





**7. A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:**

Not applicable

**8. The preliminary summary of the economic, small business, and consumer impact:**

The economic impact of this rulemaking will be minimal. Although personal licensing fees are increasing, the cost per year of licensure remains the same or in some cases, decreases. The Board is also increasing the charge to take a licensing examination. As authorized by A.R.S. § 32-504(A)(3), the Board contracts with a national professional organization to prepare, administer, and grade the licensing examination. The fee increase is needed to pay the amount charged by the national professional organization.

**9. The agency's contact person who can answer questions about the economic, small business, and consumer impact statement:**

Name: Donna Aune  
 Address: 1721 E. Broadway  
 Tempe, AZ 85282-1611  
 Telephone: (480) 784-4539  
 Fax: (480) 784-4962  
 E-mail: daune@azboc.gov  
 Web site: www.boc.az.gov

**10. The time, place, and nature of the proceedings to make, amend, repeal, or renumber the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:**

An oral proceeding regarding the proposed rules will be held as follows:

Date: Wednesday, October 14, 2015  
 Time: 9:00 a.m.  
 Location: Arizona Board of Cosmetology  
 1721 E. Broadway  
 Tempe, AZ 85282

**11. All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:**

None

**a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:**

A renewed cosmetologist, aesthetician, nail technician, or instructor license is a general permit consistent with A.R.S. § 41-1037 because it is issued to qualified individuals to conduct activities that are substantially similar in nature.

**b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:**

There are no federal laws uniquely applicable to the subject of this rulemaking.

**c. Whether a person submitted an analysis to the agency that compares the rule's impact of the competitiveness of business in this state to the impact on business in other states:**

No analysis was submitted.

**12. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rules:**

None

**13. The full text of the rules follows:**

TITLE 4. PROFESSIONS AND OCCUPATIONS

CHAPTER 10. BOARD OF COSMETOLOGY

ARTICLE 1. GENERAL PROVISIONS

- Section
- R4-10-102. Fees and Charges
- R4-10-107. License Renewal
- R4-10-110. Reactivating an Inactive License

ARTICLE 1. GENERAL PROVISIONS

**R4-10-102. Fees and Charges**



- A. Subject Under the specific authority provided by A.R.S. § 32-507(A) and subject to R4-10-103(E), the Board estab-  
lishes and shall collect the following fees:
  1. Written examination: ~~\$50.00~~ \$100
  2. Practical examination: ~~\$50.00~~ \$77
  3. Initial personal license: ~~\$40.00~~ 70
  4. Personal licensing renewal fees: ~~\$30.00~~ \$60
  5. Delinquent personal license renewal: \$90 for ~~each year~~ every two years or portion of a year two years for which that  
the license is inactive to a maximum of four years ~~delinquent fees: \$50.00~~
  6. Duplicate license: \$20.00
  7. Personal reciprocity license: ~~\$110.00~~ \$140
  8. Salon initial license: \$110.00
  9. Salon renewal: \$50.00
  10. Salon delinquent renewal: \$80.00
  11. School license: \$600.00
  12. School renewal: \$500.00
  13. Delinquent school renewal: \$600.00
- B. Under the specific authority provided by A.R.S. § 32-507(B) and subject to R4-10-103(E), the Board establishes and  
shall collect the following charges for the services provided:
  - ~~14-1.~~ Board administered educational classes: \$25.00
  - ~~15-2.~~ Review of examination: \$50.00
  - ~~16-3.~~ Regrading ~~Re-grading~~ of examination: \$25.00
  - ~~17-4.~~ Certification of licensure or hours: \$30.00
  - ~~18-5.~~ Service charge for ~~For use of an~~ alternative payment method of payment: \$3.00 per transaction: ~~2.5%~~ of applicable  
fee
  - ~~19-6.~~ The fee for ~~For~~ copying public documents: is 50¢ per page. ~~The fee for~~
  - 7. ~~For~~ audiotapes, videotapes, computer discs, or other media used for recording sounds, images, or information, is:  
\$15 per tape, disc, page, or other medium.
  - ~~20-8.~~ The fee for providing ~~For~~ a list of licensees' names and addresses: is 25¢ per name.
- ~~21-C.~~ The ~~As~~ authorized by A.R.S. § 44-6852, the Board shall charge a service fee of \$20.00 for the return of a dishonored  
check or the failure of any other means of payment to be honored plus the actual charges assessed by the financial insti-  
tution dishonoring the check or other means of payment.

