



NOTICES OF FINAL RULEMAKING

This section of the Arizona Administrative Register contains Notices of Final Rulemaking. Final rules have been through the regular rulemaking process as defined in the Administrative Procedures Act. These rules were either approved by the Governor's Regulatory Review Council or the Attorney General's Office. Certificates of Approval are on file with the Office.

The final published notice includes a preamble and

text of the rules as filed by the agency. Economic Impact Statements are not published.

The Office of the Secretary of State is the filing office and publisher of these rules. Questions about the interpretation of the final rules should be addressed to the agency that promulgated the rules. Refer to Item #5 to contact the person charged with the rulemaking. The codified version of these rules will be published in the Arizona Administrative Code.

NOTICE OF FINAL RULEMAKING

TITLE 2. ADMINISTRATION

CHAPTER 8. STATE RETIREMENT SYSTEM BOARD

[R16-84]

PREAMBLE

- 1. Article, Part, or Section Affected (as applicable) Rulemaking Action
2. Citations to the agency's statutory rulemaking authority to include both the authorizing statute (general) and the implementing statute (specific):
3. The effective date for the rules:
4. Citations to all related notices published in the Register as specified in R1-1-409(A) that pertain to the record of the final rulemaking package:
5. The agency's contact person who can answer questions about the rulemaking:
6. An agency's justification and reason why a rule should be made, amended, repealed, or renumbered, to include an explanation about the rulemaking:

The rule will reflect that employers cannot avoid paying an ACR to the ASRS merely by claiming that a worker is leased; rather, the employer must show that the entire class of positions performing substantially similar functions, to which the retiree belongs, has been properly leased as well.



of positions performing substantially similar functions has been properly leased, then the employer must pay an ACR to the ASRS for all retirees employed in those positions performing substantially similar functions, whether the individual retiree is leased or not. For example, an ASRS employer that directly hires employees to teach students must pay an ACR to the ASRS for any retiree it also hires to teach students, whether the retiree is leased from a third party and whether the retiree is teaching students under an arbitrary status such as “part-time” or “substitute.”

7. **A reference to any study relevant to the rule that the agency reviewed and either relied on or did not 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:**
No study was reviewed.
8. **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
9. **A summary of the economic, small business, and consumer impact:**
There is little to no economic, small business, or consumer impact, other than the minimal cost to the ASRS to prepare the rule package. The rules will have minimal economic impact, if any, because the rulemaking simply clarifies statutory requirements that already exist. If an employer chooses to hire a retired member and claim that the ACR is not owed for the retired member, then there may be some economic impact to provide the documentation necessary for the ASRS to determine whether the employer has properly leased the class of positions, such that an ACR is not owed for the retired member. Clarifying that an employer must pay the ACR for all retired members unless the entire class of positions has been properly leased, will increase understandability of the statutory requirements in A.R.S. § 38-766.02, thereby reducing the regulatory burden imposed on the public. This clarification will ensure that ASRS employers have notice about which personnel require the employer to remit an ACR to the ASRS. Thus, the economic impact is minimized.
10. **A description of any changes between the proposed rulemaking, including supplemental notices, and the final rulemaking:**
The ASRS updated the reference to R2-8-116 in subsection (E) to reflect the correct subsection, R2-8-118(B), relating to interest rates. However, this update was not a substantial substantive change from the proposed rulemaking and a supplemental notice is not necessary.
11. **An agency's summary of the public or stakeholder comments made about the rulemaking and the agency response to the comments:**
The ASRS received no written comments regarding the rulemaking. No one attended the oral proceeding on March 9, 2016.
12. **All agencies shall list any 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:**
 - 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:**
The rules do not require a permit.
 - 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:**
Federal law applies to retirement programs. However, there is no federal law specifically applicable to 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.
13. **A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rule:**
No materials are incorporated by reference.
14. **Whether the rule was previously made, amended, or repealed as an emergency rule. If so, cite the notice published in the Register as specified in R1-1-409(A). Also, the agency shall state where the text was changed between the emergency and the final rulemaking packages:**
Not applicable
15. **The full text of the rules follows:**



effective date will ensure that there is no gap in time between the expiration of the emergency rulemaking and the effective date of this rulemaking. No penalties are assessed by the Department for a violation of the rule.

