

29           36-2979.04. Covered services

30           A. SUBJECT TO THE APPROVAL OF THE CENTERS FOR MEDICARE AND MEDICAID  
31 SERVICES, AVAILABLE APPROPRIATIONS AND THE ENROLLMENT CAP PRESCRIBED IN  
32 SECTION 36-2979.01, SUBSECTION F, EACH CONTRACTOR SHALL PROVIDE ENROLLED  
33 MEMBERS WITH THE FOLLOWING SERVICES:

34           1. ALL SERVICES THAT THE CONTRACTOR IS REQUIRED TO PROVIDE TO  
35 SERIOUSLY MENTALLY ILL INDIVIDUALS UNDER THE CONTRACTOR'S AGREEMENT WITH  
36 THE ADMINISTRATION PURSUANT TO SECTIONS 36-3407 AND 36-3410, INCLUDING  
37 BEHAVIORAL HEALTH SERVICES, PHYSICAL HEALTH SERVICES, CRISIS SERVICES,  
38 CASE MANAGEMENT AND PEER SUPPORT SERVICES.

39           2. ENHANCED RESIDENTIAL TREATMENT SERVICES.

40           B. THE CONTRACTOR SHALL CONDUCT, AT MINIMUM, AN ANNUAL REVIEW OF  
41 THE ONGOING MEDICAL NECESSITY OF SERVICES FOR EACH MEMBER AND SHALL ENGAGE  
42 WITH THE MEMBER TO PLAN FOR TRANSITION TO A LESS RESTRICTIVE SETTING WHEN  
43 CLINICALLY APPROPRIATE.

1 C. THE ADMINISTRATION MAY ADD, MODIFY OR COMBINE SERVICES  
2 CONSISTENT WITH FEDERAL APPROVAL AND LEGISLATIVE INTENT, SUBJECT TO THE  
3 APPROVAL OF MONIES.

4 36-2979.05. Service plan; assessment

5 A. THE CONTRACTOR SHALL DEVELOP AND MAINTAIN A WRITTEN SERVICE PLAN  
6 FOR EACH MEMBER. THE SERVICE PLAN MUST:

7 1. BE BASED ON A COMPREHENSIVE ASSESSMENT OF THE MEMBER'S  
8 BEHAVIORAL HEALTH, FUNCTIONAL AND SAFETY NEEDS.

9 2. IDENTIFY THE SPECIFIC SERVICES AND SUPPORT TO BE PROVIDED AND  
10 THE SETTINGS IN WHICH THE SERVICES AND SUPPORT WILL BE PROVIDED.

11 3. INCLUDE GOALS FOR RECOVERY, STABILITY AND, IF APPROPRIATE,  
12 TRANSITION TO LESS RESTRICTIVE SETTINGS.

13 4. BE UPDATED AT LEAST ANNUALLY OR MORE FREQUENTLY IF THE MEMBER'S  
14 NEEDS CHANGE.

15 B. THE MEMBER AND, IF APPLICABLE, THE MEMBER'S GUARDIAN OR  
16 AUTHORIZED REPRESENTATIVE SHALL PARTICIPATE IN THE DEVELOPMENT AND  
17 REVISION OF THE SERVICE PLAN.

18 36-2979.06. Enhanced residential treatment services; provider  
19 requirements; transition and discharge planning  
20 protocols; reimbursement

21 A. PROVIDERS OF ENHANCED RESIDENTIAL TREATMENT SERVICES SHALL  
22 DOCUMENT BEHAVIORAL INTERVENTIONS, CRISIS SUPPORT AND STAFFING ADJUSTMENTS  
23 BEFORE INITIATING THE DISCHARGE OF ANY MEMBER.

24 B. A PROVIDER OF ENHANCED RESIDENTIAL TREATMENT SERVICES SHALL  
25 IMPLEMENT TRANSITION AND DISCHARGE PLANNING PROTOCOLS AND SHALL OBTAIN  
26 APPROVAL FROM THE CONTRACTOR BEFORE ISSUING TO A MEMBER A NONEMERGENCY  
27 NOTICE TO VACATE.

