

House Engrossed Senate Bill

2025-2026; health care

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

SENATE BILL 1741

AN ACT

REPEALING SECTION 36-145, ARIZONA REVISED STATUTES; AMENDING SECTIONS 36-694, 36-1802, 36-2907, 36-2939, 36-2981 AND 36-2989, ARIZONA REVISED STATUTES; AMENDING LAWS 2022, CHAPTER 330, SECTION 3; AMENDING LAWS 2023, CHAPTER 139, SECTION 4, AS AMENDED BY LAWS 2024, CHAPTER 215, SECTION 2; APPROPRIATING MONIES; RELATING TO HEALTH CARE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Repeal

3 Section 36-145, Arizona Revised Statutes, is repealed.

4 Sec. 2. Section 36-694, Arizona Revised Statutes, is amended to
5 read:

6 36-694. Report of blood tests; newborn screening program;
7 committee; fee; definitions

8 A. When a birth or stillbirth is reported, the attending physician
9 or other person required to report the birth shall state on the
10 certificate whether a blood test for syphilis was made on a specimen of
11 blood taken from the woman who bore the child or from the umbilical cord
12 at delivery, as required by section 36-693, and the approximate date when
13 the specimen was taken.

14 B. When a birth is reported, the attending physician or person who
15 is required to report the birth shall order or cause to be ordered tests
16 for certain congenital disorders, including hearing disorders. The
17 results of tests for these disorders must be reported to the department of
18 health services. The department of health services shall specify in rule
19 the disorders, the process for collecting and submitting specimens and the
20 reporting requirements for test results.

21 C. When a hearing test is performed on a newborn, the initial
22 hearing test results and any subsequent hearing test results must be
23 reported to the department of health services as prescribed by department
24 rules.

25 D. The director of the department of health services shall
26 establish a newborn screening program within the department to ensure that
27 the testing for congenital disorders and the reporting of hearing test
28 results required by this section are conducted in an effective and
29 efficient manner. The newborn screening program shall include all
30 congenital disorders that are included on the recommended uniform
31 screening panel adopted by the secretary of the United States department
32 of health and human services for both core and secondary conditions.

33 ~~Beginning January 1, 2022, CONGENITAL~~ disorders that are added to the core
34 and secondary conditions list of the recommended uniform screening panel
35 shall be added to this state's newborn screening panel within two years
36 after their addition to the recommended uniform screening panel. The
37 newborn screening program shall include an education program for the
38 general public, the medical community, parents and professional groups.
39 The director shall designate the state laboratory as the only testing
40 facility for the program, except that the director may designate other
41 laboratory testing facilities for conditions or tests added to the newborn
42 screening program on or after July 24, 2014. If the director designates
43 another laboratory testing facility for any condition or test, the
44 director shall require the facility to follow all of the privacy and
45 sample destruction time frames that are required of the state laboratory.

1 E. IN ADDITION TO THE CONGENITAL DISORDERS ADDED TO THIS STATE'S
2 NEWBORN SCREENING PANEL PURSUANT TO SUBSECTION D OF THIS SECTION, THE
3 DEPARTMENT SHALL ADD DUCHENNE MUSCULAR DYSTROPHY TO THIS STATE'S NEWBORN
4 SCREENING PANEL.

5 ~~F.~~ F. The newborn screening program shall establish and maintain a
6 central database of newborns and infants who are tested for hearing loss
7 and congenital disorders that includes information required in rule. Test
8 results are confidential subject to the disclosure provisions of sections
9 12-2801 and 12-2802.

10 ~~F.~~ G. If tests conducted pursuant to this section indicate that a
11 newborn or infant may have a hearing loss or a congenital disorder, the
12 screening program shall provide follow-up services to encourage the
13 child's family to access evaluation services, specialty care and early
14 intervention services.

15 ~~G.~~ H. The director shall establish a committee to provide
16 recommendations and advice to the department on at least an annual basis
17 regarding newborn screening best practices and emerging trends.

18 ~~H.~~ I. The director may establish by rule a fee that the department
19 may collect for operating the newborn screening program, including
20 contracting for the testing pursuant to this section. The director shall
21 present any change to the fee for the newborn screening program to the
22 joint legislative budget committee for review.

23 ~~H.~~ J. Not later than sixty days after the department adjusts the
24 newborn screening program fee established pursuant to subsection ~~H.~~ I of
25 this section:

26 1. Each health insurer that is subject to title 20 shall update its
27 hospital rates that include newborn screening to reflect the increase.

28 2. For the Arizona health care cost containment system and
29 contractors acting pursuant to chapter 29, article 1 of this title that
30 are not subject to title 20, the Arizona health care cost containment
31 system shall update its hospital rates that include newborn screening to
32 reflect the increase.

33 ~~J.~~ K. For the purposes of this section:

34 1. "Infant" means a child who is twenty-nine days of age to two
35 years of age.

36 2. "Newborn" means a child who is not more than twenty-eight days
37 of age.

38 Sec. 3. Section 36-1802, Arizona Revised Statutes, is amended to
39 read:

40 36-1802. Arizona nurse education investment pilot program;
41 fund: use of monies

42 A. The Arizona nurse education investment pilot program is
43 established in the department to increase the capacity of nursing
44 education programs in this state by fostering collaboration among this
45 state's education and health care communities and the state and federal

1 governments. Subject to available monies, the program shall address this
2 state's nursing shortage by increasing the number of all levels of nurses
3 graduating from this state's nursing education programs by the end of
4 fiscal year 2026-2027 from the number graduating in fiscal year
5 2021-2022. The department may use legislative appropriations, private
6 donations, grants and federal monies to implement, support, promote and
7 maintain the program or to supplant monies appropriated from the state
8 general fund. The department shall use all other funding sources before
9 using any state general fund monies appropriated for this purpose.

10 B. The Arizona nurse education investment pilot program fund is
11 established consisting of legislative appropriations and monies provided
12 by any federal agency, entity or program for nursing education and
13 workforce expansion. The department shall administer the fund. Monies in
14 the fund are continuously appropriated and exempt from the provisions of
15 section 35-190 relating to lapsing of appropriations. Any monies
16 remaining in the fund on ~~July 1, 2026~~ JUNE 30, 2027 revert to the state
17 general fund.

18 C. The department shall allocate fund monies to the Arizona board
19 of regents and community college districts based on the number of nursing
20 students graduating in fiscal year 2021-2022 from eligible education
21 programs offered or overseen by the Arizona board of regents and the
22 community college districts. Eligible education programs include programs
23 for nursing assistants, licensed practical nurses, registered nurses and
24 advanced practice nurses.

25 D. Monies allocated from the Arizona nurse education investment
26 pilot program fund shall be used by the Arizona board of regents and the
27 community college districts:

28 1. To pay for salaries, benefits, training and related expenses and
29 operational costs necessary to increase the number of qualified nursing
30 education faculty members teaching in nursing degree and certificate
31 programs that are operated or overseen by the Arizona board of regents or
32 the community college districts. The monies may be spent only for
33 additional nursing education faculty members based on the number of
34 faculty members who provided this education on June 30, 2021.

35 2. To supplement and not supplant monies that are appropriated by
36 the legislature for each of fiscal years 2022-2023 through ~~2024-2025~~
37 2025-2026 based on the number of nursing education faculty members who
38 ~~provide~~ PROVIDED this education and WHO were funded in fiscal year
39 2021-2022.

