

Senate Engrossed

developmental disabilities; appropriations; waivers.

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

SENATE BILL 1734

AN ACT

AMENDING TITLE 36, CHAPTER 29, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 2.1; AMENDING TITLE 36, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 33; AMENDING SECTION 41-723, ARIZONA REVISED STATUTES; APPROPRIATING MONIES; RELATING TO PROGRAMS RECEIVING FEDERAL MONIES.

(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, Arizona Revised Statutes, is
3 amended by adding article 2.1, to read:

4 ARTICLE 2.1. PARENTS AS PAID CAREGIVERS

5 36-2970. 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. "DEPARTMENT" MEANS THE DEPARTMENT OF ECONOMIC SECURITY.

10 3. "PARENT" MEANS A PARENT OF OR THE LEGALLY RESPONSIBLE INDIVIDUAL
11 FOR THE MINOR CHILD.

12 4. "PROGRAM" MEANS THE PARENTS AS PAID CAREGIVERS PROGRAM APPROVED
13 BY THE CENTERS FOR MEDICARE AND MEDICAID SERVICES TO THIS STATE'S SECTION
14 1115(a) DEMONSTRATION WAIVER ON FEBRUARY 16, 2024.

15 36-2970.01. Verification and billing; direct care services;
16 assessment

17 A. THE DEPARTMENT SHALL IMPLEMENT THE FOLLOWING:

18 1. AN ELECTRONIC VISIT VERIFICATION SYSTEM THAT DELINEATES THAT A
19 PARENT OR A NONPARENT PROVIDER IS PROVIDING THE DIRECT CARE SERVICES.

20 2. UNIQUE MODIFIERS FOR DELINEATING BOTH:

21 (a) WHETHER A PARENT OR NONPARENT PROVIDED THE DIRECT CARE
22 SERVICES.

23 (b) ATTENDANT CARE SERVICES AND HABILITATION SERVICES.

24 B. A PARENT MAY NOT BILL FOR ATTENDANT CARE SERVICES PROVIDED WHILE
25 THE MINOR CHILD IS NOT PRESENT, INCLUDING WHILE THE MINOR CHILD IS AT
26 SCHOOL, OR WHEN THE MINOR CHILD IS IN INPATIENT CARE OR RECEIVING CARE IN
27 A CLINICAL SETTING. A PARENT CAREGIVER MAY NOT BILL FOR ATTENDANT CARE
28 SERVICES FOR HOUSEKEEPING, LAUNDRY OR MEAL PREPARATION THAT WOULD
29 ORDINARILY BE PERFORMED BY A PARENT OF A MINOR CHILD WHO DOES NOT HAVE A
30 DISABILITY.

31 C. THE ADMINISTRATION AND THE DEPARTMENT SHALL PROVIDE TO THE STAFF
32 OF THE JOINT LEGISLATIVE BUDGET COMMITTEE AT THE END OF EACH CALENDAR
33 QUARTER A REPORT ON THE UTILIZATION OF ATTENDANT CARE SERVICES AND
34 HABILITATION SERVICES BY PARENT CAREGIVERS UNDER THE PARENTS AS PAID
35 CAREGIVERS PROGRAM. THE REPORT SHALL ALSO INCLUDE ALL OF THE FOLLOWING:

36 1. THE ANNUAL GROWTH IN THE NUMBER OF PARENTS AND MEMBERS ENROLLED
37 IN THE PROGRAM.

38 2. THE NUMBER OF EMERGENCY DEPARTMENT VISITS AND INPATIENT
39 HOSPITALIZATIONS IN THE CALENDAR QUARTER.

40 3. THE APPROVED ANNUAL HOURS DELINEATED BY PRIMARY DIAGNOSIS.

41 4. HOW LONG A MEMBER WHO RECEIVES CARE UNDER THE PARENTS AS PAID
42 CAREGIVERS PROGRAM HAS BEEN ENROLLED IN THE ARIZONA LONG-TERM CARE SYSTEM.

43 D. ON OR BEFORE OCTOBER 1, 2025, THE ADMINISTRATION SHALL ADOPT AND
44 THE DEPARTMENT SHALL IMPLEMENT A STRENGTHENED STANDARDIZED ASSESSMENT TOOL
45 TO DETERMINE THE NEED FOR EXTRAORDINARY CARE FOR MINOR CHILDREN UNDER THE

1 PROGRAM. THE ASSESSMENT TOOL SHALL SEPARATE HOUSEHOLD TASKS THAT WOULD
2 ORDINARILY BE PERFORMED BY A PARENT OF A MINOR CHILD WHO DOES NOT HAVE A
3 DISABILITY.

4 36-2970.02. Provision of care

5 A. EXCEPT AS OTHERWISE PROVIDED IN THE MINOR CHILD'S PLAN OF CARE,
6 A PARENT MAY PROVIDE ATTENDANT CARE SERVICES AND HABILITATION SERVICES
7 UNDER THE PROGRAM ONLY BETWEEN 6:00 A.M. AND 10:00 P.M.

