

REFERENCE TITLE: ambulance services; certificates of necessity

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

HB 2402

Introduced by
Representative Willoughby

AN ACT

AMENDING SECTIONS 36-2208 AND 36-2217, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 21.1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2220.01; AMENDING SECTIONS 36-2232, 36-2233, 36-2234, 36-2235 AND 36-2236, ARIZONA REVISED STATUTES; RELATING TO EMERGENCY MEDICAL SERVICES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 36-2208, Arizona Revised Statutes, is amended to
3 read:

4 36-2208. Bureau of emergency medical services and trauma
5 system; annual statewide plan; regional plans

6 ~~A. There is established within the department a THE bureau of~~
7 ~~emergency medical services and trauma system that is responsible for~~
8 ~~coordinating, establishing and administering ESTABLISHED IN THE DEPARTMENT~~
9 ~~TO COORDINATE, ESTABLISH AND ADMINISTER~~ a statewide system of emergency
10 medical services, trauma care and a trauma registry.

11 B. This chapter does not prevent any individual, law enforcement
12 officer, public agency or member of a city, town, fire district or
13 volunteer fire department from rendering on-site emergency medical care
14 or, if, in terms of the existing medical situation, it is deemed not
15 advisable to await the arrival of an ambulance, from transporting
16 emergency medical patients to a hospital or an emergency receiving
17 facility, except that if any patient objects on religious grounds, that
18 patient shall not be administered any medical treatment or be transported
19 to a hospital or an emergency receiving facility.

20 C. The director shall develop an annual statewide emergency medical
21 and trauma services plan and submit that plan to the council for review
22 and approval. The statewide plan shall then be submitted to the governor
23 for final adoption. Before submitting the plan to the governor, the
24 director shall accept comments from the authorized local agencies and
25 governmental entities.

26 D. ~~A~~ EACH local emergency medical services coordinating system
27 shall develop a regional emergency medical services plan that includes a
28 needs assessment and SHALL submit the plan to the director, THE SPEAKER OF
29 THE HOUSE OF REPRESENTATIVES, THE PRESIDENT OF THE SENATE and ~~to~~ the
30 authorized local agencies within the area. The DEPARTMENT SHALL INTEGRATE
31 THE regional plans ~~shall be integrated~~ into the statewide plan ~~by the~~
~~department.~~

32 E. The ~~state~~ STATEWIDE plan shall contain a budget component for
33 funding local and state emergency medical services systems from the
34 emergency medical services operating fund established ~~pursuant to~~ BY
35 section 36-2218 based on the needs assessment of the local emergency
36 medical services coordinating system plans. The components shall be
37 included in the department's budget through the normal appropriation
38 process.

39 Sec. 2. Section 36-2217, Arizona Revised Statutes, is amended to
40 read:

41 36-2217. Exemption from regulation

42 A. This chapter does not apply to:

43 1. Vehicles used for the emergency transportation of persons
44 injured at an industrial site.

1 2. Persons engaged in and vehicles used for air transportation of
2 sick or injured people in a noncritical or nonemergency situation as
3 determined by a physician.

4 3. Medical evacuation equipment used and owned by the department of
5 public safety in air, ground or water evacuation, ~~and~~ including fixed wing
6 aircraft, helicopters, ground ambulances and similar ground conveyances,
7 snowmobiles and water traversing equipment.

8 4. Vehicles provided or contracted for emergency medical services
9 by a political subdivision if these vehicles are primarily used to provide
10 on the scene stabilization of sick, injured, wounded, incapacitated or
11 helpless persons.

12 5. Ambulances from other states that are:

13 (a) Responding to a major catastrophe or emergency in this state
14 because there are insufficient registered ambulances in this state to
15 respond in that situation.

16 (b) **EITHER** operating ~~either~~ from a location outside of this state
17 to transport a patient to a location within this state or operating from a
18 location outside of this state and crossing through this state to
19 transport a patient to a location outside this state.

20 6. REGISTERED AMBULANCES FROM THIS STATE THAT ARE RESPONDING TO A
21 MAJOR CATASTROPHE, EMERGENCY OR WILDLAND FIRE EVENT IN THIS STATE BECAUSE
22 THERE ARE INSUFFICIENT REGISTERED AMBULANCES IN THE AREA AFFECTED BY THE
23 MAJOR CATASTROPHE, EMERGENCY OR WILDLAND FIRE EVENT.

24 ~~6.~~ 7. Stretcher vans that meet the requirements of section
25 36-2223.

26 B. Except as provided in subsection A, paragraph 5, subdivision (a)
27 of this section, an ambulance from another state shall not pick up a
28 patient in this state and transport that patient to another location in
29 this state unless that ambulance is registered under this chapter.