40 3. For capital expenses that are directly related to additional
41 faculty and students, including student support services.

42 E. The Arizona board of regents shall establish a process, which
43 may include a grant program, to annually distribute fund monies to the
44 universities under its jurisdiction for use only as prescribed in this
45 section.

1 F. The director shall award grants to community college districts
2 for use only as prescribed in this section based on the recommendations
3 from a statewide organization that represents community colleges. The
4 department shall establish an application form, process and procedure by
5 which monies may be granted. The grants prescribed by this subsection are
6 subject to the availability of monies and shall be distributed in a manner
7 designed to increase the number of nurse graduates or students completing
8 certificate programs by increasing available faculty and teaching
9 resources in a manner that:

10 1. Provides for the efficient use of available monies and shared
11 resources.

12 2. Distributes monies throughout geographic areas of this state and
13 to underrepresented populations in the nursing workforce in this state.

14 Sec. 4. Section 36-2907, Arizona Revised Statutes, is amended to
15 read:

16 36-2907. Covered health and medical services; modifications;
17 related delivery of service requirements; rules;
18 definitions

19 A. Subject to the limits and exclusions specified in this section,
20 contractors shall provide the following medically necessary health and
21 medical services:

22 1. Inpatient hospital services that are ordinarily furnished by a
23 hospital to care **FOR** and treat inpatients and that are provided under the
24 direction of a physician or a primary care practitioner. For the purposes
25 of this section, inpatient hospital services exclude services in an
26 institution for tuberculosis or mental diseases unless authorized under an
27 approved section 1115 waiver.

28 2. Outpatient health services that are ordinarily provided in
29 hospitals, clinics, offices and other health care facilities by licensed
30 health care providers. Outpatient health services include services
31 provided by or under the direction of a physician or a primary care
32 practitioner, including occupational therapy.

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

35 4. Medications that are ordered on prescription by a physician or a
36 dentist who is licensed pursuant to title 32, chapter 11. Persons who are
37 dually eligible for title XVIII and title XIX services must obtain
38 available medications through a medicare licensed or certified medicare
39 advantage prescription drug plan, a medicare prescription drug plan or any
40 other entity authorized by medicare to provide a medicare part D
41 prescription drug benefit.

42 5. Medical supplies, durable medical equipment, insulin pumps and
43 prosthetic devices ordered by a physician or a primary care practitioner.
44 Suppliers of durable medical equipment shall provide the administration
45 with complete information about the identity of each person who has an

1 ownership or controlling interest in their business and shall comply with
2 federal bonding requirements in a manner prescribed by the administration.

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

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

9 8. Family planning services that do not include abortion or
10 abortion counseling. If a contractor elects not to provide family
11 planning services, this election does not disqualify the contractor from
12 delivering all other covered health and medical services under this
13 chapter. In that event, the administration may contract directly with
14 another contractor, including an outpatient surgical center or a
15 noncontracting provider, to deliver family planning services to a member
16 who is enrolled with the contractor that elects not to provide family
17 planning services.

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

21 10. Nonexperimental transplants approved for title XIX
22 reimbursement.

23 11. Dental services as follows:

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

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

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

34 13. Hospice care.

35 14. Orthotics, if all of the following apply:

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

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

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

42 15. Subject to approval by the centers for medicare and medicaid
43 services, medically necessary chiropractic services that are performed by
44 a chiropractor who is licensed pursuant to title 32, chapter 8 and that
45 are ordered by a primary care physician or primary care practitioner

1 pursuant to rules adopted by the administration. The primary care
2 physician or primary care practitioner may initially order up to twenty
3 visits annually that include treatment and may request authorization for
4 additional chiropractic services in that same year if additional
5 chiropractic services are medically necessary.

6 16. For up to ten program hours annually, diabetes outpatient
7 self-management training services, as defined in 42 United States Code
8 section 1395x, if prescribed by a primary care practitioner in either of
9 the following circumstances:

10 (a) The member is initially diagnosed with diabetes.
11 (b) For a member who has previously been diagnosed with diabetes,
12 either:

13 (i) A change occurs in the member's diagnosis, medical condition or
14 treatment regimen.

15 (ii) The member is not meeting appropriate clinical outcomes.

16 17. PURSUANT TO THE TERMS AND CONDITIONS THAT ARE APPROVED BY THE
17 CENTERS FOR MEDICARE AND MEDICAID SERVICES AND SUBJECT TO AVAILABLE
18 FUNDING, TRADITIONAL HEALING SERVICES, IF BOTH OF THE FOLLOWING APPLY:

19 (a) THE MEMBER QUALIFIES FOR SERVICES THROUGH THE INDIAN HEALTH
20 SERVICE OR A TRIBAL FACILITY PURSUANT TO THE CONDITIONS OF PARTICIPATION
21 OUTLINED IN 42 CODE OF FEDERAL REGULATIONS SECTION 136.12.

22 (b) THE TRADITIONAL HEALING SERVICE IS DELIVERED BY OR THROUGH THE
23 INDIAN HEALTH SERVICE OR A TRIBAL FACILITY.

24 B. The limits and exclusions for health and medical services
25 provided under this section are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

40 H. The director may adopt rules to allow the administration, at the
41 director's discretion, to use a second opinion procedure under which
42 surgery may not be eligible for coverage pursuant to this chapter without
43 documentation as to need by at least two physicians or primary care
44 practitioners.

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

15 J. All health and medical services provided under this article
16 shall be provided in the geographic service area of the member, except:
17 1. Emergency services and specialty services provided pursuant to
18 section 36-2908.

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

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

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

40 M. PURSUANT TO THE TERMS AND CONDITIONS THAT ARE APPROVED BY THE
41 CENTERS FOR MEDICARE AND MEDICAID SERVICES AND SUBJECT TO AVAILABLE
42 FUNDING, THE DIRECTOR SHALL IMPLEMENT LIMITED BENEFIT COVERAGE PRERLEASE
43 SERVICES TO ELIGIBLE INCARCERATED INDIVIDUALS AND COMMITTED YOUTH FOR UP
44 TO NINETY DAYS IMMEDIATELY BEFORE THE INDIVIDUALS' OR COMMITTED YOUTH'S

1 EXPECTED DATE OF RELEASE FROM A PRISON, JAIL, SECURE CARE FACILITY OR
2 TRIBAL CORRECTIONAL FACILITY.

3 ~~M.~~ Notwithstanding section 36-2901.08, monies from the hospital
4 assessment fund established by section 36-2901.09 may not be used to
5 provide ANY OF THE FOLLOWING:

6 1. Chiropractic services as prescribed in subsection A, paragraph
7 15 of this section.

8 ~~N. Notwithstanding section 36-2901.08, monies from the hospital
9 assessment fund established by section 36-2901.09 may not be used to
10 provide~~

11 2. Diabetes outpatient self-management training services as
12 prescribed in subsection A, paragraph 16 of this section.

13 3. SPEECH THERAPY PROVIDED IN AN OUTPATIENT SETTING TO ELIGIBLE
14 PERSONS WHO ARE AT LEAST TWENTY-ONE YEARS OF AGE.

15 4. COCHLEAR IMPLANTS TO ELIGIBLE PERSONS WHO ARE AT LEAST
16 TWENTY-ONE YEARS OF AGE.

