

REFERENCE TITLE: developmental disabilities; appropriations; waivers.

State of Arizona
Senate
Fifty-seventh Legislature
First Regular Session
2025

SB 1734

Introduced by
Senator Kavanagh (with permission of Committee on Rules)

AN ACT

AMENDING SECTION 36-2901.06, ARIZONA REVISED STATUTES; AMENDING TITLE 36, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 33; AMENDING SECTION 41-723, ARIZONA REVISED STATUTES; APPROPRIATING MONIES; RELATING TO DEVELOPMENTAL DISABILITIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 36-2901.06, Arizona Revised Statutes, is amended to read:

36-2901.06. Capitation rate adjustments; limit

A. Capitation rate adjustments shall be limited to utilization of existing services and inflation unless policy changes, including creation or expansion of programs, have been approved by the legislature or are specifically required by federal law or court mandate.

B. CAPITATION RATE ADJUSTMENTS FOR THE SUCCEEDING FISCAL YEAR FOR THE DEPARTMENT, FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND THE SYSTEM SHALL BE AS SPECIFIED IN THE GENERAL APPROPRIATIONS ACT.

Sec. 2. Title 36, Arizona Revised Statutes, is amended by adding chapter 33, to read:

CHAPTER 33

WAIVERS

ARTICLE 1. REQUIREMENTS

36-3301. Definitions

IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

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

2. "DEPARTMENT" MEANS THE DEPARTMENT OF ECONOMIC SECURITY.

36-3302. Waiver requests; legislative approval required

THE ADMINISTRATION MAY NOT SUBMIT TO THE CENTERS FOR MEDICARE AND MEDICAID SERVICES, OR THE SUCCESSOR AGENCY, A NEW REQUEST, A RENEWAL REQUEST OR A TERMINATION REQUEST FOR ANY WAIVER OR WAIVER AMENDMENT WITHOUT FIRST OBTAINING LEGISLATIVE APPROVAL IN THE FORM OF A STATUTE AUTHORIZING THE PROPOSED WAIVER OR WAIVER AMENDMENT.

ARTICLE 2. WAIVERS

36-3311. Parents as paid caregivers program; waiver amendment; implementation

BEGINNING FROM AND AFTER JUNE 30, 2025, PURSUANT TO THE PARENTS AS PAID CAREGIVERS PROGRAM AMENDMENT APPROVAL BY THE CENTERS FOR MEDICARE AND MEDICAID SERVICES TO THIS STATE'S SECTION 1115(a) DEMONSTRATION WAIVER DATED FEBRUARY 16, 2024, THE ADMINISTRATION AND THE DEPARTMENT SHALL IMPLEMENT THE FORTY HOURS OF CARE SERVICES PER WEEK PER CHILD LIMIT.

36-3312. Parents as paid caregivers program; waiver amendment request

ON OR BEFORE OCTOBER 1, 2025, THE ADMINISTRATION SHALL SUBMIT A WAIVER AMENDMENT REQUEST TO THE CENTERS FOR MEDICARE AND MEDICAID SERVICES TO REDUCE THE PARENTS AS PAID CAREGIVERS PROGRAM CARE SERVICES PER WEEK PER CHILD LIMIT TO TWENTY HOURS. THE WAIVER AMENDMENT DOES NOT LIMIT THE TOTAL DIRECT CARE SERVICES HOURS AVAILABLE TO AN ELIGIBLE MEMBER.

1 Sec. 3. Section 41-723, Arizona Revised Statutes, is amended to
2 read:

3 41-723. Governor's office of strategic planning and
4 budgeting; duties

5 The director of the governor's office of strategic planning and
6 budgeting shall:

7 1. Confer with officials of federal agencies concerning
8 grants-in-aid generally, and particularly in regard to federal-aid
9 programs in progress in this state.

10 2. ON OR BEFORE SEPTEMBER 1 OF EACH YEAR OR WITH THE SUBMISSION OF
11 BUDGET ESTIMATES AS PROVIDED IN SECTION 35-113, report to the ~~legislature~~
12 ~~at each regular session~~ STAFF OF THE JOINT LEGISLATIVE BUDGET COMMITTEE
13 findings and recommendations in the following areas:

14 ~~(a) The total amount of federal grants-in-aid received by agencies~~
15 ~~of this state during the preceding fiscal year.~~

16 ~~(b) The total amount of federal grants-in-aid available to agencies~~
17 ~~of this state during the preceding fiscal year, giving reasons for any~~
18 ~~difference between the amount of monies available to and the amount of~~
19 ~~monies accepted by agencies of this state in all federal grant-in-aid~~
20 ~~programs.~~

