

Senate Engrossed

American Indian health program; administration

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

SENATE BILL 1611

AN ACT

AMENDING TITLE 36, CHAPTER 29, ARTICLE 1, ARIZONA REVISED STATUTES, BY
ADDING SECTION 36-2903.18; RELATING TO THE ARIZONA HEALTH CARE COST
CONTAINMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 36, chapter 29, article 1, Arizona Revised
3 Statutes, is amended by adding section 36-2903.18, to read:

4 36-2903.18. American Indian health program; administrative
5 services contract; legislative review;
6 administrative services organization; duties;
7 office of tribal relations; definitions

8 A. BEGINNING OCTOBER 1, 2027, THE ADMINISTRATION SHALL CONTRACT
9 WITH A QUALIFIED CONTRACTOR OR OTHER QUALIFIED ENTITY TO SERVE AS THE
10 ADMINISTRATIVE SERVICES ORGANIZATION AND TO PERFORM THE FUNCTIONS
11 PRESCRIBED IN SUBSECTION I OF THIS SECTION FOR MEMBERS ENROLLED IN THE
12 AMERICAN INDIAN HEALTH PROGRAM, NOT INCLUDING SERVICES PROVIDED TO
13 AMERICAN INDIAN OR ALASKA NATIVE MEMBERS THROUGH A TRIBAL HEALTH PROGRAM.
14 THE CONTRACT MUST COMPLY WITH ALL APPLICABLE FEDERAL AND STATE
15 REQUIREMENTS, INCLUDING THE PROTECTIONS FOR INDIANS, INDIAN HEALTH CARE
16 PROVIDERS AND INDIAN MANAGED CARE ENTITIES PURSUANT TO 42 CODE OF FEDERAL
17 REGULATIONS SECTION 438.14.

18 B. THE ADMINISTRATION SHALL RETAIN ULTIMATE RESPONSIBILITY FOR
19 ADMINISTERING THE AMERICAN INDIAN HEALTH PROGRAM, INCLUDING FEE-FOR-SERVICE
20 RATE SETTING AND OVERSIGHT OF ANY ADMINISTRATIVE SERVICES ORGANIZATION
21 CONTRACTOR, AND MAY NOT ELIMINATE THE AMERICAN INDIAN HEALTH PROGRAM AS A
22 FEE-FOR-SERVICE OPTION FOR ELIGIBLE AMERICAN INDIAN AND ALASKA NATIVE
23 MEMBERS.

24 C. AS PART OF ANY REQUEST FOR PROPOSALS ISSUED BY THE
25 ADMINISTRATION FOR AN ADMINISTRATIVE SERVICES ORGANIZATION PURSUANT TO
26 THIS SECTION, THE ADMINISTRATION SHALL REQUIRE EACH OFFEROR TO DEMONSTRATE
27 A PROVEN HISTORY OF COMPETENCY AND EXPERIENCE IN PROVIDING ROBUST CASE
28 MANAGEMENT AND COMPASSIONATE, QUALITY AND COMPLIANT SERVICES TO AMERICAN
29 INDIAN AND ALASKA NATIVE POPULATIONS AND IN COORDINATING WITH TRIBAL
30 HEALTH PROGRAMS.

31 D. BEFORE ISSUING ANY REQUEST FOR PROPOSALS TO PROCURE AN
32 ADMINISTRATIVE SERVICES ORGANIZATION PURSUANT TO SUBSECTION A OF THIS
33 SECTION:

34 1. THE ADMINISTRATION SHALL COMPLETE MEANINGFUL AND TIMELY TRIBAL
35 CONSULTATION AND URBAN CONFER REGARDING THE IMPLEMENTATION OF THIS SECTION
36 AND, WITHIN THIRTY DAYS AFTER COMPLETING THE TRIBAL CONSULTATION AND URBAN
37 CONFER, SHALL SUBMIT ANY STATE PLAN AMENDMENT OR WAIVER TO THE CENTERS FOR
38 MEDICARE AND MEDICAID SERVICES.