30 Sec. 3. Title 36, chapter 21.1, article 1, Arizona Revised
31 Statutes, is amended by adding section 36-2220.01, to read:

32 36-2220.01. Ambulance services; information on calls; public
33 availability; civil penalty; definition

34 A. EACH AMBULANCE SERVICE SHALL PROVIDE THE FOLLOWING INFORMATION
35 ON A QUARTERLY BASIS TO THE DEPARTMENT IN A DEPARTMENT-APPROVED FORMAT, AS
36 APPLICABLE:

37 1. THE EMERGENCY MEDICAL DISPATCH CLASSIFICATION FOR EACH CALL FOR
38 SERVICE OR INTERFACILITY TRANSPORT.

39 2. FOR EACH CALL FOR SERVICE FOR WHICH AN AMBULANCE IS DISPATCHED,
40 THE FOLLOWING INFORMATION, AS APPLICABLE:

41 (a) THE DISPATCH TIME.
42 (b) THE STAGING TIME.
43 (c) THE CANCELED TIME.
44 (d) THE ON-SCENE TIME.
45 (e) THE EN ROUTE TIME.

(f) THE HOSPITAL ARRIVAL TIME.

(g) THE HOSPITAL RELEASE TIME.

3. THE DATE, TIME AND DURATION OF ANY INSTANCE IN WHICH AN AMBULANCE SERVICE PROVIDER HAS ONLY ONE AMBULANCE AVAILABLE IN A SERVICE AREA.

4. THE DATE, TIME AND DURATION OF ANY INSTANCE IN WHICH AN AMBULANCE SERVICE DOES NOT HAVE AN AMBULANCE AVAILABLE WITHIN A SERVICE AREA.

5. THE DATE AND TIME OF ANY REQUEST FOR MUTUAL AID.

6. THE DATE AND TIME AN AMBULANCE SERVICE DECLINED TO PROVIDE MUTUAL AID TO ANOTHER CERTIFICATE OF NECESSITY HOLDER AND AN EXPLANATION WHY THE MUTUAL AID REQUEST WAS DECLINED.

7. THE DETAILS OF SUBSTANTIATED COMPLAINTS RECEIVED FROM AN INDIVIDUAL OR HEALTH CARE INSTITUTION AS PRESCRIBED IN RULE BY THE DEPARTMENT.

8. THE DETAILS OF ANY MEDICATION ERROR THAT RESULTS IN PATIENT INJURY OR PATIENT DEATH.

9. ANY UNINTENDED INJURY OR HARM TO A PATIENT THAT OCCURRED WHILE PROVIDING PREHOSPITAL CARE.

B. THE DEPARTMENT SHALL MAKE THE INFORMATION RECEIVED PURSUANT TO SUBSECTION A OF THIS SECTION AVAILABLE TO THE PUBLIC ON REQUEST, EXCEPT THAT THE DEPARTMENT SHALL REDACT ANY PERSONALLY IDENTIFYING INFORMATION. THE DEPARTMENT SHALL POST THE INFORMATION RECEIVED PURSUANT TO SUBSECTION A OF THIS SECTION, AS REDACTED, ON THE DEPARTMENT'S PUBLIC WEBSITE.

C. IF AN AMBULANCE SERVICE FAILS TO COMPLY WITH THE QUARTERLY REPORTING REQUIREMENTS OF THIS SECTION, THE DEPARTMENT SHALL ISSUE A NOTICE TO COMPLY TO THE AMBULANCE SERVICE WITHIN THIRTY CALENDAR DAYS AFTER THE END OF THE QUARTER. THE AMBULANCE HAS FIFTEEN CALENDAR DAYS AFTER RECEIVING THE NOTICE TO COMPLY WITH THE QUARTERLY REPORTING REQUIREMENTS OF THIS SECTION. IF THE AMBULANCE SERVICE CONTINUES TO FAIL TO COMPLY WITH THE QUARTERLY REPORTING REQUIREMENTS OF THIS SECTION, THE DIRECTOR MAY IMPOSE A CIVIL PENALTY OF NOT MORE THAN \$500.

D. FOR THE PURPOSES OF THIS SECTION, "EMERGENCY MEDICAL DISPATCH CLASSIFICATION" MEANS THE STANDARDIZED SYSTEM USED BY EMERGENCY MEDICAL DISPATCHERS TO EVALUATE AND CATEGORIZE EMERGENCY MEDICAL CALLS BASED ON THE NATURE AND SEVERITY OF THE INCIDENT.

