

Senate Engrossed

ALTCS; providers; change of ownership

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

# SENATE BILL 1164

AN ACT

AMENDING SECTION 36-2943, ARIZONA REVISED STATUTES; RELATING TO THE  
ARIZONA LONG-TERM CARE SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 36-2943, Arizona Revised Statutes, is amended to  
3 read:

4 36-2943. Provider subcontracts; hospital reimbursement;  
5 change of ownership

6 A. Subcontracts for services rendered by providers pursuant to  
7 section 36-2940 shall be awarded through competitive statewide proposals  
8 in as nearly the same manner as that provided in section 41-2534. If  
9 there is not a sufficient number of qualified proposals, a subcontract may  
10 be negotiated with a provider and shall be awarded pursuant to section  
11 41-2536. In order to deliver covered services to members WHO ARE enrolled  
12 or expected to be enrolled in the system within a county, the program  
13 contractor may negotiate and award without bid a provider subcontract if  
14 during the contract year there is an insufficient number of subcontracts  
15 awarded to providers. The term of the subcontract shall not extend beyond  
16 the next bid and subcontract award process as provided in this section,  
17 and the subcontract shall be at rates no greater than the weighted average  
18 rates for the appropriate level of care paid to similar providers in the  
19 same county. This section does not allow a program contractor to forego  
20 FORGO the competitive bid process pursuant to section 41-2534 unless there  
21 is an unanticipated increase in members enrolled in the system or a  
22 decrease in available beds brought about by the closure of a facility  
23 operated by a provider that is unable to be absorbed by current  
24 contracting providers located in the same general area. Before soliciting  
25 subcontracts without the competitive bid process, the program contractor  
26 shall receive approval from the director.

27 B. Hospitals that render care to members shall be paid by the  
28 program contractor as prescribed in section 36-2903.01, ~~or~~ or such AT A  
29 lower rate as may be negotiated by the program contractor.

30 C. The director may ensure through the subcontracts pursuant to  
31 subsection A of this section that at least ten ~~per cent~~ PERCENT of the  
32 members are provided services pursuant to this article on a capitation  
33 basis.

34 D. A claim for an authorized service submitted by a licensed  
35 skilled nursing facility, an assisted living Arizona long-term care system  
36 provider or a home and community based Arizona long-term care system  
37 provider that renders care to members pursuant to this article shall be  
38 adjudicated within thirty calendar days after receipt by the program  
39 contractor. Any clean claim for an authorized service provided to a  
40 member that is not paid within thirty calendar days after the claim is  
41 received accrues interest at the rate of one ~~per cent~~ PERCENT per month  
42 from the date the claim is submitted. The interest is prorated on a daily  
43 basis and must be paid by the program contractor at the time the clean  
44 claim is paid.

1           E. NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER TO THE  
2 CONTRARY, WHEN THERE IS A CHANGE OF OWNERSHIP OF A LICENSED SKILLED  
3 NURSING FACILITY OR AN ASSISTED LIVING FACILITY THAT IS A PROVIDER AND  
4 THAT CONTINUES TO PROVIDE SERVICES UNDER THIS ARTICLE, AT THE NEW OWNER'S  
5 REQUEST THE ADMINISTRATION AND ITS PROGRAM CONTRACTORS SHALL CONTINUE TO  
6 PROCESS CLAIMS FOR SERVICES RENDERED TO MEMBERS AND MAKE PAYMENTS IN  
7 ACCORDANCE WITH SUBSECTION D OF THIS SECTION UNDER THE PREVIOUS OWNER'S  
8 CERTIFICATION NUMBER AND SUBCONTRACTS UNTIL THE NEW OWNER'S SYSTEM  
9 ENROLLMENT AND CONTRACTING PROCESS IS COMPLETED.