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Senate Engrossed House Bill

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FILED

Jane Dee Hull
Secretary of State

CHAPTER 368

HOUSE BILL 2508

AN ACT

AMENDING TITLE 36, CHAPTER 29, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2907.08; AMENDING SECTION 36-2921, ARIZONA REVISED STATUTES; AMENDING SECTION 36-2922, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 29, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2923; AMENDING LAWS 1996, FIFTH SPECIAL SESSION, CHAPTER 5, SECTION 7; PROVIDING FOR CONDITIONAL DELAYED REPEAL; MAKING AN APPROPRIATION; RELATING TO THE MEDICALLY NEEDY ACCOUNT OF THE TOBACCO TAX AND HEALTH CARE FUND.

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

Section 1. Title 36, chapter 29, article 1, Arizona Revised Statutes, is amended by adding section 36-2907.08, to read:

36-2907.08. Basic children's medical services program; definition

A. BEGINNING ON OCTOBER 1, 1996, THE BASIC CHILDREN'S MEDICAL SERVICES PROGRAM IS ESTABLISHED TO PROVIDE GRANTS TO HOSPITALS THAT EXCLUSIVELY SERVE THE MEDICAL NEEDS OF CHILDREN OR THAT OPERATE PROGRAMS DESIGNED PRIMARILY FOR CHILDREN. THE DIRECTOR OF THE DEPARTMENT OF HEALTH SERVICES, PURSUANT TO AN INTERGOVERNMENTAL AGREEMENT WITH THE DIRECTOR OF THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM AND SUBJECT TO THE AVAILABILITY OF MONIES, SHALL IMPLEMENT AND OPERATE THIS PROGRAM ONLY TO THE EXTENT THAT FUNDING IS AVAILABLE AND HAS BEEN SPECIFICALLY DEDICATED FOR THE PROGRAM.

B. TO RECEIVE A GRANT UNDER THIS SECTION, A HOSPITAL SHALL SUBMIT AN APPLICATION AS PRESCRIBED BY THE DIRECTOR OF THE DEPARTMENT OF HEALTH SERVICES IN A REQUEST FOR PROPOSAL THAT INDICATES TO THE DIRECTOR'S SATISFACTION THAT THE APPLICANT AGREES TO:

1. USE GRANT PROGRAM MONIES TO ENHANCE THE APPLICANT'S PROVISION OF ADDITIONAL MEDICAL SERVICES TO CHILDREN AND TO IMPROVE THE APPLICANT'S

ABILITY TO DELIVER INPATIENT, OUTPATIENT AND SPECIALIZED CLINICAL SERVICES TO INDIGENT, UNINSURED OR UNDERINSURED CHILDREN WHO ARE NOT ELIGIBLE TO RECEIVE SERVICES UNDER THIS ARTICLE.

2. ESTABLISH AND ENFORCE A SLIDING FEE SCALE FOR CHILDREN WHO ARE PROVIDED SERVICES WITH GRANT MONIES.

3. ACCOUNT FOR MONIES COLLECTED PURSUANT TO PARAGRAPH 2 OF THIS SUBSECTION SEPARATELY FROM ALL OTHER INCOME IT RECEIVES AND TO REPORT THIS INCOME ON A QUARTERLY BASIS TO THE ADMINISTRATION.

4. USE THE GRANT TO SUPPLEMENT MONIES ALREADY AVAILABLE TO THE APPLICANT.

5. MATCH THE GRANT AS PRESCRIBED BY THE DIRECTOR BY RULE WITH PRIVATE MONIES THE APPLICANT HAS PLEDGED FROM PRIVATE SOURCES. THE DIRECTOR SHALL WAIVE THIS REQUIREMENT IF THE APPLICANT IS SEEKING THE GRANT TO QUALIFY FOR A PRIVATE OR PUBLIC GRANT FOR THE DELIVERY OF INPATIENT, OUTPATIENT OR SPECIALIZED CLINICAL CARE OF INDIGENT, UNINSURED OR UNDERINSURED CHILDREN WHO ARE NOT ELIGIBLE TO RECEIVE SERVICES UNDER THIS ARTICLE.

6. PROVIDE A MECHANISM TO ENSURE THAT GRANT PROGRAM MONIES ARE NOT USED FOR CHILDREN WHO ARE ELIGIBLE FOR SERVICES UNDER THIS ARTICLE.