**R4-10-107. License Renewal**

- A. An aesthetician, cosmetologist, nail technician, or instructor licensee shall postmark or electronically submit an applica-  
tion for renewal to the Board on or before the licensee's birthday every two years.
  1. If ~~an applicant's~~ a licensee's birthday falls on a Saturday, Sunday, or legal holiday, the ~~applicant~~ licensee may file  
the renewal application on the next business day following the ~~applicant's~~ licensee's birthday.
  2. ~~A~~ A renewal application consists of:
    - a. A form provided by the Board that contains: the ~~applicant's~~ licensee's name, address, Social Security number,  
and signature or Personal Identification Number (PIN) supplied by the Board if filed electronically;
    - b. A statement of whether the ~~applicant~~ licensee has changed the ~~applicant's~~ licensee's name since the previous  
application and, if name has changed, a copy of a legal document, such as a marriage license or divorce decree,  
showing the name change; and
    - c. The fee required in R4-10-102.
- B. An establishment licensee shall annually postmark or electronically submit to the Board an application for renewal and  
the fee required in R4-10-102 on or before the license renewal date.
  1. If the license renewal date falls on a Saturday, Sunday, or legal holiday, the ~~applicant~~ licensee may file the applica-  
tion on the next business day following the license renewal date.
  2. ~~A~~ A renewal application consists of a form provided by the Board that contains:
    - a. The establishment's name and license number;
    - b. If the owner is an individual or partnership, the signature and tax identification number of the owner; if the  
owner is a corporation, the signature of the authorized signer and the tax identification number of the corpora-  
tion; if filed electronically, the Personal Identification Number (PIN) supplied by the Board may be used in  
place of the signature; and
    - c. The fee required in R4-10-102.

**R4-10-110. Reactivating an Inactive License**

- A. A cosmetology, nail technology, aesthetics, or instructor license that has been inactive for less than ~~one year~~ will two  
years may be reactivated by paying the delinquent renewal fee.
- B. A cosmetology, nail technology, aesthetics, or instructor license that has been inactive for more than ~~one year~~ two years,  
but less than five years, may be reactivated by the licensee paying the delinquent renewal fee and paying for and com-  
pleting the infection protection class and law review class, offered by the Board, ~~but paid for by the licensee~~.
- C. A cosmetology, nail technology, aesthetics, or instructor license that has been inactive for more than five years, but less





to find a partnering political subdivision to provide the non-federal share of the payment). The continued inclusion of DSH in the calculation in current rules allows hospitals which are able to find a partner to obtain both a higher DSH payment and a higher RHIF payment.

Finally, the Agency proposes amending the rule to clarify that RHIF payments are only made to acute care hospitals which are neither an Indian Health Services or a tribal owned and operated facility and that "PPS beds" do not include subprovider beds. These changes are consistent with the current protocol.

These changes have been presented to all hospitals currently receiving a RHIF payment, and hospitals (including both CAHs and non-CAHs) have expressed widespread support for this change.

**6. A reference to any study relevant to the rule that the agency reviewed and proposes either to rely on or not to rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**

A study was not referenced or relied upon when revising the regulations.

**7. A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:**

Not applicable

**8. The preliminary summary of the economic, small business, and consumer impact:**

The Administration does not anticipate an overall economic impact since the aggregate payments made from the Rural Hospital Inpatient Fund remains the same. However, there may be an economic impact to individual providers as the money will be distributed in a more equitable manner than if there were no rule change.

**9. The agency's contact person who can answer questions about the economic, small business and consumer impact statement:**

Name: Mariaelena Ugarte  
Address: AHCCCS  
Office of Administrative Legal Services  
701 E. Jefferson, Mail Drop 6200  
Phoenix, AZ 85034  
Telephone: (602) 417-4693  
Fax: (602) 253-9115  
E-mail: AHCCCSRules@azahcccs.gov  
Web site: www.azahcccs.gov

**10. The time, place, and nature of the proceedings to make, amend, repeal, or renumber the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:**

Proposed rule language will be available on the AHCCCS website www.azahcccs.gov the week of August 17, 2015. Please send written or email comments to the above address by the close of the comment period, 5:00 p.m., October 5, 2015.

Date: October 5, 2015  
Time: 1:00 p.m.  
Location: AHCCCS  
701 E. Jefferson  
Phoenix, AZ 85034  
Nature: Public Hearing

Date: October 5, 2015  
Time: 1:00 p.m.  
Location: ALTCS: Arizona Long-Term Care System  
1010 N. Finance Center Dr, Suite 201  
Tucson, AZ 85710  
Nature: Public Hearing

Date: October 5, 2015  
Time: 1:00 p.m.  
Location: 2717 N. 4th St., Suite 130  
Flagstaff, AZ 86004  
Nature: Public Hearing

**11. All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:**

No other matters have been prescribed.

**a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general**

**permit is not used:**

Not applicable

**b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:**

Not applicable

**c. Whether a person submitted an analysis to the agency that compares the rule's impact of the competitiveness of business in this state to the impact on business in other states:**

No analysis was submitted.