17 0. For the purposes of this section: ~~,~~

18 1. "Ambulance" has the same meaning prescribed in section 36-2201.
19 2. "TRIBAL FACILITY" HAS THE SAME MEANING PRESCRIBED IN SECTION
20 36-2981.

21 Sec. 5. Section 36-2939, Arizona Revised Statutes, is amended to
22 read:

23 36-2939. Long-term care system services: definitions

24 A. The following services shall be provided by the program
25 contractors to members who are determined to need institutional services
26 pursuant to this article:

27 1. Nursing facility services other than services in an institution
28 for tuberculosis or mental disease.

29 2. Notwithstanding any other law, behavioral health services if
30 these services are not duplicative of long-term care services provided as
31 of January 30, 1993 under this subsection and are authorized by the
32 program contractor through the long-term care case management system. If
33 the administration is the program contractor, the administration may
34 authorize these services.

35 3. Hospice services. For the purposes of this paragraph, "hospice"
36 means a program of palliative and supportive care for terminally ill
37 members and their families or caregivers.

38 4. Case management services as provided in section 36-2938.

39 5. Health and medical services as provided in section 36-2907.

40 6. Dental services as follows:

41 (a) Except as provided in subdivision (b) of this paragraph, in an
42 annual amount of not more than \$1,000 per member.

43 (b) Subject to approval by the centers for medicare and medicaid
44 services, for persons treated at an Indian health service or tribal
45 facility, adult dental services that are eligible for a federal medical

1 assistance percentage of one hundred percent and that are in excess of the
2 limit prescribed in subdivision (a) of this paragraph.

3 7. PURSUANT TO THE TERMS AND CONDITIONS THAT ARE APPROVED BY THE
4 CENTERS FOR MEDICARE AND MEDICAID SERVICES AND SUBJECT TO AVAILABLE
5 FUNDING, TRADITIONAL HEALING SERVICES IF BOTH OF THE FOLLOWING APPLY:

6 (a) THE MEMBER QUALIFIES FOR SERVICES THROUGH THE INDIAN HEALTH
7 SERVICE OR A TRIBAL FACILITY PURSUANT TO THE CONDITIONS OF PARTICIPATION
8 OUTLINED IN 42 CODE OF FEDERAL REGULATIONS SECTION 136.12.

9 (b) THE TRADITIONAL HEALING SERVICE IS DELIVERED BY OR THROUGH THE
10 INDIAN HEALTH SERVICE OR A TRIBAL FACILITY.

11 B. In addition to the services prescribed in subsection A of this
12 section, the department, as a program contractor, shall provide the
13 following services if appropriate to members who have a developmental
14 disability as defined in section 36-551 and who are determined to need
15 institutional services pursuant to this article:

16 1. Intermediate care facility services for a member who has a
17 developmental disability as defined in section 36-551. For purposes of
18 this article, a facility shall meet all federally approved standards and
19 may only include the Arizona training program facilities, a state owned
20 and operated service center, state owned or operated community residential
21 settings and private facilities that contract with the department.

22 2. Home and community based services that may be provided in a
23 member's home, at an alternative residential setting as prescribed in
24 section 36-591 or at other behavioral health alternative residential
25 facilities licensed by the department of health services and approved by
26 the director of the Arizona health care cost containment system
27 administration and that may include:

28 (a) Home health, which means the provision of nursing services,
29 licensed health aide services, home health aide services or medical
30 supplies, equipment and appliances, that are provided on a part-time or
31 intermittent basis by a licensed home health agency within a member's
32 residence based on a physician's or allowed practitioner's orders and in
33 accordance with federal law. Physical therapy, occupational therapy, or
34 speech and audiology services provided by a home health agency may be
35 provided in accordance with federal law. Home health agencies shall
36 comply with federal bonding requirements in a manner prescribed by the
37 administration.

38 (b) Licensed health aide services, which means a home health agency
39 service provided pursuant to subsection G of this section that is ordered
40 by a physician or an allowed practitioner on the member's plan of care and
41 provided by a licensed health aide who is licensed pursuant to title 32,
42 chapter 15.

43 (c) Home health aide, which means a service that provides
44 intermittent health maintenance, continued treatment or monitoring of a

1 health condition and supportive care for activities of daily living
2 provided within a member's residence.

3 (d) Homemaker, which means a service that provides assistance in
4 the performance of activities related to household maintenance within a
5 member's residence.

6 (e) Personal care, which means a service that provides assistance
7 to meet essential physical needs within a member's residence.

8 (f) Day care for persons with developmental disabilities, which
9 means a service that provides planned care supervision and activities,
10 personal care, activities of daily living skills training and habilitation
11 services in a group setting during a portion of a continuous
12 twenty-four-hour period.

13 (g) Habilitation, which means the provision of physical therapy,
14 occupational therapy, speech or audiology services or training in
15 independent living, special developmental skills, sensory-motor
16 development, behavior intervention, and orientation and mobility in
17 accordance with federal law.

18 (h) Respite care, which means a service that provides short-term
19 care and supervision available on a twenty-four-hour basis.

20 (i) Transportation, which means a service that provides or assists
21 in obtaining transportation for the member.

22 (j) Other services or licensed or certified settings approved by
23 the director.

24 C. In addition to services prescribed in subsection A of this
25 section, home and community based services may be provided in a member's
26 home, in an adult foster care home as prescribed in section 36-401, in an
27 assisted living home or assisted living center as defined in section
28 36-401 or in a level one or level two behavioral health alternative
29 residential facility approved by the director by program contractors to
30 all members who do not have a developmental disability as defined in
31 section 36-551 and are determined to need institutional services pursuant
32 to this article. Members residing in an assisted living center must be
33 provided the choice of single occupancy. The director may also approve
34 other licensed residential facilities as appropriate on a case-by-case
35 basis for traumatic brain injured members. Home and community based
36 services may include the following:

37 1. Home health, which means the provision of nursing services, home
38 health aide services or medical supplies, equipment and appliances, that
39 are provided on a part-time or intermittent basis by a licensed home
40 health agency within a member's residence based on a physician's or
41 allowed practitioner's orders and in accordance with federal
42 law. Physical therapy, occupational therapy, or speech and audiology
43 services provided by a home health agency may be provided in accordance
44 with federal law. Home health agencies shall comply with federal bonding
45 requirements in a manner prescribed by the administration.

1 2. Licensed health aide services, which means a home health agency
2 service provided pursuant to subsection G of this section that is ordered
3 by a physician or an allowed practitioner on the member's plan of care and
4 provided by a licensed health aide who is licensed pursuant to title 32,
5 chapter 15.

6 3. Home health aide, which means a service that provides
7 intermittent health maintenance, continued treatment or monitoring of a
8 health condition and supportive care for activities of daily living
9 provided within a member's residence.

10 4. Homemaker, which means a service that provides assistance in the
11 performance of activities related to household maintenance within a
12 member's residence.

13 5. Personal care, which means a service that provides assistance to
14 meet essential physical needs within a member's residence.

15 6. Adult day health, which means a service that provides planned
16 care supervision and activities, personal care, personal living skills
17 training, meals and health monitoring in a group setting during a portion
18 of a continuous twenty-four-hour period. Adult day health may also
19 include preventive, therapeutic and restorative health related services
20 that do not include behavioral health services.

