

House Engrossed

ambulance services; certificates of necessity

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

HOUSE BILL 2402

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~~
32 ~~department.~~

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

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

42 36-2217. Exemption from regulation

43 A. This chapter does not apply to:

44 1. Vehicles used for the emergency transportation of persons
45 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, NATURAL DISASTER OR WILDLAND FIRE EVENT IN THIS STATE
22 BECAUSE THERE ARE INSUFFICIENT REGISTERED AMBULANCES IN THE AREA AFFECTED
23 BY THE MAJOR CATASTROPHE, NATURAL DISASTER 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.

1 (f) THE HOSPITAL ARRIVAL TIME.

2 (g) THE HOSPITAL RELEASE TIME.

3 3. IF AN AMBULANCE SERVICE PROVIDER MADE A REQUEST FOR ASSISTANCE
4 TO ANOTHER AMBULANCE SERVICE PROVIDER, THE DATE AND TIME OF ANY INSTANCE
5 IN WHICH AN AMBULANCE SERVICE DECLINED TO PROVIDE MUTUAL AID TO ANOTHER
6 CERTIFICATE OF NECESSITY HOLDER AND AN EXPLANATION WHY THE REQUEST FOR
7 ASSISTANCE WAS DECLINED.

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

11 5. THE DETAILS OF ANY MEDICATION ERROR THAT RESULTS IN PATIENT
12 INJURY OR PATIENT DEATH.

13 6. ANY UNINTENDED INJURY OR HARM TO A PATIENT THAT OCCURRED WHILE
14 PROVIDING PREHOSPITAL CARE.

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

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

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

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

34 36-2232. Director; powers and duties; regulation of ambulance
35 services; inspections; response time compliance;
36 mileage rate calculation factors; online portal
37 and dashboard

38 A. The director shall adopt rules to regulate the operation of
39 ambulances and ambulance services in this state. Each rule shall identify
40 all sections and subsections of this chapter under which the rule was
41 formulated. The rules shall provide for the department to do the
42 following:

43 1. Consistent with the requirements of subsection H of this
44 section, determine, fix, alter and regulate just, reasonable and
45 sufficient rates and charges for the provision of ambulances, including

1 rates and charges for advanced life support service, basic life support
2 service, patient loaded mileage, standby waiting, subscription service
3 contracts and other contracts for services related to the provision of
4 ambulances. The director shall inform all ambulance services of the
5 procedures and methodology used to determine ambulance rates or charges.

6 2. Ensure THAT evidence-based quality patient care is the priority
7 for decision-making.

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

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

35 5. Determine, fix, alter and regulate bases of operation. The
36 director may issue a certificate of necessity to more than one ambulance
37 service within any base of operation. For the purposes of this paragraph,
38 "base of operation" means a service area granted under a certificate of
39 necessity.

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

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

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

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

7 10. Prescribe bonding requirements, if any, for ambulance services
8 ~~THAT ARE~~ granted authority to provide any type of subscription service.

9 11. Offer technical assistance to ambulance services to ensure
10 compliance with the rules.

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

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

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

26 C. ~~AT~~ ~~EACH~~ ambulance service shall:

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

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

33 3. Provide the department with a list of suboperation station
34 locations.

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

38 5. ~~Beginning January 1, 2024,~~ Install and maintain an electronic
39 global positioning system monitoring device in each vehicle that is used
40 for transport to record on-scene arrival times for response time
41 measurement. The department ~~shall~~ ~~MAY~~ provide a waiver on a
42 department-approved form to an ambulance service that can reasonably
43 demonstrate it is unable to meet the requirements of this paragraph
44 ~~BECAUSE AT LEAST THIRTY PERCENT OF THE SERVICE AREA DOES NOT HAVE GLOBAL~~

1 POSITIONING SYSTEM COVERAGE. A WAIVER ISSUED PURSUANT TO THIS PARAGRAPH
2 EXPIRES ON APRIL 1 OF EACH YEAR AND MAY BE RENEWED ANNUALLY.

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

4 1. Inquire into the operation of an ambulance service, including a
5 person operating an ambulance that has not been issued a certificate of
6 registration or a person who does not have or is operating outside of a
7 certificate of necessity.

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

10 3. Review the qualifications of ambulance attendants.

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

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

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

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

37 1. The cost of licensure and registration of each ground ambulance
38 vehicle.

39 2. The cost of fuel.

40 3. The cost of ground ambulance vehicle maintenance.

41 4. The cost of ground ambulance vehicle repair.

42 5. The cost of tires.

43 6. The cost of ground ambulance vehicle insurance.

44 7. The cost of mechanic wages, benefits and payroll taxes.

1 8. The cost of loan interest related to the ground ambulance
2 vehicles.

3 9. The cost of the weighted allocation of overhead.