8 B. A PARENT MAY BE EMPLOYED BY ONLY A SINGLE AGENCY TO PROVIDE
9 ATTENDANT CARE SERVICES AND HABILITATION SERVICES UNDER THE PROGRAM.

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

12 CHAPTER 33

13 WAIVERS

14 ARTICLE 1. REQUIREMENTS

15 36-3301. Definitions

16 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

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

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

20 36-3302. Waiver proposal; legislative approval required;
21 notification

22 A. THE ADMINISTRATION MAY NOT SUBMIT TO THE CENTERS FOR MEDICARE
23 AND MEDICAID SERVICES, OR THE SUCCESSOR AGENCY, A NEW AMENDMENT PROPOSAL
24 FOR A DEMONSTRATION WAIVER UNDER SECTION 1115 OF THE SOCIAL SECURITY ACT,
25 OR INCLUDE ANY NEW PROPOSED PROVISION IN A SECTION 1115 WAIVER EXTENSION,
26 UNLESS THE PROPOSED AMENDMENT OR PROVISION HAS BEEN AUTHORIZED BY THE
27 LEGISLATURE IN THE FORM OF A STATUTE, IF THE WAIVER DOES ANY OF THE
28 FOLLOWING:

29 1. EXPANDS ELIGIBILITY FOR TITLE XIX OR TITLE XXI COVERAGE TO
30 POPULATIONS NOT AUTHORIZED BY CHAPTER 29 OF THIS TITLE AS OF JANUARY 1,
31 2025.

32 2. ADDS NEW CATEGORIES OF COVERED SERVICES OR BENEFITS NOT
33 AUTHORIZED BY CHAPTER 29 OF THIS TITLE AS OF JANUARY 1, 2025.

34 3. WILL, AS A RESULT OF THE CHANGES BEING PROPOSED, LEAD TO AN
35 ANNUAL INCREASE IN UTILIZATION GREATER THAN TEN PERCENT FOR SPECIFIC
36 SERVICES AFFECTED BY THE PROPOSED AMENDMENT OR PROVISION ABOVE WHAT THE
37 UTILIZATION WOULD HAVE BEEN WITHOUT THE PROPOSED AMENDMENT OR PROVISION.

38 B. BEFORE SUBMITTING A NEW AMENDMENT PROPOSAL FOR A DEMONSTRATION
39 WAIVER UNDER SECTION 1115 OF THE SOCIAL SECURITY ACT OR INCLUDING A NEW
40 PROPOSED PROVISION IN A WAIVER EXTENSION, THE ADMINISTRATION SHALL
41 DETERMINE WHETHER THE PROPOSED CHANGES ARE SUBJECT TO SUBSECTION A OF THIS
42 SECTION. ANY PROPOSED CHANGES THAT ARE SUBJECT TO SUBSECTION A OF THIS
43 SECTION SHALL BE REVIEWED BY THE HEALTH AND HUMAN SERVICES COMMITTEES OF
44 REFERENCE, OR THEIR SUCCESSOR COMMITTEES OF REFERENCE, AND THE COMMITTEES

1 OF REFERENCE SHALL FORWARD THEIR RECOMMENDATION TO THE SENATE AND HOUSE OF
2 REPRESENTATIVES ON WHETHER TO APPROVE THE PROPOSED CHANGES.

3 C. IF THE ADMINISTRATION DETERMINES THE PROPOSED CHANGES ARE NOT
4 SUBJECT TO SUBSECTION A OF THIS SECTION, THE ADMINISTRATION SHALL MONITOR
5 CHANGES IN ANNUAL UTILIZATION SPECIFIC TO THE SERVICES IMPACTED BY THE NEW
6 WAIVER CHANGES FOR THREE YEARS AFTER THE IMPLEMENTATION OF THE CHANGES TO
7 DETERMINE WHETHER THE CHANGES LED TO AN ANNUAL INCREASE IN UTILIZATION
8 GREATER THAN TEN PERCENT FOR THE SPECIFIC SERVICES AFFECTED BY THE WAIVER
9 CHANGE ABOVE WHAT THE UTILIZATION WOULD HAVE BEEN WITHOUT THE WAIVER
10 CHANGE.