Sec. 4. Section 36-2232, Arizona Revised Statutes, is amended to read:

36-2232. Director; powers and duties; regulation of ambulance services; inspections; response time compliance; mileage rate calculation factors; online portal and dashboard

A. The director shall adopt rules to regulate the operation of ambulances and ambulance services in this state. Each rule shall identify all sections and subsections of this chapter under which the rule was

1 formulated. The rules shall provide for the department to do the
2 following:

3 1. Consistent with the requirements of subsection H of this
4 section, determine, fix, alter and regulate just, reasonable and
5 sufficient rates and charges for the provision of ambulances, including
6 rates and charges for advanced life support service, basic life support
7 service, patient loaded mileage, standby waiting, subscription service
8 contracts and other contracts for services related to the provision of
9 ambulances. The director shall inform all ambulance services of the
10 procedures and methodology used to determine ambulance rates or charges.

11 2. Ensure **THAT** evidence-based quality patient care is the priority
12 for decision-making.

13 3. Regulate operating and response times of ambulances to meet the
14 needs of the public and to ensure adequate service. The rules adopted by
15 the director for certificated ambulance service response times shall
16 include uniform standards for urban, suburban, rural and wilderness
17 geographic areas within the certificate of necessity based on, at a
18 minimum, population density and geographic and medical considerations.
19 The calculation of response times shall begin when the public safety
20 answering point contacts an ambulance service for dispatch and conclude
21 when the ambulance service arrives at the dispatched location. On-scene
22 arrival times for response time measurement shall be documented by the
23 ambulance service using dispatch or global positioning system data, or a
24 combination of both, and kept on file. Response time data that is
25 compliant with the health insurance portability and accountability act of
26 1996 shall be filed annually with the department. When dispatch or global
27 positioning system connectivity is not available, the ambulance service
28 shall manually document on-scene arrival times for response time
29 measurement. The response time data shall be filed in a
30 department-approved format, and the department shall make the response
31 time data publicly available.

32 4. Review response times established pursuant to paragraph 3 of
33 this subsection with the ambulance service and update the response times
34 based on, at a minimum, population density and geographic and medical
35 considerations, and the financial impact on rates and charges, every six
36 years. One additional review each six-year period may be requested by a
37 city, town, fire district or fire authority whose jurisdictional
38 boundaries in whole or in part are within the service area of a
39 certificate of necessity or an existing certificate of necessity holder
40 within the service area of the certificate of necessity.

41 5. Determine, fix, alter and regulate bases of operation. The
42 director may issue a certificate of necessity to more than one ambulance
43 service within any base of operation. For the purposes of this paragraph,
44 "base of operation" means a service area granted under a certificate of
45 necessity.

1 6. Issue, amend, transfer, suspend or revoke certificates of
2 necessity under terms consistent with this article.

3 7. Prescribe a uniform system of accounts to be used by ambulance
4 services that conforms to standard accounting forms and principles for the
5 ambulance industry and generally accepted accounting principles.

6 8. Require the filing of an annual financial report and other data.
7 These rules shall require an ambulance service to file the report with the
8 department not later than one hundred eighty days after the completion of
9 its annual accounting period.

10 9. Regulate ambulance services in all matters affecting services to
11 the public to the end that this article may be fully carried out.

12 10. Prescribe bonding requirements, if any, for ambulance services
13 **THAT ARE** granted authority to provide any type of subscription service.

14 11. Offer technical assistance to ambulance services to ensure
15 compliance with the rules.

16 12. Offer technical assistance to ambulance services in order to
17 obtain or to amend a certificate of necessity.

18 13. Inspect, at a maximum of twelve-month intervals, each ambulance
19 registered pursuant to section 36-2212 to ensure that the vehicle is
20 operational and safe and that all required medical equipment is
21 operational. At the request of the provider, the inspection may be
22 performed by a facility approved by the director. If a provider requests
23 that the inspection be performed by a facility approved by the director,
24 the provider shall pay the cost of the inspection.

25 B. The director may require any ambulance service offering
26 subscription service contracts to obtain a bond in an amount determined by
27 the director that is based on the number of subscription service contract
28 holders and to file the bond with the director to protect all subscription
29 service contract holders in this state ~~who~~ **THAT** are covered under that
30 subscription contract.

31 C. **At EACH** ambulance service shall:

32 1. Maintain, establish, add, move or delete suboperation stations
33 within its base of operation to ensure that the ambulance service meets
34 the established response times or those approved by the director in a
35 political subdivision contract.

36 2. Determine the operating hours of its suboperation stations to
37 provide for coverage of its base of operation.

38 3. Provide the department with a list of suboperation station
39 locations.

40 4. Notify the department not later than thirty days after the
41 ambulance service makes a change in the number or location of its
42 suboperation stations.

43 5. ~~Beginning January 1, 2024,~~ Install and maintain an electronic
44 global positioning system monitoring device in each vehicle that is used
45 for transport to record on-scene arrival times for response time

1 measurement. The department ~~shall~~ MAY provide a waiver on a
2 department-approved form to an ambulance service that can reasonably
3 demonstrate it is unable to meet the requirements of this paragraph
4 BECAUSE AT LEAST THIRTY PERCENT OF THE SERVICE AREA DOES NOT HAVE GLOBAL
5 POSITIONING SYSTEM COVERAGE. A WAIVER ISSUED PURSUANT TO THIS PARAGRAPH
6 EXPIRES ON APRIL 1 OF EACH YEAR AND MAY BE RENEWED ANNUALLY.