4. Citations to all related notices published in the Register as specified in R1-1-409(A) that pertain to the record of the final rulemaking package:

Notice of Emergency Rulemaking: 22 A.A.R. 420, March 4, 2016

Notice of Proposed Rulemaking: 22 A.A.R. 139, January 29, 2016

Notice of Rulemaking Docket Opening: 21 A.A.R. 2474, October 23, 2015

Notice of Emergency Rulemaking: 21 A.A.R. 1787, September 4, 2015

5. The agency's contact person who can answer questions about the rulemaking:

Name: Colby Bower, Assistant Director

Address: Department of Health Services
Public Health Licensing Services
150 N. 18th Ave., Suite 510
Phoenix, AZ 85007

Telephone: (602) 542-6383

Fax: (602) 364-4808

E-mail: Colby.Bower@azdhs.gov

or

Name: Robert Lane, Manager

Address: Arizona Department of Health Services
Office of Administrative Counsel and Rules
1740 W. Adams St., Suite 203
Phoenix, AZ 85007

Telephone: (602) 542-1020

Fax: (602) 364-1150

E-mail: Robert.Lane@azdhs.gov

6. An agency's justification and reason why a rule should be made, amended, repealed or renumbered, to include an explanation about the rulemaking:

When the Arizona Department of Health Services (Department) became aware of the potential sale of aborted fetal tissue by Arizona health care institutions where abortions are performed, the Department initiated emergency rulemaking after receiving an exception from the Governor's rulemaking moratorium, established by Executive Order 2015-01. Through this emergency rulemaking, the Department clarified, in the health care institution licensing rules in 9 A.A.C. 10, the abortion reporting requirements in A.R.S. § 36-2161. The Department also added a requirement for a licensed health care institution where abortions are performed to include information on the final disposition of the fetal tissue, the person or persons taking custody of the fetal tissue, the amount of any compensation received by the licensed health care institution for the fetal tissue, and whether a patient has provided informed consent for the transfer of custody of the fetal tissue, consistent with 42 U.S.C. §§ 289g-1 and 289g-2. An exception was made in the reporting rule for a transfer of custody to a funeral establishment or a crematory for final disposition. The Notice of Emergency Rulemaking was filed with the Office of the Secretary of State on August 14, 2015, and the emergency rulemaking was renewed through a Notice of Emergency Rulemaking filed with the Office of the Secretary of State on February 8, 2016. To prevent the expiration of the rule established through emergency rulemaking, the Department obtained an exception from the rulemaking moratorium established by Executive Order 2015-01 and is adopting the rule through regular rulemaking, clarifying situations where a transfer of custody would not require reporting, to further reduce the burden on health care institutions.

7. 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:

The Department did not review or rely on any study for this rulemaking.

8. 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

9. The summary of the economic, small business, and consumer impact:

The Department anticipates that cost bearers may include the Department and licensed health care institutions where abortions are performed. These licensed health care institutions where abortions are performed may include hospitals, outpatient treatment centers, and abortion clinics. Beneficiaries may include the Department, health care institutions, and the general public. Annual costs/revenues changes are designated as minimal when \$1,000 or less, moderate when between \$1,000 and \$10,000, and substantial when \$10,000 or greater in additional costs or reve-



nues. A cost is listed as significant when meaningful or important, but not readily subject to quantification.

During calendar year 2015, the Department received approximately 12,650 reports under A.R.S. § 36-2161 from about 18 health care institutions where abortions are performed. Of the 4,388 reports received for abortions performed between August 14, 2015, when the initial emergency rulemaking became effective, and December 31, 2015, 58 indicated that fetal tissue had been transferred for burial/cremation, two did not indicate a disposition, and all the rest indicated that there had been no transfer of custody. Of the 2,249 reports received in 2016 through February, 10 indicated that fetal tissue had been transferred for burial/cremation, and the rest indicated no transfer.