21 7. Habilitation, which means the provision of physical therapy,
22 occupational therapy, speech or audiology services or training in
23 independent living, special developmental skills, sensory-motor
24 development, behavior intervention, and orientation and mobility in
25 accordance with federal law.

26 8. Respite care, which means a service that provides short-term
27 care and supervision available on a twenty-four-hour basis.

28 9. Transportation, which means a service that provides or assists
29 in obtaining transportation for the member.

30 10. Home delivered meals, which means a service that provides for a
31 nutritious meal that contains at least one-third of the recommended
32 dietary allowance for an individual and that is delivered to the member's
33 residence.

34 11. Other services or licensed or certified settings approved by
35 the director.

36 D. The amount of monies expended by program contractors on home and
37 community based services pursuant to subsection C of this section shall be
38 limited by the director in accordance with the federal monies made
39 available to this state for home and community based services pursuant to
40 subsection C of this section. The director shall establish methods for
41 allocating monies for home and community based services to program
42 contractors and shall monitor expenditures on home and community based
43 services by program contractors.

1 E. Notwithstanding subsections A, B, C, F and G of this section, a
2 service may not be provided that does not qualify for federal monies
3 available under title XIX of the social security act or the section 1115
4 waiver.

5 F. In addition to services provided pursuant to subsections A, B
6 and C of this section, the director may implement a demonstration project
7 to provide home and community based services to special populations,
8 including persons with disabilities who are eighteen years of age or
9 younger, are medically fragile, reside at home and would be eligible for
10 supplemental security income for the aged, blind or disabled or the state
11 supplemental payment program, except for the amount of their parent's
12 income or resources. In implementing this project, the director may
13 provide for parental contributions for the care of their child.

14 G. Consistent with the services provided pursuant to subsections A,
15 B, C and F of this section and subject to approval by the centers for
16 medicare and medicaid services, the director shall implement a program
17 under which licensed health aide services may be provided to members who
18 are under twenty-one years of age, who are eligible pursuant to section
19 36-2934, including members with developmental disabilities as defined in
20 chapter 5.1, article 1 of this title, and who require continuous skilled
21 nursing or skilled nursing respite care services. The licensed health
22 aide services may be provided only by a parent, guardian or family member
23 who is a licensed health aide employed by a medicare-certified home health
24 agency service provider. Not later than sixty days after the approval of
25 the rules implementing section 32-1645, subsection C, the director shall
26 request any necessary approvals from the centers for medicare and medicaid
27 services to implement this subsection and to qualify for federal monies
28 available under title XIX of the social security act or the section 1115
29 waiver. The reimbursement rate for services provided under this
30 subsection shall reflect the special skills needed to meet the health care
31 needs of these members and shall exceed the reimbursement rate for home
32 health aide services.

33 H. Subject to section 36-562, the administration by rule shall
34 prescribe a deductible schedule for programs provided to members who are
35 eligible pursuant to subsection B of this section, except that the
36 administration shall implement a deductible based on family income. In
37 determining deductible amounts and whether a family is required to have
38 deductibles, the department shall use adjusted gross income. Families
39 whose adjusted gross income is at least four hundred percent and less than
40 or equal to five hundred percent of the federal poverty guidelines shall
41 have a deductible of two percent of adjusted gross income. Families whose
42 adjusted gross income is more than five hundred percent of adjusted gross
43 income shall have a deductible of four percent of adjusted gross income.
44 Only families whose children are under eighteen years of age and who are
45 members who are eligible pursuant to subsection B of this section may be

1 required to have a deductible for services. For the purposes of this
2 subsection, "deductible" means an amount a family, whose children are
3 under eighteen years of age and who are members who are eligible pursuant
4 to subsection B of this section, pays for services, other than
5 departmental case management and acute care services, before the
6 department will pay for services other than departmental case management
7 and acute care services.

8 I. For the purposes of this section: ~~,~~

9 1. "Allowed practitioner" means a nurse practitioner who is
10 certified pursuant to title 32, chapter 15, a clinical nurse specialist
11 who is certified pursuant to title 32, chapter 15 or a physician assistant
12 who is certified pursuant to title 32, chapter 25.

13 2. "TRIBAL FACILITY" HAS THE SAME MEANING PRESCRIBED IN SECTION
14 36-2981.

15 Sec. 6. Section 36-2981, Arizona Revised Statutes, is amended to
16 read:

17 36-2981. Definitions

18 In this article, unless the context otherwise requires:

19 1. "Administration" means the Arizona health care cost containment
20 system administration.

21 2. "Contractor" means a health plan that contracts with the
22 administration to provide hospitalization and medical care to members
23 according to this article or a qualifying plan.

24 3. "Director" means the director of the administration.

25 4. "Federal poverty level" means the federal poverty level
26 guidelines published annually by the United States department of health
27 and human services.

28 5. "Health plan" means an entity that contracts with the
29 administration for services provided pursuant to article 1 of this
30 chapter.

31 6. "Member" means a person who is eligible for and enrolled in the
32 program, who is under nineteen years of age and whose gross household
33 income meets the following requirements:

34 (a) Beginning on October 1, 1999 through September 30, 2023, has
35 income at or below two hundred percent of the federal poverty level.

36 (b) Beginning on October 1, 2023 and for each fiscal year
37 thereafter, subject to the approval of the centers for medicare and
38 medicaid services, has income at or below two hundred twenty-five percent
39 of the federal poverty level.

40 7. "Noncontracting provider" means an entity that provides hospital
41 or medical care but does not have a contract or subcontract with the
42 administration.

43 8. "Physician" means a person who is licensed pursuant to title 32,
44 chapter 13 or 17.

1 9. "Prepaid capitated" means a method of payment by which a
2 contractor delivers health care services for the duration of a contract to
3 a specified number of members based on a fixed rate per member, per month
4 without regard to the number of members who receive care or the amount of
5 health care services provided to a member.

6 10. "Primary care physician" means a physician who is a family
7 practitioner, general practitioner, pediatrician, general internist,
8 obstetrician or gynecologist.

9 11. "Primary care practitioner" means a nurse practitioner who is
10 certified pursuant to title 32, chapter 15 or a physician assistant who is
11 licensed pursuant to title 32, chapter 25 and who is acting within the
12 respective scope of practice of those chapters.

13 12. "Program" means the children's health insurance program.

14 13. "Qualifying plan" means a contractor that contracts with the
15 state pursuant to section 38-651 to provide health and accident insurance
16 for state employees and that provides services to members pursuant to
17 section 36-2989, subsection A.

18 14. "Special health care district" means a special health care
19 district organized pursuant to title 48, chapter 31.

20 15. "Tribal facility" means a facility that is operated by an
21 Indian tribe **OR TRIBAL ORGANIZATION** and that is authorized to provide
22 services pursuant to Public Law 93-638, as amended.

23 Sec. 7. Section 36-2989, Arizona Revised Statutes, is amended to
24 read:

25 36-2989. **Covered health and medical services; modifications;**
26 **related delivery of service requirements**

27 A. Except as provided in this section, health and medical services
28 prescribed in section 36-2907 are covered services and include:

29 1. Inpatient hospital services that are ordinarily furnished by a
30 hospital for the care and treatment of inpatients, that are medically
31 necessary and that are provided under the direction of a physician or a
32 primary care practitioner. For the purposes of this paragraph, inpatient
33 hospital services exclude services in an institution for tuberculosis or
34 mental diseases unless authorized by federal law.