7 D. At any time, the director or the director's agents may:

8 1. Inquire into the operation of an ambulance service, including a
9 person operating an ambulance that has not been issued a certificate of
10 registration or a person who does not have or is operating outside of a
11 certificate of necessity.

12 2. Conduct on-site inspections of facilities, communications
13 equipment, vehicles, procedures, materials and equipment.

14 3. Review the qualifications of ambulance attendants.

15 E. If all ambulance services that have been granted authority to
16 operate within the same service area or that have overlapping certificates
17 of necessity apply for uniform rates and charges, the director may
18 establish uniform rates and charges for the service area.

19 F. In consultation with the medical director of the BUREAU OF
20 emergency medical services and trauma system, the emergency medical
21 services council and the medical direction commission, the director of the
22 department of health services shall establish protocols for ambulance
23 services to refer and advise a patient or transport a patient by the most
24 appropriate means to the most appropriate provider of medical services
25 based on the patient's condition. The protocols shall include triage and
26 treatment protocols that allow all classifications of emergency medical
27 care technicians responding to a person who has accessed 911, or a similar
28 public dispatch number, for a condition that does not pose an immediate
29 threat to life or limb to refer and advise a patient or transport a
30 patient to the most appropriate health care institution as defined in
31 section 36-401 based on the patient's condition, taking into consideration
32 factors including patient choice, the patient's health care provider,
33 specialized health care facilities and local protocols.

34 G. The director, when reviewing an ambulance service's response
35 time compliance with its certificate of necessity, shall consider in
36 addition to other factors the effect of hospital diversion, delayed
37 emergency department admission and the number of ambulances engaged in
38 response or transport in the affected area.

39 H. The department shall incorporate all of the following factors
40 when calculating the proposed mileage rate:

41 1. The cost of licensure and registration of each ground ambulance
42 vehicle.

43 2. The cost of fuel.

44 3. The cost of ground ambulance vehicle maintenance.

45 4. The cost of ground ambulance vehicle repair.

1 5. The cost of tires.
2 6. The cost of ground ambulance vehicle insurance.
3 7. The cost of mechanic wages, benefits and payroll taxes.
4 8. The cost of loan interest related to the ground ambulance
5 vehicles.
6 9. The cost of the weighted allocation of overhead.
7 10. The cost of ground ambulance vehicle depreciation.
8 11. The cost of reserves for replacement of ground ambulance
9 vehicles and equipment.

10 I. THE DEPARTMENT SHALL:

11 1. ESTABLISH AN ONLINE CERTIFICATE OF NECESSITY APPLICATION PORTAL
12 TO ALLOW APPLICANTS TO TRACK THE STATUS OF THEIR APPLICATION AND THE
13 APPLICABLE DEADLINES AS PRESCRIBED IN RULE BY THE DEPARTMENT.

14 2. MAKE AVAILABLE TO THE PUBLIC ON THE DEPARTMENT'S PUBLIC WEBSITE
15 A DASHBOARD OF AMBULANCE SERVICE RESPONSE TIMES THAT CAN BE REVIEWED BY
16 CALL TYPE AND THE PERCENTAGE OF CALLS THAT REQUIRED ADVANCED LIFE SUPPORT
17 SERVICES.

18 Sec. 5. Section 36-2233, Arizona Revised Statutes, is amended to
19 read:

20 36-2233. Certificate of necessity to operate an ambulance
21 service; application; notification of interested
22 parties; exceptions; service areas

23 A. Any person wishing to operate an ambulance service in this state
24 shall apply to the department on a form prescribed by the director for a
25 certificate of necessity.

26 B. Within one hundred eighty days after receiving an application
27 for a certificate of necessity as prescribed in this section, the director
28 shall make a determination based on whether necessity for the ambulance
29 service is found to exist and the applicant meets the requirements of
30 subsection F of this section. If the director requests additional
31 information from the applicant after initial review, the applicant ~~shall~~
32 ~~have~~ has thirty business days to respond. On request, the director may
33 give the applicant one additional period of thirty business days to
34 respond. If the applicant fails to respond to the director's request for
35 additional information, the department shall deem the initial or amended
36 application withdrawn. An application deemed withdrawn is not an
37 appealable agency action pursuant to title 41, chapter 6, article 10. The
38 applicant may appeal a denial only pursuant to section 36-2234. The one
39 hundred eighty-day period for the director to make the determination of
40 necessity does not include the time the applicant uses to respond to
41 requests for additional information.

