

State of Arizona
House of Representatives
Forty-fifth Legislature
Second Special Session
2001

CHAPTER 7

HOUSE BILL 2019

AN ACT

AMENDING SECTION 36-2903.01, ARIZONA REVISED STATUTES; AMENDING SECTION 36-2921, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2001, CHAPTER 365, SECTION 1, CHAPTER 374, SECTION 2, CHAPTER 384, SECTION 1 AND CHAPTER 385, SECTION 4; AMENDING LAWS 1997, FIRST SPECIAL SESSION, CHAPTER 7, SECTION 18, AS AMENDED BY LAWS 1997, SECOND SPECIAL SESSION, CHAPTER 2, SECTION 10, LAWS 1998, CHAPTER 214, SECTION 23, LAWS 1999, CHAPTER 93, SECTION 1 AND LAWS 2000, CHAPTER 68, SECTION 1; AMENDING LAWS 2001, CHAPTER 234, SECTION 2, AS AMENDED BY LAWS 2001, CHAPTER 374, SECTION 4; AMENDING LAWS 2001, CHAPTER 234, SECTION 5; AMENDING LAWS 2001, CHAPTER 262, SECTION 2; AMENDING LAWS 2001, CHAPTER 319, SECTION 2; REPEALING LAWS 2001, CHAPTER 347, SECTION 3, CHAPTER 374, SECTIONS 5 AND 9, CHAPTER 384, SECTIONS 3 AND 4, CHAPTER 386, CHAPTER 385, SECTION 25; AMENDING LAWS 2001, CHAPTER 332, SECTION 2; AMENDING LAWS 2001, CHAPTER 345, SECTION 7; AMENDING LAWS 2001, CHAPTER 358, SECTION 2; AMENDING LAWS 2001, CHAPTER 374, SECTIONS 6 AND 10; AMENDING LAWS 2001, CHAPTER 385, SECTIONS 21 AND 22; AMENDING LAWS 2001, FIRST SPECIAL SESSION, CHAPTER 1, SECTION 10; RELATING TO HEALTH BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 36-2903.01, Arizona Revised Statutes, is amended
3 to read:

4 36-2903.01. Additional powers and duties

5 A. The director of the Arizona health care cost containment system
6 administration may adopt rules that provide that the system may withhold or
7 forfeit payments to be made to a noncontracting provider by the system if the
8 noncontracting provider fails to comply with this article, the provider
9 agreement or rules that are adopted pursuant to this article and that relate
10 to the specific services rendered for which a claim for payment is made.

11 B. The director shall:

12 1. Prescribe uniform forms to be used by all contractors. The rules
13 shall require a written and signed application by the applicant or an
14 applicant's authorized representative, or, if the person is incompetent or
15 incapacitated, a family member or a person acting responsibly for the
16 applicant may obtain a signature or a reasonable facsimile and file the
17 application as prescribed by the administration.

18 2. Enter into an interagency agreement with the department to
19 establish a streamlined eligibility process to determine the eligibility of
20 all persons defined pursuant to section 36-2901, paragraph 6, subdivision
21 (a). At the administration's option, the interagency agreement may allow the
22 administration to determine the eligibility of certain persons including
23 those defined pursuant to section 36-2901, paragraph 6, subdivision (a).

24 3. Enter into an intergovernmental agreement with the department to:

25 (a) Establish an expedited eligibility and enrollment process for all
26 persons who are hospitalized at the time of application.

27 (b) Establish performance measures and incentives for the department.

28 (c) Establish the process for management evaluation reviews that the
29 administration shall perform to evaluate the eligibility determination
30 functions performed by the department.

31 (d) Establish eligibility quality control reviews by the
32 administration.

33 (e) Require the department to adopt rules, consistent with the rules
34 adopted by the administration for a hearing process, that applicants or
35 members may use for appeals of eligibility determinations or
36 redeterminations.

37 (f) Establish the department's responsibility to place sufficient
38 eligibility workers at federally qualified health centers to screen for
39 eligibility and at hospital sites and level one trauma centers to ensure that
40 persons seeking hospital services are screened on a timely basis for
41 eligibility for the system, including a process to ensure that applications
42 for the system can be accepted on a twenty-four hour basis, seven days a
43 week.

1 (g) Withhold payments based on the allowable sanctions for errors in
2 eligibility determinations or redeterminations or failure to meet performance
3 measures required by the intergovernmental agreement.

4 (h) Recoup from the department all federal fiscal sanctions that
5 result from the department's inaccurate eligibility determinations. The
6 director may offset all or part of a sanction if the department submits a
7 corrective action plan and a strategy to remedy the error.