7. NOT USE GRANT MONIES TO FUND THE PROVISION OF EMERGENCY ROOM SERVICES.

C. BY CONTRACT, THE DIRECTOR OF THE DEPARTMENT OF HEALTH SERVICES SHALL REQUIRE A GRANTEE TO:

1. ANNUALLY ACCOUNT FOR ALL EXPENDITURES IT MAKES WITH GRANT PROGRAM MONIES DURING THE PREVIOUS YEAR.

2. AGREE TO COOPERATE WITH ANY AUDITS OR REVIEWS CONDUCTED BY THIS STATE.

3. AGREE TO THE REQUIREMENTS OF THIS SECTION AND OTHER CONDITIONS THE DIRECTOR DETERMINES TO BE NECESSARY FOR THE EFFECTIVE USE OF GRANT PROGRAM MONIES.

D. THE DIRECTOR OF THE DEPARTMENT OF HEALTH SERVICES MAY LIMIT EITHER OR BOTH THE GRANT AMOUNT PER CONTRACT OR THE NUMBER OF CONTRACTS AWARDED. IN AWARDING CONTRACTS TO QUALIFIED APPLICANTS THE DIRECTOR SHALL CONSIDER:

1. THE AMOUNT OF MONIES AVAILABLE FOR THE GRANT PROGRAM.

2. THE NEED FOR GRANT MONIES IN THE AREA SERVED BY THE APPLICANT AS STATED BY THE APPLICANT IN THE RESPONSE TO THE REQUEST FOR PROPOSALS AND AS RESEARCHED BY THE ADMINISTRATION.

3. THE NUMBER OF CHILDREN ESTIMATED TO BE SERVED BY THE APPLICANT WITH GRANT PROGRAM MONIES.

4. THE SERVICES THAT WILL BE PROVIDED OR MADE AVAILABLE WITH GRANT PROGRAM MONIES.

5. THE PERCENTAGES OF GRANT MONIES THAT THE APPLICANT INDICATES WILL BE RESERVED FOR ADMINISTRATIVE EXPENDITURES, DIRECT SERVICE EXPENDITURES AND MEDICAL CARE PERSONNEL COSTS.

6. THE FINANCIAL AND PROGRAMMATIC ABILITY OF THE APPLICANT TO MEET THE CONTRACT'S REQUIREMENTS.

E. IF THE DEPARTMENT OF HEALTH SERVICES DETERMINES THAT A HOSPITAL HAS USED GRANT MONIES IN VIOLATION OF THIS SECTION IT SHALL PROHIBIT THAT HOSPITAL FROM RECEIVING ADDITIONAL GRANT PROGRAM MONIES UNTIL THE HOSPITAL REIMBURSES THE DEPARTMENT. THE DEPARTMENT SHALL IMPOSE AN INTEREST PENALTY AS PRESCRIBED BY THE DIRECTOR OF THE DEPARTMENT OF HEALTH SERVICES BY RULE. THE DIRECTOR SHALL TRANSMIT PENALTIES COLLECTED UNDER THIS SECTION TO THE STATE TREASURER FOR DEPOSIT IN THE MEDICALLY NEEDY ACCOUNT OF THE TOBACCO TAX AND HEALTH CARE FUND.

F. THE DIRECTOR OF THE DEPARTMENT OF HEALTH SERVICES MAY EXPEND MONIES FROM THE MEDICALLY NEEDY ACCOUNT OF THE TOBACCO TAX AND HEALTH CARE FUND TRANSFERRED PURSUANT TO SECTION 36-2921, SUBSECTION A, PARAGRAPH 7 FOR THE PURPOSE OF FUNDING EVALUATIONS OF THE GRANT PROGRAM ESTABLISHED BY THIS SECTION. THE DIRECTOR SHALL ENSURE THAT ANY EVALUATION IS STRUCTURED TO MEET AT LEAST THE BASE REQUIREMENTS PRESCRIBED IN SECTION 36-2907.07.