39 2. NOTWITHSTANDING ANY LAW TO THE CONTRARY:

40 (a) THE ADMINISTRATION SHALL TRANSMIT THE PROPOSED PROCUREMENT
41 STRATEGY, MINIMUM QUALIFICATIONS AND EVALUATION FACTORS TO THE SENATE AND
42 HOUSE OF REPRESENTATIVES HEALTH AND HUMAN SERVICES COMMITTEES, OR THEIR
43 SUCCESSOR COMMITTEES.

44 (b) THE ADMINISTRATION SHALL RECEIVE, THOUGHTFULLY CONSIDER AND
45 MEANINGFULLY AND TIMELY RESPOND TO WRITTEN AND ORAL COMMENTS FROM

1 COMMITTEE MEMBERS AND THE PUBLIC, INCLUDING TRIBAL GOVERNMENTS, INDIAN
2 HEALTH CARE PROVIDERS AND URBAN INDIAN ORGANIZATIONS.

3 E. NOTWITHSTANDING ANY LAW TO THE CONTRARY, FOR EACH PROCUREMENT
4 DESCRIBED IN SUBSECTION D OF THIS SECTION:

5 1. EACH FEDERALLY RECOGNIZED INDIAN TRIBE IN THIS STATE MAY APPOINT
6 ONE NONVOTING OBSERVER TO THE SOURCE-SELECTION EVALUATION COMMITTEE
7 CONVENED BY THE ADMINISTRATION. EACH OBSERVER MUST BE A MEMBER OF A
8 DIFFERENT FEDERALLY RECOGNIZED INDIAN TRIBE IN THIS STATE.

9 2. THE TWENTY-TWO NONVOTING TRIBAL MEMBER OBSERVERS DESIGNATED
10 PURSUANT TO PARAGRAPH 1 OF THIS SUBSECTION MAY ATTEND EVALUATION MEETINGS,
11 REVIEW MATERIALS SUBMITTED BY OFFERORS, ASK QUESTIONS AND MAKE STATEMENTS
12 DURING THE EVALUATION MEETINGS BUT MAY NOT SCORE PROPOSALS, PARTICIPATE IN
13 FINAL RANKING OR MAKE OR DIRECT AN AWARD DECISION.

14 F. NOTWITHSTANDING ANY LAW TO THE CONTRARY, AFTER THE COMPLETION OF
15 PROPOSAL EVALUATIONS AND BEFORE THE EXECUTION OF ANY CONTRACT DESCRIBED IN
16 SUBSECTION A OF THIS SECTION, THE ADMINISTRATION SHALL TRANSMIT TO THE
17 SENATE AND HOUSE OF REPRESENTATIVES HEALTH AND HUMAN SERVICES COMMITTEES,
18 OR THEIR SUCCESSOR COMMITTEES, A SUMMARY OF EVALUATION RESULTS AND THE
19 PROPOSED AWARD RECOMMENDATION.

20 G. THIS SECTION DOES NOT:

21 1. TRANSFER SOURCE-SELECTION OR CONTRACT-AWARD AUTHORITY FROM THE
22 ADMINISTRATION TO THE LEGISLATURE, ANY LEGISLATIVE COMMITTEE OR ANY TRIBAL
23 GOVERNMENT.

24 2. CONFLICT WITH THE ARIZONA PROCUREMENT CODE OR ANY APPLICABLE
25 FEDERAL PROCUREMENT REQUIREMENT. THE ADMINISTRATION REMAINS THE AWARDED
26 AGENCY AND SHALL COMPLY WITH ALL APPLICABLE STATE AND FEDERAL PROCUREMENT
27 LAWS AND REGULATIONS.

28 H. ANY ADMINISTRATIVE ARRANGEMENT AUTHORIZED UNDER THIS SECTION
29 MUST PRESERVE:

30 1. THE RIGHT OF ELIGIBLE AMERICAN INDIAN AND ALASKA NATIVE MEMBERS
31 TO ELECT THE AMERICAN INDIAN HEALTH PROGRAM FEE-FOR-SERVICE COVERAGE.