35 2. Outpatient health services that are medically necessary and
36 ordinarily provided in hospitals, clinics, offices and other health care
37 facilities by licensed health care providers. For the purposes of this
38 paragraph, "outpatient health services" includes services provided by or
39 under the direction of a physician or a primary care practitioner.

40 3. Other laboratory and x-ray services ordered by a physician or a
41 primary care practitioner.

42 4. Medications that are medically necessary and ordered on
43 prescription by a physician, a primary care practitioner or a dentist
44 licensed pursuant to title 32, chapter 11.

45 5. Medical supplies, equipment and prosthetic devices.

1 6. Treatment of medical conditions of the eye, including eye
2 examinations for prescriptive lenses and the provision of prescriptive
3 lenses for members.

4 7. Medically necessary dental services.

5 8. Well child services, immunizations and prevention services.

6 9. Family planning services that do not include abortion or
7 abortion counseling. If a contractor elects not to provide family
8 planning services, this election does not disqualify the contractor from
9 delivering all other covered health and medical services under this
10 article. In that event, the administration may contract directly with
11 another contractor, including an outpatient surgical center or a
12 noncontracting provider, to deliver family planning services to a member
13 who is enrolled with a contractor who elects not to provide family
14 planning services.

15 10. Podiatry services that are performed by a podiatrist licensed
16 pursuant to title 32, chapter 7 and that are ordered by a primary care
17 physician or primary care practitioner.

18 11. Medically necessary pancreas, heart, liver, kidney, cornea, lung
19 and heart-lung transplants and autologous and allogeneic bone marrow
20 transplants and immunosuppressant medications for these transplants
21 ordered on prescription by a physician licensed pursuant to title 32,
22 chapter 13 or 17.

23 12. Medically necessary emergency and nonemergency transportation.

24 13. Inpatient and outpatient behavioral health services that are the
25 same as the least restrictive health benefits coverage plan for behavioral
26 health services that are offered through a health care services
27 organization for state employees under section 38-651.

28 14. Hospice care.

29 B. The administration shall pay noncontracting providers only for
30 health and medical services as prescribed in subsection A of this section.

31 C. To the extent possible and practicable, the administration and
32 contractors shall provide for the prior approval of medically necessary
33 services provided pursuant to this article.

34 D. The director shall make available home health services in lieu
35 of hospitalization pursuant to contracts awarded under this article.

36 E. Behavioral health services shall be provided to members through
37 the administration's contractors. The administration acting through
38 regional behavioral health authorities as defined in section 36-3401 shall
39 use its established diagnostic and evaluation program for referrals of
40 children who are not already enrolled pursuant to this article and who may
41 be in need of behavioral health services. In addition to an evaluation,
42 the administration acting through regional behavioral health authorities
43 as defined in section 36-3401 shall also identify children who may be
44 eligible under section 36-2901, paragraph 6, subdivision (a) or section

1 36-2931, paragraph 5 and shall refer the children to the appropriate
2 agency responsible for making the final eligibility determination.

3 F. The director shall adopt rules for the provision of
4 transportation services for members. Prior authorization is not required
5 for medically necessary ambulance transportation services rendered to
6 members initiated by dialing telephone number 911 or other designated
7 emergency response systems.

8 G. The director may adopt rules to allow the administration to use
9 a second opinion procedure under which surgery may not be eligible for
10 coverage pursuant to this article without documentation as to need by at
11 least two physicians or primary care practitioners.

12 H. All health and medical services provided under this article
13 shall be provided in the geographic service area of the member, except:

14 1. Emergency services and specialty services.

15 2. The director may permit the delivery of health and medical
16 services in other than the geographic service area in this state or in an
17 adjoining state if it is determined that medical practice patterns justify
18 the delivery of services or a net reduction in transportation costs can
19 reasonably be expected. Notwithstanding section 36-2981, paragraph 8 or
20 11, if services are procured from a physician or primary care practitioner
21 in an adjoining state, the physician or primary care practitioner shall be
22 licensed to practice in that state pursuant to licensing statutes in that
23 state that are similar to title 32, chapter 13, 15, 17 or 25.

24 I. Covered outpatient services shall be subcontracted by a primary
25 care physician or primary care practitioner to other licensed health care
26 providers to the extent practicable for purposes of making health care
27 services available to underserved areas, reducing costs of providing
28 medical care and reducing transportation costs.

29 J. The director shall adopt rules that prescribe the coordination
30 of medical care for members and that include a mechanism to transfer
31 members and medical records and initiate medical care.

32 K. The director shall adopt rules for the reimbursement of
33 specialty services provided to the member if authorized by the member's
34 primary care physician or primary care practitioner.

35 L. PURSUANT TO THE TERMS AND CONDITIONS THAT ARE APPROVED BY THE
36 CENTERS FOR MEDICARE AND MEDICAID SERVICES AND SUBJECT TO AVAILABLE
37 FUNDING, THE DIRECTOR SHALL IMPLEMENT LIMITED BENEFIT COVERAGE PRERELEASE
38 SERVICES TO ELIGIBLE INCARCERATED INDIVIDUALS OR COMMITTED YOUTH FOR UP TO
39 NINETY DAYS IMMEDIATELY BEFORE THE INDIVIDUALS' OR COMMITTED YOUTH'S
40 EXPECTED DATE OF RELEASE FROM A PRISON, JAIL, SECURE CARE FACILITY OR
41 TRIBAL CORRECTIONAL FACILITY.

1 Sec. 8. Laws 2022, chapter 330, section 3 is amended to read:

2 Sec. 3. Delayed repeal

3 A. ~~Title 36, chapter 16~~ SECTIONS 36-1803, 36-1804, 36-1805, 36-1806
4 ~~AND 36-1807~~, Arizona Revised Statutes, ~~as added by this act, is~~ ARE
5 repealed from and after December 31, 2026.

6 B. TITLE 36, CHAPTER 16, ARIZONA REVISED STATUTES, IS REPEALED FROM
7 AND AFTER JUNE 30, 2027.

8 Sec. 9. Laws 2023, chapter 139, section 4, as amended by Laws 2024,
9 chapter 215, section 2, is amended to read:

10 Sec. 4. Department of health services: collaborative care
11 uptake fund: exemption: technical assistance
12 grants: delayed repeal: transfer of monies:
13 definitions

14 A. The collaborative care uptake fund is established in the
15 department. The fund consists of monies appropriated by the legislature.
16 Monies in the fund are continuously appropriated and are exempt from the
17 provisions of section 35-190, Arizona Revised Statutes, relating to
18 lapsing of appropriations. The department may not use more than three
19 percent of the monies deposited in the fund to administer the fund.

20 B. The department shall use the collaborative care uptake fund
21 monies to award grants to primary care physicians who are in a medical
22 practice with not more than fifty employees to meet the initial costs of
23 establishing and delivering behavioral health integration services through
24 the collaborative care model and for technical assistance grants pursuant
25 to subsection D of this section.

26 C. A primary care physician who receives a grant under this section
27 may use the grant monies:

28 1. To hire staff.

29 2. To identify and formalize contractual relationships with other
30 health care practitioners, including health care practitioners who will
31 function as psychiatric consultants and behavioral health care managers in
32 providing behavioral health integration services through the collaborative
33 care model.