G. THE DIRECTOR OF THE DEPARTMENT OF HEALTH SERVICES MAY EXPEND MONIES FROM THE MEDICALLY NEEDY ACCOUNT OF THE TOBACCO TAX AND HEALTH CARE FUND TRANSFERRED PURSUANT TO SECTION 36-2921, SUBSECTION A, PARAGRAPH 7 FOR ADMINISTRATIVE COSTS ASSOCIATED WITH THE ESTABLISHMENT OR THE OPERATION OF THE GRANT PROGRAM. THE AMOUNT WITHDRAWN ANNUALLY FOR GRANT PROGRAM ADMINISTRATIVE COSTS SHALL NOT EXCEED TWO PER CENT OF THE SUM OF ANY TRANSFERS OF MONIES MADE PURSUANT TO SECTION 36-2921 AND ANY APPROPRIATION OF MONIES FOR THE SPECIFIED PURPOSE OF SUPPORTING THE NONENTITLEMENT BASIC CHILDREN'S MEDICAL SERVICES PROGRAM ESTABLISHED IN THIS SECTION.

H. THE DEPARTMENT OF HEALTH SERVICES SHALL DIRECTLY ADMINISTER THE GRANT PROGRAM AND ALL CONTRACTS ESTABLISHED PURSUANT TO THIS SECTION. THE DIRECTOR OF THE DEPARTMENT OF HEALTH SERVICES SHALL PUBLISH RULES PURSUANT TO TITLE 41, CHAPTER 6 FOR THE GRANT PROGRAM BEFORE THE ISSUANCE OF THE INITIAL GRANT PROGRAM REQUEST FOR PROPOSALS. THE DIRECTOR OF THE DEPARTMENT OF HEALTH SERVICES AND THE CONTRACTOR SHALL SIGN A CONTRACT BEFORE THE TRANSMISSION OF ANY TOBACCO TAX AND HEALTH CARE FUND MONIES TO THE CONTRACTOR.

I. IN ADMINISTERING THE BASIC CHILDREN'S MEDICAL SERVICES PROGRAM AND AWARDING CONTRACTS ESTABLISHED PURSUANT TO THIS SECTION, THE DIRECTOR OF THE DEPARTMENT OF HEALTH SERVICES SHALL SEEK TO EFFICIENTLY AND EFFECTIVELY COORDINATE THE DELIVERY OF SERVICES PROVIDED THROUGH THE PROGRAM WITH SERVICES PROVIDED THROUGH OTHER PROGRAMS INCLUDING THOSE ESTABLISHED PURSUANT TO CHAPTER 2, ARTICLE 3 OF THIS TITLE AND SECTIONS 36-2907.05 AND 36-2907.06. THE DIRECTOR SHALL SEEK TO ENSURE THAT THIS COORDINATION RESULTS IN PROVIDING FOR EITHER OR BOTH THE COVERAGE OF ADDITIONAL CHILDREN OR THE PROVISION OF ADDITIONAL MEDICALLY NECESSARY SERVICES TO CHILDREN INSTEAD OF SUPPLANTING EXISTING SERVICE OPPORTUNITIES OR DUPLICATING EXISTING PROGRAMS WITH NO ATTENDANT INCREASE IN COVERAGE.

J. FOR THE PURPOSES OF THIS SECTION, "GRANT PROGRAM" REFERS TO THE BASIC CHILDREN'S MEDICAL SERVICES PROGRAM.

Sec. 2. Section 36-2921, Arizona Revised Statutes, is amended to read:

36-2921. Tobacco tax allocation

A. Subject to the availability of monies in the medically needy account established pursuant to section 42-1241, subsection C, paragraph 3 the administration shall use the monies in the account in the following order:

1. The administration shall withdraw the amount necessary to pay the state share of costs for providing health care services to any person who is eligible pursuant to section 36-2901, paragraph 4, subdivisions (a), (c) and (h), and who becomes eligible for heart, LUNG, HEART-LUNG, liver or autologous and allogeneic bone marrow transplants pursuant to section 36-2907, subsection A, paragraph 11, SUBDIVISION (d) as determined by the administrator AND TO ANY PERSON WHO IS ELIGIBLE PURSUANT TO SECTION 36-2901, PARAGRAPH 4, SUBDIVISION (b) AND WHO BECOME ELIGIBLE FOR LUNG OR HEART-LUNG TRANSPLANTS PURSUANT TO SECTION 36-2907, SUBSECTION A, PARAGRAPH 11, SUBDIVISION (b), AS DETERMINED BY THE ADMINISTRATOR.

2. Beginning on August 1, 1995 and on the first day of each month thereafter, the sum of one million two hundred fifty thousand dollars shall be transferred from the medically needy account to the ~~medically needy and medically indigent program~~ MEDICAL SERVICES stabilization fund for uses as prescribed in section 36-2922.