42 C. On receipt of an initial or amended application for a
43 certificate of necessity, the department shall post a notice of the
44 application on its website. Within thirty days after the department posts
45 a notice pursuant to this subsection, any interested party may provide

1 information to the director on a form in a department-approved format for
2 consideration. If an interested party fails to respond to the notice
3 within sixty days in a department-approved format, the information may not
4 be considered during the review of the application.

5 D. For the purposes of this section, a city, town, fire district,
6 fire authority or tribal government whose jurisdictional boundaries in
7 whole or in part are within the service area of a certificate of
8 necessity, an existing certificate of necessity holder within the service
9 area of the certificate of necessity or a hospital that is licensed
10 pursuant to chapter 4 of this title and that is located within the service
11 area of a certificate of necessity is considered to be an interested party
12 as a matter of law.

13 E. All interested parties shall be notified of any application for
14 an initial or amended certificate of necessity within fifteen days after
15 the application is filed, within fifteen days after the application is
16 complete and within fifteen days after a decision by the director. The
17 director's decision pursuant to subsection F of this section is final
18 unless appealed pursuant to section 36-2234, subsection A.

19 F. The director shall issue a certificate of necessity if all of
20 the following apply:

21 1. The director finds that public necessity requires the service or
22 any part of the service proposed by the applicant.

23 2. The director finds that the applicant is fit and proper to
24 provide the service.

25 3. The applicant has paid the appropriate fees pursuant to section
26 36-2240.

27 4. The applicant has filed a surety bond pursuant to section
28 36-2237.

29 G. THE DIRECTOR MAY NOT REQUIRE AN APPLICANT TO PURCHASE EQUIPMENT,
30 AMBULANCES OR OTHER VEHICLES BEFORE APPROVING THE CERTIFICATE OF NECESSITY
31 IF THE APPLICANT CAN DEMONSTRATE THE ABILITY TO PROVIDE ALL SERVICES
32 REQUIRED PURSUANT TO A CERTIFICATE OF NECESSITY ISSUED PURSUANT TO THIS
33 ARTICLE.

34 G. H. A certificate of necessity issued pursuant to subsection
35 F of this section shall be for all or part of the service proposed by the
36 applicant as determined necessary by the director for public convenience
37 and necessity.

38 I. NOTWITHSTANDING ANY OTHER REQUIREMENT OF THIS CHAPTER TO THE
39 CONTRARY, IF A GEOGRAPHIC AREA OF A CITY, TOWN OR FIRE DISTRICT HAS A
40 POPULATION OF LESS THAN TEN THOUSAND PERSONS AND IS NOT WITHIN THE SERVICE
41 AREA OF A CERTIFICATE OF NECESSITY OR THE CURRENT CERTIFICATE OF NECESSITY
42 HOLDER HAS NOT MET THE REQUIREMENTS OF THE CERTIFICATE OF NECESSITY FOR AT
43 LEAST SIX MONTHS, THE DIRECTOR MAY ISSUE A CERTIFICATE OF NECESSITY TO THE
44 CITY, TOWN OR FIRE DISTRICT OR A PRIVATE AMBULANCE SERVICE TO PROVIDE
45 AMBULANCE SERVICES TO THAT GEOGRAPHIC AREA IF THE CITY, TOWN OR FIRE

1 DISTRICT OR THE PRIVATE AMBULANCE SERVICE CAN DEMONSTRATE THE ABILITY TO
2 PROVIDE ALL SERVICES REQUIRED PURSUANT TO A CERTIFICATE OF NECESSITY
3 ISSUED PURSUANT TO THIS ARTICLE.

4 ~~H.~~ J. This section does not require a certificate of necessity
5 for:

6 1. Vehicles and persons that are exempt from a certificate of
7 registration pursuant to section 36-2217.

8 2. Ambulance services operating under temporary authority pursuant
9 to section 36-2242.

10 ~~I.~~ K. The director may grant a service area by one or any
11 combination of the following descriptions:

12 1. Metes and bounds.

13 2. A city, town or political subdivision not limited to a specific
14 date. The merger or consolidation of two or more fire districts pursuant
15 to section 48-820 or 48-822 does not expand the service area boundaries of
16 an existing certificate of necessity.

17 3. A city, town or political subdivision as of a specific date that
18 does not include annexation.

19 Sec. 6. Section 36-2234, Arizona Revised Statutes, is amended to
20 read:

21 36-2234. Hearings; waiver of hearing; appeals; emergency
22 action; suspension; judicial review; definition

23 A. The applicant or any certificate of necessity holder whose
24 ambulance service area in whole or in part is within the affected service
25 area of the initial or amended certificate of necessity may appeal
26 pursuant to title 41, chapter 6, article 10 the director's determination
27 within thirty days after the decision. If an appeal is made, the director
28 shall require ~~THAT~~ a public hearing be held within one hundred twenty days
29 after the hearing notice is issued on the director's determination on the
30 initial or amended certificate of necessity.