34 3. To purchase or upgrade software and other resources needed to
35 appropriately provide behavioral health integration services through the
36 collaborative care model, including resources needed to establish a
37 patient registry and implement measurement-based care.

38 4. For any other purposes the department prescribes as necessary to
39 support the collaborative care model.

40 D. The department shall solicit proposals from and enter into grant
41 agreements with eligible collaborative care technical assistance center
42 applicants to provide technical assistance to primary care physicians on
43 providing behavioral health integration services through the collaborative
44 care model. Each collaborative care technical assistance center applicant
45 must provide in the grant application information on how the collaborative

1 care technical assistance center will meet the assistance requirements
2 prescribed in subsection E of this section in order to be eligible for a
3 grant.

4 E. A collaborative care technical assistance center that receives a
5 grant under subsection D of this section shall provide technical
6 assistance to primary care physicians and shall assist the primary care
7 physicians with the following:

8 1. Developing financial models and budgets for program launch and
9 sustainability based on practice size.

10 2. Developing staffing models for essential staff roles, including
11 care managers and consulting psychiatrists.

12 3. Providing information technology expertise to assist with
13 building the model requirements into electronic health records, including
14 assistance with care manager tools, patient registry, ongoing patient
15 monitoring and patient records.

16 4. Providing training support for all key staff and operational
17 consultation to develop practice workflows.

18 5. Establishing methods to ensure the sharing of best practices and
19 operational knowledge among primary care physicians who provide behavioral
20 health integration services through the collaborative care model.

21 6. For any other purposes the department prescribes as necessary to
22 support the collaborative care model.

23 F. From and after June 30, ~~2025~~ 2027, this section is repealed and
24 any unexpended and unencumbered monies remaining in the collaborative care
25 uptake fund established by this section are transferred to the state
26 general fund.

27 G. For the purposes of this section:

28 1. "Collaborative care model" means the evidence-based, integrated
29 behavioral health service delivery method that is described as the
30 psychiatric collaborative care model in 81 Federal Register 80230, that
31 includes a formal collaborative arrangement among a primary care team
32 consisting of a primary care physician, a care manager and a psychiatric
33 consultant and that includes the following elements:

34 (a) Care directed by the primary care team.

35 (b) Structured care management.

36 (c) Regular assessments of clinical status using developmentally
37 appropriate, validated tools.

38 (d) Modification of treatment as appropriate.

39 2. "Collaborative care technical assistance center":

40 (a) Means a health care organization that can provide educational
41 support and technical assistance related to the collaborative care model.

42 (b) Includes an academic medical center.

43 3. "Department" means the department of health services.

44 4. "Primary care physician" has the same meaning prescribed in
45 section 36-2901, Arizona Revised Statutes.

1 Sec. 10. Department of administration: dialysis services: grant

2 The department of administration shall award in fiscal year
3 2025-2026 a onetime grant of \$3,000,000 to an operator of a health care
4 facility to construct an outpatient treatment center for dialysis
5 services. To qualify for the grant, the health care facility at which the
6 outpatient treatment center for dialysis services will be constructed
7 shall meet all of the following:

8 1. Operate pursuant to Public Law 93-638.
9 2. Operate as a critical access hospital as defined in 42 Code of
10 Federal Regulations section 440.170(g) and pursuant to 42 Code of Federal
11 Regulations part 485, subpart F.

12 3. Be located on unincorporated land within or on tribal land in a
13 county in this state with a population of not more than seventy thousand
14 persons.

15 4. Benefit tribal members in need of dialysis treatment.
16 5. Serve a patient population of at least ten thousand persons.
17 6. Be located at least thirty miles from the nearest outpatient
18 treatment center that is licensed pursuant to title 36, chapter 4, Arizona
19 Revised Statutes, to provide dialysis services.

20 Sec. 11. Department of administration: grant program; technology solution; hospital interoperability; reports: delayed repeal

21 A. Notwithstanding section 41-703.01, Arizona Revised Statutes, for
22 fiscal years 2025-2026, 2026-2027 and 2027-2028, the department of
23 administration shall administer a competitive grant program that provides
24 an interoperability software technology solution to support the provision
25 of acute care services in rural hospitals, health care providers and
26 trauma centers by providing resources to further treatment and care
27 coordination with a focus on reducing public and private health care costs
28 and unnecessary transportation costs. The department of administration
29 shall award the grant under this program not later than December 1, 2025.

30 B. The Arizona health care cost containment system shall work with
31 the department of administration to supplement the grant monies by
32 identifying and applying to receive federal matching monies.

33 C. For fiscal years 2025-2026, 2026-2027 and 2027-2028, the grant
34 recipient shall provide to the department of administration a report that
35 provides metrics and quantifies cost and time savings for using an
36 interoperable software solution in health care that complies with the
37 health insurance portability and accountability act privacy standards (45
38 Code of Federal Regulations part 160 and part 164, subpart E). On or
39 before June 30 of each fiscal year, the department of administration in
40 coordination with the Arizona health care cost containment system shall
41 provide to the governor, the president of the senate, the speaker of the
42 house of representatives, the chairpersons of the health and human

1 services committees of the senate and the house of representatives and the
2 directors of the joint legislative budget committee and the governor's
3 office of strategic planning and budgeting a report on the allocation of
4 grant funding and a compiled analysis of the reports provided by the grant
5 recipient.

6 D. Monies appropriated for the purposes of this section do not
7 affect the monies appropriated in fiscal year 2022-2023 for
8 interoperability software technology solutions or any grant awarded to or
9 contract with a grant recipient pursuant to section 41-703.01, Arizona
10 Revised Statutes.

11 E. This section is repealed from and after December 31, 2028.

12 Sec. 12. ALTCS; county contributions; fiscal year 2025-2026

13 A. Notwithstanding section 11-292, Arizona Revised Statutes, county
14 contributions for the Arizona long-term care system for fiscal year
15 2025-2026 are as follows:

16 1. Apache	\$ 707,000
17 2. Cochise	\$ 7,510,100
18 3. Coconino	\$ 2,122,700
19 4. Gila	\$ 3,173,800
20 5. Graham	\$ 2,339,400
21 6. Greenlee	\$ 66,900
22 7. La Paz	\$ 828,800
23 8. Maricopa	\$275,201,600
24 9. Mohave	\$ 10,438,200
25 10. Navajo	\$ 2,926,600
26 11. Pima	\$ 63,729,700
27 12. Pinal	\$ 17,094,300
28 13. Santa Cruz	\$ 2,949,900
29 14. Yavapai	\$ 7,808,600
30 15. Yuma	\$ 12,640,000

31 B. If the overall cost for the Arizona long-term care system
32 exceeds the amount specified in the general appropriations act for fiscal
33 year 2025-2026, the state treasurer shall collect from the counties the
34 difference between the amount specified in subsection A of this section
35 and the counties' share of the state's actual contribution. The counties'
36 share of the state's contribution must comply with any federal maintenance
37 of effort requirements. The director of the Arizona health care cost
38 containment system administration shall notify the state treasurer of the
39 counties' share of the state's contribution and report the amount to the
40 director of the joint legislative budget committee. The state treasurer
41 shall withhold from any other monies payable to a county from whatever
42 state funding source is available an amount necessary to fulfill that
43 county's requirement specified in this subsection. The state treasurer
44 may not withhold distributions from the Arizona highway user revenue fund
45 pursuant to title 28, chapter 18, article 2, Arizona Revised Statutes.