4 10. The cost of ground ambulance vehicle depreciation.

5 11. The cost of reserves for replacement of ground ambulance
6 vehicles and equipment.

7 I. THE DEPARTMENT SHALL:

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

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

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

17 36-2233. Certificate of necessity to operate an ambulance
18 service; application; notification of interested
19 parties; exceptions; service areas

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

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

39 C. On receipt of an initial or amended application for a
40 certificate of necessity, the department shall post a notice of the
41 application on its website. Within thirty days after the department posts
42 a notice pursuant to this subsection, any interested party may provide
43 information to the director on a form in a department-approved format for
44 consideration. If an interested party fails to respond to the notice

1 within sixty days in a department-approved format, the information may not
2 be considered during the review of the application.

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

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

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

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

21 2. The director finds that the applicant is fit and proper to
22 provide the service.

23 3. The applicant has paid the appropriate fees pursuant to section
24 36-2240.

25 4. The applicant has filed a surety bond pursuant to section
26 36-2237.

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

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

36 I. NOTWITHSTANDING ANY OTHER REQUIREMENT OF THIS CHAPTER TO THE
37 CONTRARY, IF A GEOGRAPHIC AREA OF A CITY, TOWN OR FIRE DISTRICT HAS A
38 POPULATION OF LESS THAN TEN THOUSAND PERSONS AND IS NOT WITHIN THE SERVICE
39 AREA OF A CERTIFICATE OF NECESSITY, THE DIRECTOR MAY ISSUE A CERTIFICATE
40 OF NECESSITY TO THE CITY, TOWN OR FIRE DISTRICT OR A PRIVATE AMBULANCE
41 SERVICE TO PROVIDE AMBULANCE SERVICES TO THAT GEOGRAPHIC AREA IF THE CITY,
42 TOWN OR FIRE DISTRICT OR THE PRIVATE AMBULANCE SERVICE CAN DEMONSTRATE THE
43 ABILITY TO PROVIDE ALL SERVICES REQUIRED PURSUANT TO A CERTIFICATE OF
44 NECESSITY ISSUED PURSUANT TO THIS ARTICLE.

1 J. IF A GEOGRAPHIC AREA OF A CITY, TOWN OR FIRE DISTRICT HAS A
2 POPULATION OF LESS THAN TEN THOUSAND PERSONS AND HAS A CURRENT CERTIFICATE
3 OF NECESSITY HOLDER THAT HAS NOT MET THE CERTIFICATE OF NECESSITY
4 CONDITIONS FOR AT LEAST TWELVE MONTHS, THE DIRECTOR MAY ISSUE A
5 CERTIFICATE OF NECESSITY TO A CITY, TOWN OR FIRE DISTRICT OR PRIVATE
6 AMBULANCE SERVICE TO PROVIDE AMBULANCE SERVICES TO THAT GEOGRAPHIC AREA IF
7 THE CITY, TOWN OR FIRE DISTRICT OR PRIVATE AMBULANCE SERVICE CAN
8 DEMONSTRATE THE ABILITY TO PROVIDE ALL SERVICES REQUIRED PURSUANT TO A
9 CERTIFICATE OF NECESSITY ISSUED PURSUANT TO THIS ARTICLE.

10 ~~H.~~ K. This section does not require a certificate of necessity
11 for:

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

14 2. Ambulance services operating under temporary authority pursuant
15 to section 36-2242.

16 ~~I.~~ L. The director may grant a service area by one or any
17 combination of the following descriptions:

18 1. Metes and bounds.

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

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

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

27 36-2234. Hearings; waiver of hearing; appeals; emergency
28 action; suspension; judicial review; definition

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

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

1 C. The director shall require a public hearing on any proposed
2 action relating to an adjustment of general public rates, charges or
3 certificate of necessity transfers unless subsection E, G or ~~P~~ P of this
4 section applies.

5 D. An appeal pursuant to subsection A of this section or a public
6 hearing held pursuant to subsection C of this section shall meet the
7 following requirements:

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

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

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

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

20 5. FOR AN APPEAL PURSUANT TO SUBSECTION A OF THIS SECTION, AN
21 AMBULANCE SERVICE IN THE AFFECTED REGION AND EACH INTERESTED PARTY AS
22 SPECIFIED IN SUBSECTION B OF THIS SECTION HAVE SEVEN DAYS AFTER RECEIVING
23 THE HEARING NOTICE MAILED PURSUANT TO PARAGRAPH 2 OF THIS SUBSECTION TO
24 INTERVENE.

25 ~~5.~~ 6. A certificate of necessity appeal hearing may not last more
26 than five consecutive business days unless the administrative law judge
27 determines, in writing, on the final day of the hearing that there is an
28 extraordinary need for additional hearing days. The administrative law
29 judge in that case may add up to five additional consecutive business days
30 for the hearing. The additional hearing days shall be calendared within
31 thirty days after the end of the initial hearing.