31 B. For the purposes of any hearing held pursuant to this section, a
32 city, town, fire district, fire authority or tribal government whose
33 jurisdictional boundaries in whole or in part are within the service area
34 of a certificate of necessity, an existing certificate of necessity holder
35 within the service area of the certificate of necessity or a hospital that
36 is licensed pursuant to chapter 4 of this title and that is located within
37 the service area of a certificate of necessity is considered to be an
38 interested party as a matter of law.

39 C. The director shall require a public hearing on any proposed
40 action relating to an adjustment of general public rates, charges or
41 certificate of necessity transfers unless subsection E, G or ~~F~~ P of this
42 section applies.

43 D. An appeal pursuant to subsection A of this section or a public
44 hearing held pursuant to subsection C of this section shall meet the
45 following requirements:

1 1. The hearing shall be held pursuant to title 41, chapter 6,
2 article 10, except as specifically provided in this section.

3 2. The director shall mail notice of the hearing to every ambulance
4 service in the affected region and every interested party as specified in
5 subsection B of this section not later than fifteen days before the
6 hearing.

7 3. The director may mail notice to other persons who the director
8 determines are interested in the hearing.

9 4. In a hearing or rehearing conducted pursuant to this article, an
10 ambulance service may be represented by a corporate officer, an employee
11 or a designee who has been specifically authorized by the ambulance
12 service to represent it.

13 5. FOR AN APPEAL PURSUANT TO SUBSECTION A OF THIS SECTION, AN
14 AMBULANCE SERVICE IN THE AFFECTED REGION AND EACH INTERESTED PARTY AS
15 SPECIFIED IN SUBSECTION B OF THIS SECTION HAVE SEVEN DAYS AFTER RECEIVING
16 THE HEARING NOTICE MAILED PURSUANT TO PARAGRAPH 2 OF THIS SUBSECTION TO
17 INTERVENE.

18 5. A certificate of necessity appeal hearing may not last more
19 than five consecutive business days unless the administrative law judge
20 determines, in writing, on the final day of the hearing that there is an
21 extraordinary need for additional hearing days. The administrative law
22 judge in that case may add up to five additional consecutive business days
23 for the hearing. The additional hearing days shall be calendared within
24 thirty days after the end of the initial hearing.

25 6. The administrative law judge of the office of administrative
26 hearings shall issue a written decision within twenty days after the
27 hearing is concluded. The written decision shall contain a concise
28 explanation of the reasons supporting the decision, including the findings
29 of fact and conclusions of law. The administrative law judge shall serve
30 a copy of the decision on the department and all parties to the action.
31 On request of the department, the office of administrative hearings shall
32 also transmit to the department the record of the hearing as described in
33 section 12-904. A copy of the administrative law judge's decision is
34 deemed sent on personal delivery of the decision or five days after the
35 decision is mailed to the director.

36 7. Within thirty days after the date the office of
37 administrative hearings sends a copy of the administrative law judge's
38 decision to the department, the director shall review the decision and
39 accept, reject or modify the decision. If the director rejects or
40 modifies the decision, the director must file with the office of
41 administrative hearings and serve on all parties a copy of the
42 administrative law judge's decision with the director's rejection or
43 modification and a written justification setting forth the reasons for the
44 rejection or modification of each finding of fact or conclusion of law.
45 If there is a rejection or modification of a conclusion of law, the

1 written justification shall be sent to the president of the senate and the
2 speaker of the house of representatives.

3 ~~8.~~ 9. If the director does not accept, reject or modify the
4 administrative law judge's decision within thirty days after the date the
5 office of administrative hearings sends a copy of the administrative law
6 judge's decision to the director, as evidenced by receipt of such action
7 by the office of administrative hearings on or before the thirtieth day,
8 the office of administrative hearings shall certify the administrative law
9 judge's decision as the final administrative decision.

10 ~~9.~~ 10. The decision entered as specifically provided by this
11 subsection is the final administrative decision.

12 E. The director may waive the hearing required under subsection C
13 of this section if notification, including a general description of the
14 proposed action of the department and the time and manner for any
15 interested person to request a hearing, is given and all of the following
16 apply:

17 1. Notification of the proposed action has been sent to every
18 ambulance service in the affected region not later than fifteen days
19 before the action.

20 2. The director has notified other persons who the director
21 determines are interested in the proposed action not later than fifteen
22 days before the action.

23 3. The director has published notice of the proposed action in a
24 newspaper of general circulation in the affected region at least once each
25 week for two consecutive weeks before the action is taken.

26 4. The director has received no requests within the fifteen-day
27 notification period for a hearing to be held on the proposed action.

28 F. If the director receives a request pursuant to subsection E,
29 paragraph 4 of this section, the director shall hold a hearing in
30 compliance with subsection D of this section.