3. From and after August 1, 1995 and each year thereafter, the administration shall transfer not more than fifteen million dollars to the department of health services to be allocated as follows if the department awards a contract:

(a) ~~Up to five million dollars, but not less than thirty-three and thirty-four one hundredths per cent~~ ONE-THIRD of the total amount transferred, for the mental health grant program established pursuant to section 36-3414.

(b) ~~Up to five million dollars, but not less than thirty-three and thirty-three one hundredths per cent~~ ONE-THIRD of the total amount transferred, for primary care services established pursuant to section 36-2907.05.

(c) ~~Up to five million dollars, but not less than thirty-three and thirty-three one hundredths per cent~~ ONE-THIRD of the total amount transferred, for grants to the community health centers established pursuant to section 36-2907.06.

4. From and after August 1, 1995, the administration shall transfer up to five hundred thousand dollars annually for fiscal years 1995-1996 and 1996-1997 for pilot programs providing detoxification services in counties having a population of five hundred thousand persons or less according to the most recent United States decennial census.

5. The administration shall transfer up to two hundred fifty thousand dollars annually for fiscal years 1995-1996, 1996-1997 and 1997-1998 for telemedicine pilot programs designed to facilitate the provision of medical services to persons living in medically underserved areas as ~~defined~~ PROVIDED in section 36-2352.

6. THE ADMINISTRATION SHALL TRANSFER UP TO ONE HUNDRED FIFTY THOUSAND DOLLARS ANNUALLY BEGINNING IN FISCAL YEAR 1996-1997 FOR CONTRACTS BY THE DEPARTMENT OF HEALTH SERVICES WITH NONPROFIT ORGANIZATIONS THAT PRIMARILY ASSIST IN THE MANAGEMENT OF END STAGE RENAL DISEASE AND RELATED PROBLEMS. CONTRACTS SHALL NOT INCLUDE PAYMENTS FOR TRANSPORTATION OF PATIENTS FOR DIALYSIS.

7. CONTINGENT ON THE EXISTENCE OF A PREMIUM SHARING DEMONSTRATION PROJECT FUND, BEGINNING OCTOBER 1, 1996 AND UNTIL SEPTEMBER 30, 1999, THE ADMINISTRATION SHALL WITHDRAW THE SUM OF TWENTY MILLION DOLLARS IN EACH OF FISCAL YEARS 1996-1997, 1997-1998 AND 1998-1999 FOR DEPOSIT IN THE PREMIUM SHARING DEMONSTRATION PROJECT FUND ESTABLISHED BY SECTION 36-2923 TO PROVIDE HEALTH CARE SERVICES TO ANY PERSON WHO IS ELIGIBLE FOR AN ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM PREMIUM SHARING DEMONSTRATION PROGRAM ENACTED BY THE LEGISLATURE. THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM PREMIUM SHARING DEMONSTRATION PROGRAM ENACTED BY THE LEGISLATURE SHALL NOT BE AN ENTITLEMENT PROGRAM.

8. SUBJECT TO THE AVAILABILITY OF MONIES, THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION SHALL TRANSFER TO THE DEPARTMENT OF HEALTH SERVICES UP TO FIVE MILLION DOLLARS ANNUALLY BEGINNING IN FISCAL YEAR 1996-1997 FOR PROVIDING NONENTITLEMENT FUNDING FOR A BASIC CHILDREN'S MEDICAL SERVICES PROGRAM ESTABLISHED BY SECTION 36-2907.08. THE ADMINISTRATION MAY ALSO WITHDRAW AND TRANSFER TO THE DEPARTMENT AMOUNTS FOR PROGRAM EVALUATION AND FOR ADMINISTRATIVE COSTS AS PRESCRIBED IN SECTION 36-2907.08.

B. The department of health services shall establish an accounting procedure to ensure that all funds transferred pursuant to this section are maintained separately from any other funds.

C. The administration shall annually withdraw monies from the medically needy account in the amount necessary to reimburse the department of health services for administrative costs to implement each program established pursuant to subsection A of this section not to exceed two per cent of the amount transferred for each program.

D. The administration shall annually withdraw monies from the medically needy account in the amount necessary to reimburse the department of health services for the evaluations as prescribed by section 36-2907.07.