32 ~~6.~~ 7. The administrative law judge of the office of administrative
33 hearings shall issue a written decision within twenty days after the
34 hearing is concluded. The written decision shall contain a concise
35 explanation of the reasons supporting the decision, including the findings
36 of fact and conclusions of law. The administrative law judge shall serve
37 a copy of the decision on the department and all parties to the action.
38 On request of the department, the office of administrative hearings shall
39 also transmit to the department the record of the hearing as described in
40 section 12-904. A copy of the administrative law judge's decision is
41 deemed sent on personal delivery of the decision or five days after the
42 decision is mailed to the director.

43 ~~7.~~ 8. Within thirty days after the date the office of
44 administrative hearings sends a copy of the administrative law judge's
45 decision to the department, the director shall review the decision and

1 accept, reject or modify the decision. If the director rejects or
2 modifies the decision, the director must file with the office of
3 administrative hearings and serve on all parties a copy of the
4 administrative law judge's decision with the director's rejection or
5 modification and a written justification setting forth the reasons for the
6 rejection or modification of each finding of fact or conclusion of law.
7 If there is a rejection or modification of a conclusion of law, the
8 written justification shall be sent to the president of the senate and the
9 speaker of the house of representatives.

10 ~~8.~~ 9. If the director does not accept, reject or modify the
11 administrative law judge's decision within thirty days after the date the
12 office of administrative hearings sends a copy of the administrative law
13 judge's decision to the director, as evidenced by receipt of such action
14 by the office of administrative hearings on or before the thirtieth day,
15 the office of administrative hearings shall certify the administrative law
16 judge's decision as the final administrative decision.

17 ~~9.~~ 10. The decision entered as specifically provided by this
18 subsection is the final administrative decision.

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

24 1. Notification of the proposed action has been sent to every
25 ambulance service in the affected region not later than fifteen days
26 before the action.

27 2. The director has notified other persons who the director
28 determines are interested in the proposed action not later than fifteen
29 days before the action.

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

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

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

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

41 1. Determine the percentage growth in the transportation consumer
42 price index of the United States department of labor, bureau of labor
43 statistics, from the end of the second preceding calendar year to the
44 calendar year immediately preceding the calendar year for which the rate
45 increase is requested.

1 2. Determine the percentage growth in the medical care consumer
2 price index of the United States department of labor, bureau of labor
3 statistics, from the end of the second preceding calendar year to the
4 calendar year immediately preceding the calendar year for which the rate
5 increase is requested.

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

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

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

20 2. Any additional information the department requires to analyze
21 the request.

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

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

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

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

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

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

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

12 3. The contract becomes effective fifteen days after the ambulance
13 service complies with the department's request unless the department
14 determines that any rate or charge or other provisions specified in the
15 contract will cause any fixed rate or charge to the general public rate to
16 be adversely affected or the contract would be in violation of the
17 ambulance service's certificate of necessity.

18 4. If the department disallows a proposed contract pursuant to this
19 subsection, the ambulance service has a right to a hearing for review of
20 the proposed contract.

21 5. The rates and charges contained in the contract are the rates
22 and charges fixed by the director in a decision or order for the ambulance
23 service and conform to the ambulance service's current or subsequent
24 general public rates and charges.

25 6. The area of response is within the ambulance service's
26 certificated area.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 36-2236. Certificates of necessity; nature; transfer;
4 suspension; service area; population changes

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

8 B. A certificate of necessity shall not be assigned or otherwise
9 transferred without the written approval of the director. When any
10 certificate OF NECESSITY is assigned or transferred, the director shall
11 issue to the assignee or transferee a new certificate OF NECESSITY that is
12 valid only for the unexpired term of the transferred or assigned
13 certificate OF NECESSITY.

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

16 D. If a certificate of necessity issued pursuant to this article is
17 issued to a city, town, fire district, fire authority or other political
18 subdivision of this state, the service area shall be all the geographic
19 area lying within the jurisdictional boundaries of the city, town, fire
20 district, fire authority or political subdivision, unless the certificate
21 OF NECESSITY issued by the director specifically excludes a portion of the
22 city, town, fire district, fire authority or political subdivision or
23 includes an additional service area outside the jurisdictional boundaries
24 of the city, town, fire district, fire authority or other political
25 subdivision. If the jurisdictional boundaries of a city, town, fire
26 district, fire authority or other political subdivision expand, the
27 service area in the certificate of necessity expands to reflect those
28 jurisdictional boundaries, except as prescribed in section 36-2233,
29 subsection ~~L~~ L, paragraph 2. This subsection does not affect the
30 validity of any previously granted certificate OF NECESSITY for an
31 unincorporated area lying within the boundaries of a city.

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