31 G. The director shall not hold a hearing if a person requests a
32 hearing regarding a rate increase that does not exceed the amount computed
33 as follows:

34 1. Determine the percentage growth in the transportation consumer
35 price index of the United States department of labor, bureau of labor
36 statistics, from the end of the second preceding calendar year to the
37 calendar year immediately preceding the calendar year for which the rate
38 increase is requested.

39 2. Determine the percentage growth in the medical care consumer
40 price index of the United States department of labor, bureau of labor
41 statistics, from the end of the second preceding calendar year to the
42 calendar year immediately preceding the calendar year for which the rate
43 increase is requested.

1 3. Add the amount determined in paragraph 1 of this subsection to
2 the amount determined in paragraph 2 of this subsection and divide the sum
3 by two.

4 H. A rate increase authorized pursuant to subsection G of this
5 section is deemed to be fixed by the department at the requested level.
6 Notwithstanding subsection E of this section, the department shall hold a
7 hearing pursuant to section 36-2232, subsection E for any proposed uniform
8 rate or charge that exceeds the annual rate increase prescribed in
9 subsection G of this section. The department shall require the applicants
10 to submit the following information signed by the designated financial
11 officer and the chief executive of the ambulance service who has fiduciary
12 responsibility for providing accurate financial information:

13 1. A financial statement for the previous twenty-four months
14 relating to the certificated areas.

15 2. Any additional information the department requires to analyze
16 the request.

17 I. If an ambulance service with an established general public rate
18 applies for a contract rate or range of rates that is up to thirty percent
19 less than its established rate, the director shall grant the rate without
20 a public hearing or waiver, and without any right of intervention, unless
21 within ninety days after the filing of a completed application the
22 director determines that the contract rate or range of rates applied for
23 does not accurately reflect the cost and economics of providing the
24 contract services, would adversely affect the service available to the
25 general public in the area of service as designated by its certificate of
26 necessity or would cause any fixed rate, fare or charge to the general
27 public to be adversely affected.

28 J. If the department disallows a proposed contract rate pursuant to
29 subsection I of this section, the ambulance service has a right to a
30 hearing for review of the proposed contract rate or range of rates.

31 K. The director may adopt rules for the establishment of a contract
32 rate or range of rates that may be implemented and that exceeds the thirty
33 percent rate variance identified pursuant to subsection I of this section.

34 L. Subsections I, J and K of this section are limited to contract
35 rates or a range of rates applied for prescheduled, interfacility or
36 convalescent transports.

37 M. A service contract between an ambulance service and a political
38 subdivision of this state, including local fire districts, shall be filed
39 with and approved by the department in accordance with the following
40 requirements:

41 1. On receipt of the proposed contract, the department has fifteen
42 days to review the contract and notify the ambulance service of any
43 additional information the department requires, recommended corrections or
44 any provision that does or may violate this article.

1 2. The ambulance service has fifteen days to provide the department
2 with the information requested or to submit a revised or amended contract
3 if required under paragraph 1 of this subsection.

4 3. The contract becomes effective fifteen days after the ambulance
5 service complies with the department's request unless the department
6 determines that any rate or charge or other provisions specified in the
7 contract will cause any fixed rate or charge to the general public rate to
8 be adversely affected or the contract would be in violation of the
9 ambulance service's certificate of necessity.

10 4. If the department disallows a proposed contract pursuant to this
11 subsection, the ambulance service has a right to a hearing for review of
12 the proposed contract.

13 5. The rates and charges contained in the contract are the rates
14 and charges fixed by the director in a decision or order for the ambulance
15 service and conform to the ambulance service's current or subsequent
16 general public rates and charges.

17 6. The area of response is within the ambulance service's
18 certificated area.

19 N. In case of emergency, the director may take action providing for
20 immediate suspension of a certificate of registration or a certificate of
21 necessity, or both, under this section without notice or a hearing if the
22 director determines that a potential threat to the public health and
23 safety exists. If such an action is taken by the director, the director
24 shall conduct a hearing within ten days after the date of the director's
25 action unless the person against whom the action is directed waives the
26 right to have a hearing held within ten days. If the ten-day hearing
27 requirement is waived, the director shall set a date mutually agreeable to
28 the interested parties. The purpose of the hearing is to review the
29 decision of the director to take such an action. The director shall make
30 findings of fact and may continue, suspend or modify the director's
31 action.

32 O. THE DIRECTOR SHALL ASSESS A CIVIL PENALTY OF \$1,500 ON AN
33 AMBULANCE SERVICE IF THE AMBULANCE SERVICE IS NOT COMPLYING WITH THE
34 CERTIFICATE OF NECESSITY'S REQUIREMENTS. THE CERTIFICATE OF NECESSITY
35 HOLDER MAY APPEAL THE DIRECTOR'S DECISION PURSUANT TO THIS SUBSECTION BY
36 REQUESTING A HEARING PURSUANT TO TITLE 41, CHAPTER 6, ARTICLE 10.