1 The state treasurer shall deposit the amounts withheld pursuant to this
2 subsection and amounts paid pursuant to subsection A of this section in
3 the long-term care system fund established by section 36-2913, Arizona
4 Revised Statutes.

5 Sec. 13. AHCCCS; disproportionate share payments; fiscal year
6 2025-2026

7 A. Disproportionate share payments for fiscal year 2025-2026 made
8 pursuant to section 36-2903.01, subsection 0, Arizona Revised Statutes,
9 include:

10 1. \$28,474,900 for the Arizona state hospital. The Arizona state
11 hospital shall provide a certified public expense form for the amount of
12 qualifying disproportionate share hospital expenditures made on behalf of
13 this state to the Arizona health care cost containment system
14 administration on or before March 31, 2026. The administration shall
15 assist the Arizona state hospital in determining the amount of qualifying
16 disproportionate share hospital expenditures. Once the administration
17 files a claim with the federal government and receives federal financial
18 participation based on the amount certified by the Arizona state hospital,
19 the administration shall deposit the entire amount of federal financial
20 participation in the state general fund. If the certification provided is
21 for an amount less than \$28,474,900, the administration shall notify the
22 governor, the president of the senate and the speaker of the house of
23 representatives and shall deposit the entire amount of federal financial
24 participation in the state general fund. The certified public expense
25 form provided by the Arizona state hospital must contain both the total
26 amount of qualifying disproportionate share hospital expenditures and the
27 amount limited by section 1923(g) of the social security act.

28 2. \$884,800 for private qualifying disproportionate share
29 hospitals. The Arizona health care cost containment system administration
30 shall make payments to hospitals consistent with this appropriation and
31 the terms of the state plan, but payments are limited to those hospitals
32 that either:

33 (a) Meet the mandatory definition of disproportionate share
34 qualifying hospitals under section 1923 of the social security act.

35 (b) Are located in Yuma county and contain at least three hundred
36 beds.

37 B. After the distributions made pursuant to subsection A of this
38 section, the allocations of disproportionate share hospital payments made
39 pursuant to section 36-2903.01, subsection P, Arizona Revised Statutes,
40 shall be made available in the following order to qualifying private
41 hospitals that are:

42 1. Located in a county with a population of less than four hundred
43 thousand persons.

44 2. Located in a county with a population of at least four hundred
45 thousand persons but less than nine hundred thousand persons.

1 3. Located in a county with a population of at least nine hundred
2 thousand persons.

3 Sec. 14. AHCCCS transfer; counties; federal monies; fiscal
4 year 2025-2026

5 On or before December 31, 2026, notwithstanding any other law, for
6 fiscal year 2025-2026, the Arizona health care cost containment system
7 administration shall transfer to the counties the portion, if any, as may
8 be necessary to comply with section 10201(c)(6) of the patient protection
9 and affordable care act (P.L. 111-148), regarding the counties'
10 proportional share of this state's contribution.

11 Sec. 15. County acute care contributions; fiscal year
12 2025-2026; intent

13 A. Notwithstanding section 11-292, Arizona Revised Statutes, for
14 fiscal year 2025-2026 for the provision of hospitalization and medical
15 care, the counties shall contribute the following amounts:

16 1. Apache	\$ 268,800
17 2. Cochise	\$ 2,214,800
18 3. Coconino	\$ 742,900
19 4. Gila	\$ 1,413,200
20 5. Graham	\$ 536,200
21 6. Greenlee	\$ 190,700
22 7. La Paz	\$ 212,100
23 8. Maricopa	\$14,783,900
24 9. Mohave	\$ 1,237,700
25 10. Navajo	\$ 310,800
26 11. Pima	\$14,951,800
27 12. Pinal	\$ 2,715,600
28 13. Santa Cruz	\$ 482,800
29 14. Yavapai	\$ 1,427,800
30 15. Yuma	\$ 1,325,100

31 B. If a county does not provide funding as specified in subsection
32 A of this section, the state treasurer shall subtract the amount owed by
33 the county to the Arizona health care cost containment system fund and the
34 long-term care system fund established by section 36-2913, Arizona Revised
35 Statutes, from any payments required to be made by the state treasurer to
36 that county pursuant to section 42-5029, subsection D, paragraph 2,
37 Arizona Revised Statutes, plus interest on that amount pursuant to section
38 44-1201, Arizona Revised Statutes, retroactive to the first day the
39 funding was due. If the monies the state treasurer withholds are
40 insufficient to meet that county's funding requirements as specified in
41 subsection A of this section, the state treasurer shall withhold from any
42 other monies payable to that county from whatever state funding source is
43 available an amount necessary to fulfill that county's requirement. The
44 state treasurer may not withhold distributions from the Arizona highway

1 user revenue fund pursuant to title 28, chapter 18, article 2, Arizona
2 Revised Statutes.

3 C. Payment of an amount equal to one-twelfth of the total amount
4 determined pursuant to subsection A of this section shall be made to the
5 state treasurer on or before the fifth day of each month. On request from
6 the director of the Arizona health care cost containment system
7 administration, the state treasurer shall require that up to three months'
8 payments be made in advance, if necessary.

9 D. The state treasurer shall deposit the amounts paid pursuant to
10 subsection C of this section and amounts withheld pursuant to subsection B
11 of this section in the Arizona health care cost containment system fund
12 and the long-term care system fund established by section 36-2913, Arizona
13 Revised Statutes.

14 E. If payments made pursuant to subsection C of this section exceed
15 the amount required to meet the costs incurred by the Arizona health care
16 cost containment system for the hospitalization and medical care of those
17 persons defined as an eligible person pursuant to section 36-2901,
18 paragraph 6, subdivisions (a), (b) and (c), Arizona Revised Statutes, the
19 director of the Arizona health care cost containment system administration
20 may instruct the state treasurer either to reduce remaining payments to be
21 paid pursuant to this section by a specified amount or to provide to the
22 counties specified amounts from the Arizona health care cost containment
23 system fund and the long-term care system fund established by section
24 36-2913, Arizona Revised Statutes.

25 F. The legislature intends that the Maricopa county contribution
26 pursuant to subsection A of this section be reduced in each subsequent
27 year according to the changes in the GDP price deflator. For the purposes
28 of this subsection, "GDP price deflator" has the same meaning prescribed
29 in section 41-563, Arizona Revised Statutes.

30 Sec. 16. Arizona state board of nursing; student registered
31 nurse anesthetists; clinical rotation program;
32 definitions

33 A. The student registered nurse anesthetist clinical rotation
34 program is established for fiscal year 2025-2026 in the Arizona state
35 board of nursing to expand the capacity of preceptor training programs at
36 health care institutions for registered nurse anesthetist students.

37 B. The Arizona state board of nursing shall develop a grant program
38 for fiscal year 2025-2026 to distribute monies appropriated for fiscal
39 year 2025-2026 in the general appropriations act for the student
40 registered nurse anesthetist clinical rotation program to health care
41 institutions that are licensed pursuant to title 36, chapter 4, Arizona
42 Revised Statutes, to pay for the direct and indirect costs related to
43 expanding or developing clinical training placements for registered nurse
44 anesthetist students, with preference given to expanding or developing

1 clinical rotations in obstetrics, pediatrics, cardiovascular, thoracic and
2 neurological care.