Based on these data, the Department anticipates that the review of the additional information required in the rule will impose at most a minimal cost on the Department and may provide a significant benefit to the Department from having accurate information about the final disposition of fetal tissue. Licensed health care institutions where abortions are performed may incur a minimal cost from the added time to comply with the requirement for reporting the final disposition of the fetal tissue. The Department anticipates that, if a licensed health care institution where abortions are performed transfers custody of fetal tissue to a person other than a funeral establishment, a crematory, or according to the requirements in A.A.C. R18-13-1406, A.A.C. R18-13-1407, and A.A.C. R18-13-1408 or does not comply with the requirements in A.A.C. R18-13-1405, the licensed health care institution where abortions are performed may incur a minimal-to-moderate cost from the added time to compile the additional information on the name and address of the person or persons accepting custody of the fetal tissue, the amount of any compensation received by the licensed health care institution for the transferred fetal tissue, and whether a patient provided informed consent for the transfer of custody of the fetal tissue. A licensed health care institution where abortions are performed that meets the reporting exception requirements in subsection (B) of the rule may receive a significant benefit from assuring the general public that such transfers are not occurring at the health care institution. The general public may receive a significant benefit from the assurance that transfers of fetal tissue to a person other than a funeral establishment or crematory are being monitored by the Department.

10. A description of any changes between the proposed rulemaking, to include supplemental notices, and the final rulemaking:

No changes were made by the Department between the proposed rulemaking and the final rulemaking.

11. An agency's summary of the public stakeholder comments made about the rulemaking and the agency response to the comments:

The Department received no written comments. The Department held an oral proceeding for the proposed rule on March 23, 2016, at which there were no attendees.

12. All agencies shall list any 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:

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:

The rule does not require a permit.

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 business competitiveness analysis was received by the Department.

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

Not applicable

14. Whether the rule was previously made, amended or repealed as an emergency rule. If so, cite the notice published in the Register as specified in R1-1-409(A). Also, the agency shall state where the text was changed between the emergency and the final rulemaking packages:

As stated in paragraph 4:

Notice of Emergency Rulemaking: 22 A.A.R. 420, March 4, 2016

Notice of Emergency Rulemaking: 21 A.A.R. 1787, September 4, 2015

No changes were made to the text of the rule between the renewal of the emergency rulemaking published at 22 A.A.R. 420 and the final rulemaking package.

15. The full text of the rules follows:



TITLE 9. HEALTH SERVICES

CHAPTER 10. DEPARTMENT OF HEALTH SERVICES
HEALTH CARE INSTITUTIONS: LICENSING

ARTICLE 1. GENERAL

Section
R9-10-119. ~~Reserved~~ Abortion Reporting

ARTICLE 1. GENERAL

R9-10-119. ~~Reserved~~ Abortion Reporting

- A.** A licensed health care institution where abortions are performed shall submit to the Department, in a Department-provided format and according to A.R.S. § 36-2161(B) and (C), a report that contains the information required in A.R.S. § 36-2161(A) and the following:
1. The final disposition of the fetal tissue from the abortion; and
 2. Except as provided in subsection (B), if custody of the fetal tissue is transferred to another person or persons:
 - a. The name and address of the person or persons accepting custody of the fetal tissue.
 - b. The amount of any compensation received by the licensed health care institution for the transferred fetal tissue, and
 - c. Whether a patient provided informed consent for the transfer of custody of the fetal tissue.
- B.** A licensed health care institution where abortions are performed is not required to include the information specified in subsections (A)(2)(a) through (c) in the report required in subsection (A) if the licensed health care institution where abortions are performed:
1. Transfers custody of the fetal tissue:
 - a. To a funeral establishment, as defined in A.R.S. § 32-1301;
 - b. To a crematory, as defined in A.R.S. § 32-1301; or
 - c. According to requirements in A.A.C. R18-13-1406, A.A.C. R18-13-1407, and A.A.C. R18-13-1408; or
 2. Complies with requirements in A.A.C. R18-13-1405.
- C.** For purposes of this Section, the following definition applies:
“Fetal tissue” means cells, or groups of cells with a specific function, obtained from an aborted human embryo or fetus.