32 2. THE RIGHT OF AMERICAN INDIAN AND ALASKA NATIVE MEMBERS TO
33 VOLUNTARILY ENROLL IN AND DISENROLL FROM A MANAGED CARE ORGANIZATION
34 CONSISTENT WITH FEDERAL LAW.

35 3. THE PROTECTIONS AFFORDED TO INDIANS AND INDIAN HEALTH CARE
36 PROVIDERS UNDER 42 CODE OF FEDERAL REGULATIONS SECTION 438.14, INCLUDING
37 OUT-OF-NETWORK ACCESS AND APPROPRIATE PAYMENT REQUIREMENTS FOR INDIAN
38 HEALTH CARE PROVIDERS.

39 I. ANY ENTITY THAT IS PROCURED PURSUANT TO THIS SECTION TO PERFORM
40 PROGRAM INTEGRITY, CARE MANAGEMENT, PROVIDER SUPPORT, QUALITY IMPROVEMENT
41 AND DATA ANALYTICS FUNCTIONS AND CLAIMS PAYMENT FOR THE AMERICAN INDIAN
42 HEALTH PROGRAM SHALL BE ORGANIZED AND OPERATED AS A QUALIFIED CONTRACTOR.
43 THE ADMINISTRATIVE SERVICES ORGANIZATION'S PERFORMANCE OF PROGRAM
44 INTEGRITY FUNCTIONS DOES NOT SUPERSEDE THE DUTIES AND RESPONSIBILITIES OF
45 THE ADMINISTRATION'S OFFICE OF INSPECTOR GENERAL TO INVESTIGATE FRAUD.

1 J. THE ADMINISTRATIVE SERVICES ORGANIZATION AND THE ADMINISTRATION
2 SHALL ESTABLISH A STREAMLINED PROVIDER SCREENING AND REGISTRATION PROCESS
3 TO ENSURE THAT ONLY QUALIFIED PROVIDERS ARE ISSUED A VALID ARIZONA HEALTH
4 CARE COST CONTAINMENT SYSTEM PROVIDER IDENTIFICATION NUMBER. THE
5 ADMINISTRATIVE SERVICES ORGANIZATION MAY NOT REQUIRE ANY ADDITIONAL
6 PROVIDER REGISTRATION. THIS SUBSECTION DOES NOT PROHIBIT THE
7 ADMINISTRATION OR THE ADMINISTRATIVE SERVICES ORGANIZATION FROM MONITORING
8 PROVIDERS TO ENSURE COMPLIANCE WITH APPLICABLE LAWS, RULES AND POLICIES.

9 K. THE ADMINISTRATIVE SERVICES ORGANIZATION IS PROHIBITED FROM
10 REQUIRING PRIOR AUTHORIZATION FOR ANY SERVICES BEING PROVIDED TO AN
11 AMERICAN INDIAN HEALTH PROGRAM MEMBER WHEN THE MEMBER IS BEING REFERRED
12 FROM A TRIBAL HEALTH PROGRAM TO A NONTRIBAL HEALTH PROVIDER OR FACILITY.
13 THE ADMINISTRATION AND THE ADMINISTRATIVE SERVICES ORGANIZATION MAY NOT
14 REQUIRE PRIOR AUTHORIZATION FOR ANY SERVICES BEING PROVIDED TO AN AMERICAN
15 INDIAN HEALTH PROGRAM MEMBER BY A NONTRIBAL HEALTH PROVIDER OR FACILITY IN
16 A MANNER THAT IS DIFFERENT FROM THE ADMINISTRATION'S POLICY IN EFFECT ON
17 JANUARY 1, 2026. ANY CHANGES TO PRIOR AUTHORIZATION REQUIREMENTS OR
18 POLICY THAT AFFECT THE AMERICAN INDIAN HEALTH PROGRAM MAY NOT BE
19 IMPLEMENTED UNTIL AFTER THE QUARTERLY TRIBAL CONSULTATION REQUIRED BY
20 SUBSECTION N OF THIS SECTION.

21 L. THE ADMINISTRATIVE SERVICES ORGANIZATION:

22 1. SHALL CONDUCT ITS DUTIES IN A MANNER THAT IS CORRECTIVE IN
23 NATURE, EFFICIENT, COMPETENT, STATE-OF-THE-ART AND CULTURALLY INFORMED.