E. The administration shall annually report, no later than November 1 of each year, to the joint legislative oversight committee on the tobacco tax and health care fund the annual revenues deposited in the medically needy account and the estimated expenditures needed in the subsequent year to provide funding for services provided in subsection A, paragraph 1 of this

section. The administration shall immediately report to the cochairs of the oversight committee if at any time the administration estimates that the amount available in the medically needy account will not be sufficient to fund the maximum allocations established in this section.

Sec. 3. Section 36-2922, Arizona Revised Statutes, is amended to read:

36-2922. Medical services stabilization fund; definition

A. Subject to the availability of monies as prescribed in section 36-2921, the ~~medically needy and medically indigent program~~ MEDICAL SERVICES stabilization fund is established in the state treasury. The administration shall administer the fund as directed by the joint legislative budget committee pursuant to subsection ~~B~~ E of this section.

B. The fund shall be used only to offset ~~unanticipated~~ increases in the cost of providing levels of services established pursuant to this article provided to persons who are determined to be medically indigent pursuant to section 11-297, medically needy pursuant to section 36-2905 or low income children pursuant to section 36-2905.03 as authorized pursuant to this section.

C. NOTWITHSTANDING SECTION 42-1241 OR 42-1242, THE FUND MAY ALSO BE USED TO OFFSET INCREASES IN THE COST OF PROVIDING LEVELS OF SERVICES ESTABLISHED PURSUANT TO THIS ARTICLE TO PERSONS ELIGIBLE FOR THOSE SERVICES PURSUANT TO SECTION 36-2901, PARAGRAPH 4, SUBDIVISION (b) IF THE INCREASE RESULTS FROM A DECREASE IN FEDERAL FUNDING FOR LEVELS OF SERVICE INCLUDING A DECREASE IN THE FEDERAL MATCH RATE FOR LEVELS OF SERVICE PROVIDED TO PERSONS ELIGIBLE PURSUANT TO SECTION 36-2901, PARAGRAPH 4, SUBDIVISION (b).

~~C.~~ D. If, during a fiscal year, the administration determines that the amount the legislature appropriated for that fiscal year for services provided to persons who are determined to be ~~medically indigent, medically needy or low-income children~~ ELIGIBLE FOR SERVICES PURSUANT TO SECTION 36-2901, PARAGRAPH 4, SUBDIVISION (a), (b), (c) OR (h) is insufficient to pay for unanticipated increases in the cost of providing those services, the administration shall provide written notice of the deficiency to the chairperson of the joint legislative budget committee and the director of the governor's office of strategic planning and budgeting with evidence supporting the determination of deficiency.

~~D.~~ E. On receiving notice under subsection ~~C~~ D of this section, the chairperson of the joint legislative budget committee shall call a public committee meeting to review the evidence of the deficiency presented by the administration. After reviewing the evidence, the committee may recommend to the administration to withdraw an amount from the fund that is equal to the deficiency to pay the ~~unanticipated~~ increases in the cost of providing levels of service ~~established pursuant to this article~~.

~~E.~~ F. For the purposes of this section "levels of service" means the provider payment methodology, eligibility criteria and covered services established pursuant to this article AND in effect on July 1, 1993.

Sec. 4. Title 36, chapter 29, article 1, Arizona Revised Statutes, is amended by adding section 36-2923, to read:

36-2923. Premium sharing demonstration project fund; purpose; expenditures; lapsing; investment; definition

A. A PREMIUM SHARING DEMONSTRATION PROJECT FUND IS ESTABLISHED FOR COSTS ASSOCIATED WITH AN ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM PREMIUM SHARING DEMONSTRATION PROJECT THAT IS TO PROVIDE UNINSURED PERSONS ACCESS TO MEDICAL SERVICES PROVIDED BY SYSTEM PROVIDERS. THE FUND CONSISTS OF MONIES DEPOSITED FROM THE MEDICALLY NEEDY ACCOUNT OF THE TOBACCO TAX AND HEALTH CARE FUND PURSUANT TO SECTION 36-2921, SUBSECTION A, PARAGRAPH 6 AND PREMIUMS COLLECTED FROM DEMONSTRATION PROJECT PARTICIPANTS. THE ADMINISTRATION SHALL ADMINISTER THE FUND AS A CONTINUING APPROPRIATION.