11 D. IF THE MONITORING REQUIRED BY SUBSECTION C OF THIS SECTION
12 DEMONSTRATES THAT THE CHANGES LED TO AN ANNUAL INCREASE IN UTILIZATION
13 GREATER THAN TEN PERCENT FOR THE SPECIFIC SERVICES AFFECTED BY THE WAIVER
14 CHANGE ABOVE WHAT THE UTILIZATION WOULD HAVE BEEN WITHOUT THE WAIVER
15 CHANGE, THE ADMINISTRATION SHALL NOTIFY THE PRESIDENT OF THE SENATE, THE
16 SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE CHAIRPERSON OF THE JOINT
17 LEGISLATIVE BUDGET COMMITTEE AND, IF THE LEGISLATURE HAS NOT ENACTED A
18 STATUTE AUTHORIZING THE SPECIFIC WAIVER CHANGE THAT LED TO THE INCREASED
19 UTILIZATION WITHIN ONE YEAR AFTER THE ADMINISTRATION'S NOTIFICATION
20 PURSUANT TO THIS SUBSECTION, THE ADMINISTRATION SHALL SUBMIT A REQUEST TO
21 THE CENTERS FOR MEDICARE AND MEDICAID SERVICES, OR THE SUCCESSOR AGENCY,
22 TO TERMINATE THE NEW WAIVER CHANGES THAT WERE NOT AUTHORIZED BY THE
23 LEGISLATURE.

24 E. THE ADMINISTRATION SHALL NOTIFY THE JOINT LEGISLATIVE BUDGET
25 COMMITTEE IN WRITING OF ANY SECTION 1115 WAIVER APPLICATION OR AMENDMENT
26 SUBMITTED, REGARDLESS OF WHETHER LEGISLATIVE APPROVAL IS REQUIRED PURSUANT
27 TO SUBSECTION A OF THIS SECTION, AT THE TIME THE APPLICATION OR AMENDMENT
28 IS POSTED FOR PUBLIC COMMENT.

29 ARTICLE 2. WAIVERS

30 36-3311. Parents as paid caregivers program; waiver
31 amendment; implementation

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

37 36-3312. Parents as paid caregivers program; residency
38 requirement

39 SUBJECT TO THE APPROVAL BY THE CENTERS FOR MEDICARE AND MEDICAID
40 SERVICES, A PARENT MUST BE A RESIDENT OF THIS STATE FOR AT LEAST SIX
41 MONTHS TO BE ELIGIBLE TO PROVIDE CARE UNDER THE PARENTS AS PAID CAREGIVERS
42 PROGRAM.

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, THE USE OF FEDERAL MONIES BY ANY STATE AGENCY THAT
25 RECEIVES FEDERAL MONIES, THAT ANTICIPATES RECEIPT OF FEDERAL MONIES OR
26 THAT ADMINISTERS A PROGRAM SUPPORTED BY FEDERAL MONIES. A UNIVERSITY
27 SHALL SUBMIT AN AUDITED SCHEDULE OF FEDERAL AWARD SPENDING FOR THE
28 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.

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

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

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

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

12 ~~((g))~~ (f) THE advisability of accepting new grant-in-aid programs or
13 discontinuing programs already in progress.

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

17 Sec. 4. Special audit; delayed repeal

18 A. The auditor general shall conduct or contract for a special
19 audit of the parents as paid caregivers program in the department of
20 economic security. The special audit shall review the department of
21 economic security's implementation of the strengthened standardized
22 assessment tool that is required by section 36-2970.01, Arizona Revised
23 Statutes, as added by this act, and that is used by support coordinators
24 under the program, including a comparison of this state's parents as paid
25 caregivers program components to best practices in other states of similar
26 programs.

27 B. On or before August 1, 2026, the auditor general shall submit a
28 report of its special audit, including any findings and recommendations,
29 to the governor, the president of the senate and the speaker of the house
30 of representatives and shall provide a copy of its report to the secretary
31 of state.

32 C. The department of economic security and the Arizona health care
33 cost containment system shall cooperate with and provide information
34 necessary for the special audit in the time frame and format specified to
35 facilitate the completion of the special audit.

36 D. This section is repealed from and after December 31, 2026.

37 Sec. 5. Supplemental appropriations; department of economic
38 security; developmental disabilities program;
39 auditor general; exemption

40 A. In addition to any other appropriations made in fiscal year
41 2024-2025, the following amounts from the following sources are
42 appropriated in fiscal year 2024-2025 to the department of economic
43 security for developmental disabilities medicaid program expenses:

44 1. \$109,200,300 from the prescription drug rebate fund established
45 by section 36-2930, Arizona Revised Statutes.

1 2. \$403,000,000 from developmental disabilities medicaid
2 expenditure authority.

3 B. In addition to any other appropriations made in fiscal year
4 2024-2025, the sum of \$13,100,000 is appropriated from the prescription
5 drug rebate fund established by section 36-2930, Arizona Revised Statutes,
6 in fiscal year 2024-2025 to the department of economic security for
7 developmental disabilities cost effectiveness study – client services.

8 C. In addition to any other appropriations made in fiscal year
9 2024-2025, the sum of \$355,000 is appropriated from the prescription drug
10 rebate fund established by section 36-2930, Arizona Revised Statutes, in
11 fiscal year 2024-2025 to the auditor general for the special audit of the
12 parents as paid caregivers program.

13 D. The appropriation made in subsection C of this section is exempt
14 from the provisions of section 35-190, Arizona Revised Statutes, relating
15 to lapsing of appropriations.

16 Sec. 6. Emergency

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