21 ~~(c) The adequacy of grant-in-aid programs in progress in this~~
22 ~~state.~~

23 (a) EXCEPT FOR A UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA
24 BOARD OF REGENTS, A REPORT ON THE USE OF FEDERAL MONIES BY ANY STATE
25 AGENCY THAT RECEIVES FEDERAL MONIES, THAT ANTICIPATES RECEIPT OF FEDERAL
26 MONIES OR THAT ADMINISTERS A PROGRAM SUPPORTED BY FEDERAL MONIES. A
27 UNIVERSITY SHALL SUBMIT AN AUDITED SCHEDULE OF FEDERAL AWARD SPENDING FOR
28 THE PRECEDING FISCAL YEAR TO THE STAFF OF THE JOINT LEGISLATIVE BUDGET
29 COMMITTEE. THE REPORTS THAT ALL STATE AGENCIES, EXCEPT UNIVERSITIES, ARE
30 REQUIRED TO SUBMIT MUST:

31 (i) DELINEATE THE FEDERAL MONIES RECEIVED FOR THE PRECEDING FISCAL
32 YEAR.

33 (ii) DELINEATE THE FEDERAL MONIES TO BE USED BY THE STATE AGENCY
34 FOR THE CURRENT AND UPCOMING FISCAL YEAR, INCLUDING ANY PROGRAMS SUPPORTED
35 BY FEDERAL MONIES IN WHICH THE LOSS OF FEDERAL MONIES MAY IMPACT THE
36 CONTINUITY OR DELIVERY OF SERVICES.

37 (iii) IDENTIFY THE DATE, IF KNOWN, ON WHICH FEDERAL MONIES ARE SET
38 TO EXPIRE.

39 (iv) IDENTIFY ANY OBLIGATIONS, AGREEMENTS, JOINT EXERCISE OF POWERS
40 AGREEMENTS, MAINTENANCE OF EFFORTS AGREEMENTS OR MEMORANDA OF
41 UNDERSTANDING THAT MAY BE IMPACTED BY FEDERAL OR STATE DECISIONS REGARDING
42 FEDERAL RECEIPTS, INCLUDING ANY STATE MATCHING REQUIREMENTS.

43 (v) CALCULATE THE PERCENTAGE OF FEDERAL MONIES FROM THE TOTAL
44 MONIES AVAILABLE FOR THE STATE AGENCY FOR THE FISCAL YEAR.

(b) IF ANY STATE AGENCY RECEIVED NOTICE OF A REDUCTION IN FEDERAL MONIES FROM A SPECIFIC FEDERAL GRANT OF FIFTY PERCENT OR MORE FROM THE PREVIOUS FISCAL YEAR'S FUNDING, IDENTIFY THE PLAN TO EITHER REDUCE OR ELIMINATE THE SERVICES PROVIDED THROUGH THE GRANT OR TO CONTINUE SERVICES WITHOUT ANY INCREASE TO ANY STATE RESOURCES.

~~(d)~~ (c) Federal grant-in-aid programs in which ~~the~~ THIS state does not participate.

~~(e)~~ (d) Legislation necessary for activation of federal programs in which ~~the~~ THIS state does not participate.

~~(f)~~ (e) Legislation necessary for improved operation of federal grant-in-aid programs in progress in ~~the~~ THIS state ~~of Arizona~~.

~~(g)~~ (f) Advisability of accepting new grant-in-aid programs or discontinuing programs already in progress.

3. Have access to the books, accounts, reports and vouchers and all other pertinent records of all state agencies for the purpose of carrying out the provisions of this section.

Sec. 4. Supplemental appropriations; department of economic security; developmental disabilities program

A. In addition to any other appropriations made in fiscal year 2024-2025, the following amounts from the following sources are appropriated in fiscal year 2024-2025 to the department of economic security for developmental disabilities medicaid program expenses:

1. \$10,000,000 from the Arizona competes fund established by section 41-1545.01, Arizona Revised Statutes.

2. \$38,000,000 from the housing trust fund established by section 41-3955, Arizona Revised Statutes.

3. \$61,200,300 from the prescription drug rebate fund established by section 36-2930, Arizona Revised Statutes.

4. \$403,000,000 from developmental disabilities medicaid expenditure authority.

B. In addition to any other appropriations made in fiscal year 2024-2025, the sum of \$13,100,000 is appropriated from the prescription drug rebate fund established by section 36-2930, Arizona Revised Statutes, in fiscal year 2024-2025 to the department of economic security for developmental disabilities cost effectiveness study – client services.

Sec. 5. Emergency

This act is an emergency measure that is necessary to preserve the public peace, health or safety and is operative immediately as provided by law.