3 C. Grant monies awarded pursuant to this section are intended to
4 supplement and not supplant existing training program expenses covered by
5 the health care institution grantee. A grant may fund a clinical training
6 placement through an anesthesia provider group contracted with a health
7 care institution, through an authorized preceptor or through a health care
8 institution directly. Not more than twenty percent of a grant award may
9 be spent on the indirect costs of expanding or developing clinical
10 training placements. Grant monies shall be distributed to grantees before
11 the expenses for expanding or developing clinical rotations are incurred.
12 The grantees shall return all monies to the Arizona state board of nursing
13 that are not spent on the direct and indirect costs related to expanding
14 or developing clinical rotations.

15 D. The Arizona state board of nursing shall establish an
16 application process for the grant program. The Arizona state board of
17 nursing shall consider the following factors when determining grant
18 awards:

19 1. The geographic and population distribution.
20 2. The number of registered nurse anesthetist students expected to
21 be trained and retained.
22 3. The cost of the proposal for the number of registered nurse
23 anesthetist students expected to participate and be retained compared to
24 other proposals.

25 E. For the purposes of this section:

26 1. "Authorized preceptor" means a certified registered nurse
27 anesthetist or physician anesthesiologist that provides a preceptorship in
28 an operating room that allows a student registered nurse anesthetist to
29 meet the council on accreditation of nurse anesthesia educational program
30 requirements.

31 2. "Health care institution" has the same meaning prescribed in
32 section 36-401, Arizona Revised Statutes.

33 Sec. 17. AHCCCS: mental health medication utilization;
34 report; definition

35 A. Not later than January 31, 2026, the Arizona health care cost
36 containment system administration shall prepare and issue a report to the
37 governor, the chairpersons of the house of representatives and senate
38 health and human services committees, or their successor committees, the
39 director of the joint legislative budget committee and the director of the
40 governor's office of strategic planning and budgeting that includes
41 information about the costs and aggregate spending on and aggregate
42 utilization of mental health medications during contract year 2023-2024.
43 The administration shall provide a copy of the report to the secretary of
44 state.

1 B. The report required by subsection A of this section shall
2 include the annual aggregate gross amount spent for each mental health
3 medication class and the annual aggregate net amount spent by this state
4 for each mental health medication class after rebates without disclosing
5 any information about manufacturer-negotiated supplemental rebate
6 agreements for any specific drug. The report shall also include the
7 average annual cost by class for generic and nongeneric mental health
8 medications. Without disclosing any information about
9 manufacturer-negotiated supplemental rebate agreements that could
10 compromise the competitive or proprietary nature of these agreements, for
11 antipsychotic and antidepressant medications, the report shall include the
12 total number of prior authorizations submitted for nonpreferred
13 antipsychotic and nonpreferred antidepressant medications, the percentage
14 of prior authorization approvals and denials, the generic antipsychotic
15 and generic antidepressant medication utilization percentages and the
16 total amount of antipsychotic and antidepressant medication claims.

17 C. For purposes of this section, "mental health medication" means
18 the following medications:

- 19 1. Antipsychotics.
- 20 2. Antidepressants.
- 21 3. Anxiolytics.
- 22 4. Stimulants.
- 23 5. Sedative hypnotics.

24 Sec. 18. Proposition 204 administration; exclusion; county
25 expenditure limitations

26 County contributions for the administrative costs of implementing
27 sections 36-2901.01 and 36-2901.04, Arizona Revised Statutes, that are
28 made pursuant to section 11-292, subsection 0, Arizona Revised Statutes,
29 are excluded from the county expenditure limitations.

30 Sec. 19. Competency restoration; exclusion; county
31 expenditure limitations

32 County contributions made pursuant to section 13-4512, Arizona
33 Revised Statutes, are excluded from the county expenditure limitations.

34 Sec. 20. AHCCCS; risk contingency rate setting

35 Notwithstanding any other law, for the contract year beginning
36 October 1, 2025 and ending September 30, 2026, the Arizona health care
37 cost containment system administration may continue the risk contingency
38 rate setting for all managed care organizations and the funding for all
39 managed care organizations administrative funding levels that were imposed
40 for the contract year beginning October 1, 2010 and ending
41 September 30, 2011.

1 Sec. 21. Arizona nurse education investment pilot program:
2 fiscal year 2025-2026; use of monies

3 Notwithstanding section 36-1802, Arizona Revised Statutes, as
4 amended by this act, the Arizona board of regents is excluded from the
5 Arizona nurse education investment pilot program distributions in fiscal
6 year 2025-2026.

7 Sec. 22. AHCCCS; complete care contracts; extension

8 A. On or before December 1, 2025, the director of the Arizona
9 health care cost containment system shall offer one-year AHCCCS complete
10 care contract extensions to all managed care entities with then-current
11 AHCCCS complete care contracts beginning with the contract number
12 YH19-0001, including those with regional behavioral health agreements. If
13 accepted, the extensions shall be both:

14 1. Effective between October 1, 2027 and September 30, 2028.

15 2. Offered as otherwise provided by law, except that an extension
16 may not be offered to any entity that will cause the Arizona health care
17 cost containment system to lose any federal monies to which the Arizona
18 health care cost containment system is otherwise entitled.

19 B. The director of the Arizona health care cost containment system
20 may offer additional extensions of the contracts extended pursuant to
21 subsection A of this section on determination by the Arizona department of
22 administration that the contract extensions are in the best interest of
23 this state.

24 Sec. 23. Legislative findings

25 A. The legislature finds that the amendments to the Arizona health
26 care cost containment system's 1115 demonstration waiver that were
27 approved by the centers for medicare and medicaid services for the
28 following amendments are not subject to section 36-3302, Arizona Revised
29 Statutes, as added by Laws 2025, chapter 93, section 2, because both
30 amendments were submitted to and approved by the centers for medicare and
31 medicaid services before the effective date of this statutory requirement:

32 1. Coverage of traditional health care practices.

2. Prerelease services under the reentry demonstration initiative.

34 B. The legislature further finds that if the Arizona health care
35 cost containment system wished to submit demonstration waiver amendments
36 for this or similar coverage on or after April 24, 2025, similar changes
37 to the changes made in section 36-2907, Arizona Revised Statutes, as
38 amended by this act, relating to traditional healing services and
39 prerelease services would comply with the requirements of section 36-3302,
40 Arizona Revised Statutes, as added by Laws 2025, chapter 93, section 2.

41 Sec. 24. Legislative intent; implementation of program

42 The legislature intends that for fiscal year 2025-2026 the Arizona
43 health care cost containment system administration implement a program
44 within the available appropriation.

1 Sec. 25. Retroactivity

2 Laws 2023, chapter 139, section 4, as amended by Laws 2024, chapter
3 215, section 2 and this act, applies retroactively to from and after June
4 29, 2025.

5 Sec. 26. Applicability; notification

6 A. Section 36-694, Arizona Revised Statutes, as amended by this
7 act, applies on the earlier of either of the following:

8 1. October 1, 2027.

9 2. Two years after the date Duchenne muscular dystrophy is added to
10 the recommended uniform screening panel adopted by the secretary of the
11 United States department of health and human services.