28 C. THE ADMINISTRATION MAY ADOPT ENHANCED REIMBURSEMENT RATES FOR  
29 ENHANCED RESIDENTIAL TREATMENT SERVICES PROVIDED TO MEMBERS UNDER THIS  
30 ARTICLE. THE ADMINISTRATION SHALL INCORPORATE REIMBURSEMENT RATES AND  
31 METHODOLOGIES INTO CONTRACTOR AGREEMENTS PURSUANT TO SECTION 36-3412.

32 D. THIS SECTION DOES NOT:

33 1. LIMIT THE ADMINISTRATION'S AUTHORITY TO ENSURE THE HEALTH AND  
34 SAFETY OF MEMBERS.

35 2. REQUIRE A PROVIDER TO CONTINUE SERVICES WHEN IMMEDIATE AND  
36 DOCUMENTED RISKS TO HEALTH OR SAFETY CANNOT BE MITIGATED THROUGH  
37 REASONABLE CLINICAL INTERVENTIONS.

38 3. REQUIRE A CONTRACTOR TO CONTINUE PAYING FOR SERVICES THAT ARE  
39 NOT MEDICALLY NECESSARY.

40 36-2979.07. Grievance and appeal process

41 A. A MEMBER OR APPLICANT AGGRIEVED BY AN ACTION OF THE  
42 ADMINISTRATION OR A CONTRACTOR RELATING TO ELIGIBILITY, ENROLLMENT OR  
43 SERVICES UNDER THIS ARTICLE HAS THE RIGHT TO FILE A GRIEVANCE OR APPEAL  
44 PURSUANT TO SECTION 36-3413 AND, IF APPLICABLE, TO A HEARING PURSUANT TO  
45 RULES ADOPTED PURSUANT TO SECTION 36-2903.01, SUBSECTION B.

1 B. THE CONTRACTOR'S GRIEVANCE AND APPEAL PROCESS REQUIRED UNDER  
2 SECTION 36-3413 APPLIES TO MATTERS ARISING UNDER THIS ARTICLE, INCLUDING  
3 DENIALS, REDUCTIONS OR TERMINATIONS OF ENHANCED RESIDENTIAL TREATMENT  
4 SERVICES AND CONTRACTOR CLINICAL ELIGIBILITY DETERMINATIONS.

5 C. APPEALS OF FINANCIAL ELIGIBILITY DETERMINATIONS MADE BY THE  
6 ADMINISTRATION PURSUANT TO SECTION 36-2979.02, SUBSECTION B SHALL BE HEARD  
7 PURSUANT TO RULES ADOPTED PURSUANT TO SECTION 36-2903.01, SUBSECTION B.

8 36-2979.08. Annual report

9 BEGINNING ONE YEAR AFTER PILOT PROGRAM IMPLEMENTATION AND EACH YEAR  
10 THEREAFTER FOR THE DURATION OF THE PILOT PROGRAM, THE ADMINISTRATION SHALL  
11 SUBMIT A REPORT TO THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE  
12 SPEAKER OF THE HOUSE OF REPRESENTATIVES THAT INCLUDES:

13 1. THE NUMBER OF MEMBERS AND THE NUMBER OF INDIVIDUALS WHO ARE ON  
14 THE WAITLIST AND THE NUMBER OF INDIVIDUALS WHO ARE ON THE INTEREST LIST  
15 FOR SERVICES AND WHO HAVE NOT YET BEEN ENROLLED, IF APPLICABLE.

16 2. THE PERCENTAGE OF MEMBERS WHO ARE UNDER COURT-ORDERED TREATMENT,  
17 GUARDIANSHIP OR CRIMINAL JUSTICE SUPERVISION.

18 3. HOUSING STABILITY OUTCOMES FOR MEMBERS.

19 4. HOSPITALIZATION, CRISIS SERVICE, JAIL, EMERGENCY DEPARTMENT,  
20 EVALUATION AGENCY AND SCREENING AGENCY UTILIZATION OF MEMBERS.