**12. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rules:**

None

**13. The full text of the rules follows:**

## TITLE 9. HEALTH SERVICES

CHAPTER 22. ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM (AHCCCS)  
ADMINISTRATION

## ARTICLE 7. STANDARDS FOR PAYMENTS

## Section

R9-22-712.07. Rural Hospital Inpatient Fund Allocation

## ARTICLE 7. STANDARDS FOR PAYMENTS

**R9-22-712.07. Rural Hospital Inpatient Fund Allocation**

- A.** For purposes of this Section, the following words and phrases have the following meanings unless the context specifically requires another meaning:
1. "Calculated inpatient costs" means the sum of inpatient covered charges multiplied by the Milliman study's implied cost-to-charge ratio of .8959.
  2. "Claims paid amount" means the sum of all claims paid by the Administration and contractors, as reported by the contractor to the Administration, to a rural hospital for covered inpatient services rendered for dates of service during the previous state fiscal year.
  3. "Fund" means any state funds appropriated by the Legislature for the purposes set forth in A.R.S. § 36-2905.02 and any federal funds that are available for matching the state funds.
  4. "Inpatient covered charges" means the sum of all covered charges billed by a hospital to the Administration or contractors, as reported by the contractors to the Administration, for inpatient services rendered during the previous state fiscal year.
  5. "Milliman study" means the report issued by Milliman USA on March 11, 2004, to the Arizona Hospital and Healthcare Association that updated a portion of a cost study entitled "Evaluation of the AHCCCS Inpatient Hospital Reimbursement System" prepared by Milliman USA for AHCCCS on November 15, 2002. A copy of each report is on file with the Administration.
  6. "Rural hospital" means a health care institution that is licensed as ~~a~~ an acute care hospital by the Arizona Department of Health Services for the previous state fiscal year and is not an IHS hospital or a tribally owned or operated facility a hospital operated by IHS or a special hospital that limits the care provided to rehabilitation service and:
    - a. Has 100 or fewer PPS beds, not including beds reported as subprovider beds on the hospital's Medicare Cost Report, and is located in a county with a population of less than 500,000 persons, or
    - b. Is designated as a critical access hospital for the majority of the previous state fiscal year.
  7. ~~"Total inpatient payments" means the sum of:~~
    - a. ~~The the claims paid amount~~
    - b. ~~Any disproportionate share hospital payments for the previous fiscal year, and~~
    - e. ~~The inpatient component of any Critical Access Hospital payments made to the hospital for the previous state fiscal year.~~
- B.** Each February, the Administration shall allocate the Fund to the following three pools for the fiscal year:
1. Rural hospitals with fewer than 26 PPS beds not including subprovider beds and all Critical Access Hospitals, regardless of the number of beds in the Critical Access Hospital;
  2. Rural hospitals other than Critical Access Hospitals with 26 to 75 PPS beds not including subprovider beds; and
  3. Rural hospitals other than Critical Access Hospitals with 76 to 100 PPS beds not including subprovider beds.
- C.** The Administration shall allocate the Fund to each pool according to the ratio of total inpatient payments to claims paid amount for all hospitals assigned to the pool to total inpatient payments to claims paid amount for all rural hospitals.
- D.** The Administration shall determine each hospital's claims paid amount and allocate the funds in each pool to each hos-



pital in the pool based on the ratio of each hospital’s claims paid amount to the sum of the claims paid amount for all hospitals assigned to the pool.

- E. The Administration shall not make a Fund payment to a hospital that will result in the hospital’s ~~total inpatient payments claims paid amount~~ plus that hospital’s Fund payment being greater than that hospital’s calculated inpatient costs.
  1. If a hospital’s ~~total inpatient payments claims paid amount~~ plus the hospital’s Fund payment would be greater than the hospital’s calculated inpatient costs, the Administration shall make a Fund payment to the hospital equal to the difference between the hospital’s calculated inpatient costs and the hospital’s ~~total inpatient payments claims paid amount~~.
  2. The Administration shall reallocate any portion of a hospital’s Fund allocation that is not paid to the hospital due to the reason in subsection (E)(1) to the other eligible hospitals in the pool based upon the ratio of the claims paid amount for each hospital remaining in the pool to the sum of the claims paid amount for each hospital remaining in the pool.
- F. If funds remain in a pool after allocations to each hospital in the pool under subsections (D) and (E), the Administration shall reallocate the remaining funds to the other pools based upon the ratio of each pool’s original allocation of the Fund as determined under subsection (C) to the sum of the remaining pools’ original Fund allocations under subsection (C). The Administration shall allocate remaining funds to the hospitals in the remaining pools under subsection (D) and (E). See Exhibit 1 for an example.
- G. Subject to CMS approval of the method and distribution of the Fund, the administration or its contractors will distribute the Fund as a lump sum allocation to the rural hospitals in either one or two installments by the end of each state fiscal year.

**Exhibit 1. Pool Example**

Pool A receives \$2,000,000. Pool B receives \$7,000,000. Pool C receives \$3,000,000.  
 If all of the funds in Pool B are paid to eligible hospitals and there is \$1,000,000 remaining, the remaining funds would be allocated to Pool A and Pool C based on the ratio of each pool’s original allocation (original allocations of \$2,000,000 and \$3,000,000) to the total of their original allocation (\$2,000,000 + \$3,000,000 = \$5,000,000).  
 Pool A would receive 2/5 of the remaining funds (\$400,000) and Pool C would receive 3/5 of the remaining funds (\$600,000).