24 2. IF AN AMERICAN INDIAN HEALTH PROGRAM MEMBER RECEIVES SERVICES
25 FROM A NONTRIBAL HEALTH PROGRAM PURSUANT TO A REFERRAL FROM A TRIBAL
26 HEALTH PROGRAM, SHALL:

27 (a) WHEN APPROPRIATE, COORDINATE CARE MANAGEMENT AND UTILIZATION
28 MANAGEMENT ACTIVITIES WITH THE TRIBAL HEALTH PROGRAMS.

29 (b) FACILITATE COMMUNICATION REGARDING REFERRALS, AUTHORIZATIONS
30 AND CLAIMS PROCESSING AND PAYMENT ISSUES.

31 3. MAY NOT INTERFERE WITH OR OVERRIDE THE CLINICAL DETERMINATIONS
32 OR CARE MANAGEMENT DECISIONS OF THE REFERRING TRIBAL HEALTH PROGRAM.

33 M. THE ADMINISTRATIVE SERVICES ORGANIZATION SHALL ESTABLISH AN
34 OFFICE OF TRIBAL RELATIONS, WHICH SHALL:

35 1. COORDINATE AND COMMUNICATE WITH THE FEDERALLY RECOGNIZED INDIAN
36 TRIBES IN THIS STATE, TRIBAL MEMBERS AND TRIBAL HEALTH PROGRAMS.

37 2. SERVE AS THE PRIMARY POINT OF CONTACT BETWEEN THE ADMINISTRATIVE
38 SERVICES ORGANIZATION AND TRIBAL GOVERNMENTS AND TRIBAL HEALTH PROGRAMS.

39 3. PARTICIPATE IN TRIBAL CONSULTATION AND STAKEHOLDER MEETINGS AS
40 REQUESTED BY TRIBAL GOVERNMENTS OR THE ADMINISTRATION.

41 N. THE ADMINISTRATION AND THE ADMINISTRATIVE SERVICES ORGANIZATION
42 SHALL CONSULT QUARTERLY WITH THE GOVERNOR OR THE GOVERNOR'S DESIGNEE,
43 TRIBAL HEALTH PROGRAMS, REPRESENTATIVES OF THE FEDERALLY RECOGNIZED INDIAN
44 TRIBES IN THIS STATE, ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
45 PROVIDERS AND AMERICAN INDIAN HEALTH PROGRAM MEMBERS TO EVALUATE THE

1 PERFORMANCE OF THE ADMINISTRATIVE SERVICES ORGANIZATION AND DATA ANALYTICS
2 GATHERED FROM THE PRECEDING QUARTER BY THE PARTIES TO ENSURE THAT TRIBAL
3 MEMBERS ARE RECEIVING QUALITY, SAFE AND APPROPRIATE CARE.

4 0. FOR THE PURPOSES OF THIS SECTION:

5 1. "ADMINISTRATIVE SERVICES ORGANIZATION" MEANS A MEDICAID MANAGED
6 CARE ORGANIZATION THAT IS A QUALIFIED CONTRACTOR OR OTHER QUALIFIED ENTITY
7 THAT CONTRACTS WITH THE ADMINISTRATION TO PERFORM ADMINISTRATIVE
8 FUNCTIONS, INCLUDING PROGRAM INTEGRITY, CARE MANAGEMENT, PROVIDER SUPPORT,
9 QUALITY IMPROVEMENT, DATA ANALYTICS AND CLAIMS PAYMENT.

10 2. "AMERICAN INDIAN HEALTH PROGRAM":

11 (a) MEANS THE FEE-FOR-SERVICE PROGRAM OPERATED BY THE ADMINISTRATION
12 FOR ELIGIBLE AMERICAN INDIAN AND ALASKA NATIVE MEMBERS AS REQUIRED UNDER
13 FEDERAL LAW TO PRESERVE A FEE-FOR-SERVICE OPTION FOR AMERICAN INDIAN AND
14 ALASKA NATIVE BENEFICIARIES.