37 P. The director shall waive the hearing required under
38 subsection C of this section if geographic changes in suboperation
39 stations do not alter the service area or adversely affect approved
40 response times.

41 P. Except as provided in section 41-1092.08, subsection H, a
42 final decision of the director relating to an adjustment of general public
43 rates, charges or certificate of necessity transfers is subject to
44 judicial review pursuant to title 12, chapter 7, article 6.

1 ~~R.~~ R. The final administrative decision of the director or the
2 administrative law judge as prescribed in subsection D of this section for
3 an initial or amended certificate of necessity is subject to judicial
4 review pursuant to title 12, chapter 7, article 6.

5 ~~R.~~ S. For the purposes of this section, "hearing day":

6 1. Means any portion of a business day that is used for any
7 hearing-related activity, including testimony, argument or presentation of
8 evidence.

9 2. Does not include prehearing conferences or other administrative
10 matters that occur before the start of the hearing.

11 Sec. 7. Section 36-2235, Arizona Revised Statutes, is amended to
12 read:

13 36-2235. Terms of certificates of necessity; initial term;
14 renewal

15 A. The initial certificate of necessity issued pursuant to section
16 36-2233 to each ambulance service shall be for a term of one year.

17 B. On the expiration of a certificate of necessity, if the holder
18 of the certificate **OF NECESSITY** meets all requirements, applies for a
19 renewal and pays the fees prescribed in section 36-2240, the director
20 shall renew the certificate **OF NECESSITY** for a term of three years without
21 public hearing or waiver unless cause is shown to set a hearing to
22 consider denial or renewal for a shorter term.

23 C. If the director does not conclude a hearing to show cause within
24 ninety days of the expiration date of the certificate **OF NECESSITY**, the
25 certificate **OF NECESSITY** shall be renewed for a period of ~~not less than~~ **AT**
26 **LEAST** one year. The term of the certificate **OF NECESSITY** shall be
27 ~~extended to~~ **RENEWED FOR** three years if the director determines that cause
28 is not established for denial or renewal for a shorter term. For the
29 purposes of this subsection, "hearing to show cause" means a hearing
30 ordered by the director pursuant to section 36-2245 to determine ~~if~~
31 **WHETHER** any grounds exist to prevent an ambulance service from carrying
32 out ~~the provisions of~~ subsection B of this section during the current term
33 of the certificate **OF NECESSITY**.

34 D. **THE DIRECTOR SHALL BASE ALL DECISIONS RELATING TO THE RENEWAL OF**
35 **A CERTIFICATE OF NECESSITY ON CURRENT DATA.**

36 Sec. 8. Section 36-2236, Arizona Revised Statutes, is amended to
37 read:

38 36-2236. Certificates of necessity; nature; transfer;
39 suspension; service area; population changes

40 A. A certificate of necessity issued pursuant to this article is
41 not a franchise, may be revoked by the director and does not confer a
42 property right on its holder.

43 B. A certificate of necessity shall not be assigned or otherwise
44 transferred without the written approval of the director. When any
45 certificate **OF NECESSITY** is assigned or transferred, the director shall

1 issue to the assignee or transferee a new certificate **OF NECESSITY** that is
2 valid only for the unexpired term of the transferred or assigned
3 certificate **OF NECESSITY**.

4 C. In case of emergency, the director may suspend a certificate of
5 necessity as provided in section 36-2234.

6 D. If a certificate of necessity issued pursuant to this article is
7 issued to a city, town, fire district, fire authority or other political
8 subdivision of this state, the service area shall be all the geographic
9 area lying within the jurisdictional boundaries of the city, town, fire
10 district, fire authority or political subdivision, unless the certificate
11 **OF NECESSITY** issued by the director specifically excludes a portion of the
12 city, town, fire district, fire authority or political subdivision or
13 includes an additional service area outside the jurisdictional boundaries
14 of the city, town, fire district, fire authority or other political
15 subdivision. If the jurisdictional boundaries of a city, town, fire
16 district, fire authority or other political subdivision expand, the
17 service area in the certificate of necessity expands to reflect those
18 jurisdictional boundaries, except as prescribed in section 36-2233,
19 subsection ~~I~~ K, paragraph 2. This subsection does not affect the
20 validity of any previously granted certificate **OF NECESSITY** for an
21 unincorporated area lying within the boundaries of a city.

22 E. If the population of a service area changes by ten percent or
23 more based on the most recent decennial census or five-year census
24 estimate, the department must conduct a review to determine whether
25 adjustments must be made to the response times in the service area, taking
26 into consideration the impact on rates and charges.