B. BEGINNING ON OCTOBER 1, 1997, IF A PREMIUM SHARING DEMONSTRATION PROJECT IS ESTABLISHED, THE ADMINISTRATION SHALL SPEND MONIES IN THE FUND THROUGH THE FIRST QUARTER OF FISCAL YEAR 2000-2001 TO COVER DEMONSTRATION PROJECT EXPENDITURES. THE ADMINISTRATION MAY CONTINUE TO MAKE EXPENDITURES FROM THE FUND, SUBJECT TO THE AVAILABILITY OF MONIES IN THE FUND, FOR COVERING PROGRAM COSTS INCURRED BUT NOT PROCESSED BY THE ADMINISTRATION DURING THE FISCAL YEARS IN WHICH THE PROGRAM OFFICIALLY OPERATED.

C. THE DIRECTOR MAY WITHDRAW NOT MORE THAN SEVENTY-FIVE THOUSAND DOLLARS FROM THE FUND FOR THE FIFTEEN MONTH PERIOD BEGINNING JULY 1, 1996 AND ENDING SEPTEMBER 30, 1997 TO COVER ADMINISTRATIVE EXPENDITURES RELATED TO THE DEVELOPMENT OF A PREMIUM SHARING DEMONSTRATION PROJECT PROPOSAL OR ANY PREMIUM SHARING DEMONSTRATION PROJECT ANALYSIS REQUESTED BY A COMMITTEE OF THE LEGISLATURE.

D. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS, EXCEPT THAT ALL UNEXPENDED AND UNENCUMBERED MONIES REMAINING ON OCTOBER 1, 2001 REVERT TO THE MEDICALLY NEEDY ACCOUNT OF THE TOBACCO TAX AND HEALTH CARE FUND.

E. THE STATE TREASURER SHALL INVEST THE MONIES IN THE FUND AND INVESTMENT INCOME SHALL BE CREDITED TO THE FUND.

F. FOR PURPOSES OF THIS SECTION, UNLESS OTHERWISE NOTED, "FUND" MEANS THE PREMIUM SHARING DEMONSTRATION PROJECT FUND.

Sec. 5. Laws 1996, fifth special session, chapter 5, section 7 is amended to read:

Sec. 7. AHCCCS withdrawals; purposes

Notwithstanding any other provision of law, for state fiscal year 1996-1997, the Arizona health care cost containment system administration shall withdraw, as necessary, the sum of $16,544,000 from the medically needy account of the tobacco tax and health care fund established pursuant to section 42-1241, subsection C, paragraph 3, Arizona Revised Statutes, subject to the availability of monies in the account for the following purposes and the withdrawals shall be made before the withdrawals for those purposes set forth in section 36-2921, Arizona Revised Statutes:

1. $10,000,000 to discontinue the annual ten million dollar discount on private hospital reimbursement required by Laws 1993, second special session, chapter 6, section 39 as amended by Laws 1995, first special session, chapter 5, section 10.

2. $4,522,800 to continue the scheduled phase-out of the quick payment discount required by SECTIONS 8-512, 36-2903.01 AND 36-2904, ARIZONA REVISED STATUTES, LAWS 1992, CHAPTER 302, SECTION 14, AS AMENDED BY Laws 1993, second special session, chapter 6, section ~~29, as amended by~~ 27 AND Laws 1995, first special session, chapter 5, section ~~8~~ 6, AND LAWS 1993, SECOND SPECIAL SESSION, CHAPTER 6, SECTION 29, AS AMENDED BY LAWS 1995, FIRST SPECIAL SESSION, CHAPTER 5, SECTION 8.

3. $2,021,200 to replace federal funds reduced due to the lower federal matching assistance percentage for federal fiscal year 1996-1997 as reported by the United States department of health and human services.

Sec. 6. Arizona health care cost containment system premium sharing demonstration project implementation committee; recommendations

A. The Arizona health care cost containment system premium sharing demonstration project implementation committee is established to make recommendations to the governor and the legislature regarding the implementation of a premium sharing demonstration program to begin October 1, 1997. The committee shall use as the primary framework in developing program recommendations the contents of House Bill 2508 and Senate Bill 1219 introduced during the second regular session of the forty-second legislature. The committee shall recommend a program designed to allow eligible persons access to medical services provided by system providers through a cost sharing arrangement with the Arizona health care cost containment system administration.