15 (b) DOES NOT INCLUDE SERVICES PROVIDED TO AMERICAN INDIAN OR ALASKA
16 NATIVE MEMBERS THROUGH A TRIBAL HEALTH PROGRAM.

17 3. "CARE MANAGEMENT" MEANS THE COORDINATION OF A MEMBER'S HEALTH
18 CARE SERVICES TO ENSURE MEDICALLY NECESSARY AND APPROPRIATE CARE.

19 4. "DATA ANALYTICS" MEANS THE COLLECTION, INTEGRATION, ANALYSIS AND
20 REPORTING OF PROGRAM CLAIMS AND PROVIDER AND MEMBER DATA TO SUPPORT
21 PROGRAM OPERATIONS, DECISION-MAKING AND OVERSIGHT.

22 5. "PROGRAM INTEGRITY" MEANS FUNCTIONS DESIGNED TO PREVENT, DETECT
23 AND INVESTIGATE FRAUD, WASTE OR ABUSE AND TO RECOVER IMPROPER PAYMENTS IN
24 THE ADMINISTRATION OR DELIVERY OF COVERED SERVICES.

25 6. "PROVIDER SUPPORT" INCLUDES:

26 (a) PROVIDER EDUCATION, TRAINING AND TECHNICAL ASSISTANCE.

27 (b) ASSISTANCE WITH CLAIMS SUBMISSION AND BILLING ISSUES.

28 (c) COMMUNICATION OF PROGRAM POLICIES, PROCEDURES AND UPDATES.

29 7. "QUALIFIED CONTRACTOR" OR "OTHER QUALIFIED ENTITY" MEANS AN
30 ENTITY THAT MEETS ALL APPLICABLE FEDERAL AND STATE REQUIREMENTS TO
31 CONTRACT WITH THE ADMINISTRATION AS A MEDICAID MANAGED CARE ORGANIZATION,
32 ADMINISTRATIVE SERVICES ORGANIZATION OR SIMILAR ENTITY.

33 8. "QUALITY IMPROVEMENT" MEANS MEASURING, MONITORING AND IMPROVING
34 THE QUALITY, SAFETY AND OUTCOMES OF HEALTH CARE SERVICES.

35 9. "TRIBAL HEALTH PROGRAM" MEANS ANY OF THE FOLLOWING:

36 (a) A TRIBAL FACILITY THAT IS OPERATED BY AN INDIAN TRIBE OR TRIBAL
37 ORGANIZATION AND THAT IS AUTHORIZED TO PROVIDE SERVICES PURSUANT TO PUBLIC
38 LAW 93-638, AS AMENDED.

39 (b) ANY HEALTH CARE PROVIDER OR FACILITY THAT IS OPERATED BY THE
40 INDIAN HEALTH SERVICE.

41 (c) A TRIBAL HEALTH PROGRAM OR FACILITY THAT IS OPERATED BY A
42 FEDERALLY RECOGNIZED INDIAN TRIBE IN THIS STATE.

43 (d) ANY HEALTH CARE PROVIDER OR FACILITY THAT IS OWNED, OPERATED OR
44 GOVERNED BY A FEDERALLY RECOGNIZED INDIAN TRIBE IN THIS STATE.

45 (e) A TRIBAL REGIONAL BEHAVIORAL HEALTH AUTHORITY.

1 (f) AN URBAN INDIAN ORGANIZATION THAT IS CONTRACTED OR THAT
2 RECEIVES GRANTS TO PROVIDE SERVICES PURSUANT TO 25 UNITED STATES CODE
3 CHAPTER 18.

4 (g) A TRIBAL HEALTH FACILITY THAT IS OPERATED UNDER AN
5 INTERGOVERNMENTAL AGREEMENT BETWEEN TWO OR MORE INDIAN TRIBES IN THIS
6 STATE.

7 Sec. 2. Legislative findings

8 The legislature finds and determines that immediate implementation
9 of this act is necessary to strengthen program integrity and care
10 management for American Indian and Alaska native members of the Arizona
11 health care cost containment system, to protect those members from fraud
12 and abuse and to preserve the public peace, health and safety.

13 Sec. 3. Emergency

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