21 5. PROVIDER DENIALS AND DISCHARGES AND THE REASONS FOR THE DENIALS  
22 AND DISCHARGES OF MEMBERS.

23 6. THE FISCAL IMPACT OF AND ESTIMATED COST AVOIDANCE RELATED TO THE  
24 PILOT PROGRAM.

25 7. THE NUMBER OF MEMBERS WHO ARE SERVED IN ENHANCED RESIDENTIAL  
26 TREATMENT FACILITIES.

27 36-2979.09. Authority to seek and maintain federal approval

28 A. THE ADMINISTRATION SHALL SEEK AND MAINTAIN ANY NECESSARY FEDERAL  
29 APPROVALS AND MAY OPERATE THE PILOT PROGRAM PURSUANT TO ONE OR MORE  
30 APPROVED MEDICAID STATE PLAN AUTHORITIES, WAIVERS OR DEMONSTRATION  
31 AUTHORITIES, INCLUDING THOSE AUTHORIZED UNDER 42 UNITED STATES CODE  
32 SECTION 1315 OR OTHER APPLICABLE FEDERAL AUTHORITY.

33 B. IF THE CENTERS FOR MEDICARE AND MEDICAID SERVICES DENIES OR DOES  
34 NOT APPROVE A REQUEST NECESSARY TO IMPLEMENT THIS ARTICLE, THE  
35 ADMINISTRATION, TO THE EXTENT ALLOWED BY FEDERAL LAW, SHALL CONTINUE TO  
36 PURSUE APPROVAL THROUGH MODIFICATIONS, RESUBMISSIONS OR ALTERNATIVE  
37 FEDERAL AUTHORITY AND SHALL REPORT THE STATUS OF THESE EFFORTS IN THE  
38 SEMIANNUAL IMPLEMENTATION UPDATES REQUIRED PURSUANT TO SECTION 36-2979.01.  
39 THE ADMINISTRATION SHALL OBTAIN LEGISLATIVE APPROVAL FOR MODIFICATIONS OR  
40 RESUBMISSIONS THAT ARE INCONSISTENT WITH THIS ARTICLE.

41 C. ON FEDERAL APPROVAL AND SUBJECT TO AVAILABLE APPROPRIATIONS, THE  
42 ADMINISTRATION MAY IMPLEMENT THIS ARTICLE THROUGH POLICY AND CONTRACT  
43 REQUIREMENTS PURSUANT TO SECTIONS 36-2903, 36-2904 AND 36-3412.

44 D. THIS ARTICLE DOES NOT EXPAND OR MODIFY STANDARDS FOR INVOLUNTARY  
45 TREATMENT UNDER THIS TITLE.

1           36-2979.10. Service plan; assessment

2           A. SERVICES PROVIDED UNDER THIS ARTICLE SHALL SUPPLEMENT BUT NOT  
3 REPLACE ANY OTHER BENEFITS OR SERVICES FOR WHICH A MEMBER IS OTHERWISE  
4 ELIGIBLE.

5           B. THE ADMINISTRATION SHALL COORDINATE BENEFITS WITH OTHER PAYORS,  
6 INCLUDING MEDICARE AND PRIVATE INSURANCE, TO THE EXTENT REQUIRED BY  
7 FEDERAL LAW.

8           C. A MEMBER IN THE PILOT PROGRAM MAY NOT ALSO BE ENROLLED IN THE  
9 ARIZONA LONG-TERM CARE SYSTEM PURSUANT TO ARTICLE 2 OF THIS CHAPTER.

10          Sec. 5. Delayed repeal; condition; notice

11          A. The seriously mentally ill enhanced residential treatment pilot  
12 program established by title 36, chapter 29, article 3.1, Arizona Revised  
13 Statutes, as added by this act, is repealed three years after the date  
14 that the centers for medicare and medicaid services approve the pilot  
15 program.

16          B. The Arizona health care cost containment system administration  
17 shall notify the director of the Arizona legislative council in writing of  
18 this date.

APPROVED BY THE GOVERNOR JUNE 22, 2026.

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