B. The president of the senate and the speaker of the house of representatives shall each appoint three members of the legislature to serve on the implementation committee, with no more than two appointees from each house representing the same political party. The president of the senate and the speaker of the house of representatives shall each select one of their three appointees to be cochairmen of the committee. The committee shall provide a report of their recommendations to the governor, the president of the senate, the speaker of the house of representatives, the secretary of state, the director of the department of library, archives and public records and the director of the Arizona legislative council by November 15, 1996.

C. When recommending eligibility criteria for project participants, the committee shall recommend the household income threshold for project participation that shall not exceed three hundred per cent of the federal poverty guidelines published by the United States department of health and human services. The committee shall also develop recommendations regarding resource and asset thresholds for project eligibility. Eligibility criteria

recommendations shall also include provisions that require an applicant for project services to be all of the following:

1. A United States citizen or a legal alien.

2. A resident of this state.

3. Uninsured for a period of at least six months before application for project services.

4. Meet a minimum resource test established for the project.

D. The committee shall direct the Arizona health care cost containment system administration to conduct actuarial studies that provide estimates relating to presentation rates and potential premium sharing costs based on parameters recommended in this section and any other parameters the committee establishes. The committee shall evaluate the feasibility of devising separate premium schedules based on different household sizes. At the direction of the committee, the Arizona health care cost containment system administration shall provide details on the methodology for determining the premium share cost for participants and the justification for the methodology used.

E. The committee shall evaluate the information obtained pursuant to subsections C and D of this section and shall recommend details on the locations for the premium sharing demonstration project and the feasibility of limiting the number of project participants.

F. The committee shall recommend a service package that shall be delivered through the Arizona health care cost containment system and may include health care and hospitalization services similar to those provided pursuant to section 36-2907, Arizona Revised Statutes. The committee may consider alternative service packages for project participants.

G. The committee shall recommend the entity that should be responsible for collecting the premiums and the method for collecting the premiums.

H. The committee shall ensure that its recommendations for the demonstration project clearly indicate that:

1. The provisions of the project to be implemented neither entail an applicant's entitlement to project services nor obligate the Arizona health care cost containment system in any manner to provide coverage to persons beyond the number that can be served by the resources specifically dedicated by the legislature for the project.

2. The director of the Arizona health care cost containment system administration shall use the monies available in the premium sharing demonstration project fund, established by section 36-2923, Arizona Revised Statutes, in a manner that ensures that the demonstration project can be in operation over the period of time beginning October 1, 1997 and ending September 30, 2000.

3. The director of the Arizona health care cost containment system administration shall administer the project and use any project control mechanism available such as an enrollment cap in a manner that ensures that

the project does not result in expenditures that would exceed the monies available in the premium sharing demonstration project fund, established pursuant to section 36-2923, Arizona Revised Statutes, as added by this act.

I. For purposes of this section, "project" means the Arizona health care cost containment system premium sharing demonstration project that is to be designed and developed according to the provisions of this section.

Sec. 7. Rules; exemption

The department of health services is exempt from the rule making requirements of title 41, chapter 6, Arizona Revised Statutes, to implement the requirements of section 36-2907.08, Arizona Revised Statutes, as added by this act. The department shall conduct public hearings, including at least two in counties with a population of less than five hundred thousand persons according to the most recent United States decennial census, before it adopts exempted rules. The department shall publish adopted rules pursuant to title 41, chapter 6, Arizona Revised Statutes.

Sec. 8. Delayed repeal

Section 6 of this act is repealed from and after December 31, 1996.

Sec. 9. Conditional delayed repeal

A. Section 36-2923, Arizona Revised Statutes, as added by this act, is repealed from and after December 31, 1997 if the premium sharing demonstration project is not implemented by that date.

B. If section 36-2923, Arizona Revised Statutes, is repealed pursuant to this section, monies remaining in the premium sharing demonstration project fund revert to the medically needy account of the tobacco tax and health care fund established under section 42-1241, Arizona Revised Statutes.

Sec. 10. Tobacco tax and health care fund; transfer of monies; appropriation

Effective on October 1, 1996, the sum of $30,000,000 is transferred from the medically needy account of the tobacco tax and health care fund established by section 42-1241, Arizona Revised Statutes, to the medical services stabilization fund established by section 36-2922, Arizona Revised Statutes, and is appropriated to that fund. The state treasurer shall make this one-time transfer.

APPROVED BY THE GOVERNOR MAY 2,1996

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 2,1996