8 4. By rule establish a procedure and time frames for the intake of
9 grievances and requests for hearings, for the continuation of benefits and
10 services during the appeal process and for a grievance process at the
11 contractor level. Notwithstanding sections 41-1092.02, 41-1092.03 and
12 41-1092.05, the administration shall develop rules to establish the procedure
13 and time frame for the informal resolution of grievances and appeals. A
14 grievance that is not related to a claim for payment of system covered
15 services shall be filed in writing with and received by the administration
16 or the prepaid capitated provider or program contractor not later than sixty
17 days after the date of the adverse action, decision or policy implementation
18 being grieved. A grievance that is related to a claim for payment of system
19 covered services must be filed in writing and received by the administration
20 or the prepaid capitated provider or program contractor within twelve months
21 after the date of service, within twelve months after the date that
22 eligibility is posted or within sixty days after the date of the denial of
23 a timely claim submission, whichever is later. A grievance for the denial
24 of a claim for reimbursement of services may contest the validity of any
25 adverse action, decision, policy implementation or rule that related to or
26 resulted in the full or partial denial of the claim. A policy implementation
27 may be subject to a grievance procedure, but it may not be appealed for a
28 hearing. The administration is not required to participate in a mandatory
29 settlement conference if it is not a real party in interest. In any
30 proceeding before the administration, including a grievance or hearing,
31 persons may represent themselves or be represented by a duly authorized agent
32 who is not charging a fee. A legal entity may be represented by an officer,
33 partner or employee who is specifically authorized by the legal entity to
34 represent it in the particular proceeding.

35 5. Apply for and accept federal funds available under title XIX of the
36 social security act (P.L. 89-97; 79 Stat. 344; 42 United States Code section
37 1396 (1980)) in support of the system. The application made by the director
38 pursuant to this paragraph shall be designed to qualify for federal funding
39 primarily on a prepaid capitated basis. Such funds may be used only for the
40 support of persons defined as eligible pursuant to title XIX of the social
41 security act or the approved section 1115 waiver.

42 6. At least thirty days before the implementation of a policy or a
43 change to an existing policy relating to reimbursement, provide notice to
44 interested parties. Parties interested in receiving notification of policy

1 changes shall submit a written request for notification to the
2 administration.

3 C. The director is authorized to apply for any federal funds available
4 for the support of programs to investigate and prosecute violations arising
5 from the administration and operation of the system. Available state funds
6 appropriated for the administration and operation of the system may be used
7 as matching funds to secure federal funds pursuant to this subsection.

8 D. The director may adopt rules or procedures to do the following:

9 1. Authorize advance payments based on estimated liability to a
10 contractor or a noncontracting provider after the contractor or
11 noncontracting provider has submitted a claim for services and before the
12 claim is ultimately resolved. The rules shall specify that any advance
13 payment shall be conditioned on the execution before payment of a contract
14 with the contractor or noncontracting provider that requires the
15 administration to retain a specified percentage, which shall be at least
16 twenty per cent, of the claimed amount as security and that requires
17 repayment to the administration if the administration makes any overpayment.

18 2. Defer liability, in whole or in part, of contractors for care
19 provided to members who are hospitalized on the date of enrollment or under
20 other circumstances. Payment shall be on a capped fee-for-service basis for
21 services other than hospital services and at the rate established pursuant
22 to subsection G or H of this section for hospital services or at the rate
23 paid by the health plan, whichever is less.

24 3. Deputize, in writing, any qualified officer or employee in the
25 administration to perform any act that the director by law is empowered to
26 do or charged with the responsibility of doing, including the authority to
27 issue final administrative decisions pursuant to section 41-1092.08.

28 E. The director shall adopt rules which further specify the medical
29 care and hospital services which are covered by the system pursuant to
30 section 36-2907.

31 F. In addition to the rules otherwise specified in this article, the
32 director may adopt necessary rules pursuant to title 41, chapter 6 to carry
33 out this article. Rules adopted by the director pursuant to this subsection
34 shall consider the differences between rural and urban conditions on the
35 delivery of hospitalization and medical care.

36 G. For inpatient hospital admissions and all outpatient hospital
37 services before March 1, 1993, the administration shall reimburse a
38 hospital's adjusted billed charges according to the following procedures:

39 1. The director shall adopt rules that, for services rendered from and
40 after September 30, 1985 until October 1, 1986, define "adjusted billed
41 charges" as that reimbursement level that has the effect of holding constant
42 whichever of the following is applicable:

43 (a) The schedule of rates and charges for a hospital in effect on
44 April 1, 1984 as filed pursuant to chapter 4, article 3 of this title.

1 (b) The schedule of rates and charges for a hospital that became
2 effective after May 31, 1984 but before July 2, 1984, if the hospital's
3 previous rate schedule became effective before April 30, 1983.

4 (c) The schedule of rates and charges for a hospital that became
5 effective after May 31, 1984 but before July 2, 1984, limited to five per
6 cent over the hospital's previous rate schedule, and if the hospital's
7 previous rate schedule became effective on or after April 30, 1983 but before
8 October 1, 1983. For the purposes of this paragraph "constant" means equal
9 to or lower than.

10 2. The director shall adopt rules that, for services rendered from and
11 after September 30, 1986, define "adjusted billed charges" as that
12 reimbursement level that has the effect of increasing by four per cent a
13 hospital's reimbursement level in effect on October 1, 1985 as prescribed in
14 paragraph 1 of this subsection. Beginning January 1, 1991, the Arizona
15 health care cost containment system administration shall define "adjusted
16 billed charges" as the reimbursement level determined pursuant to this
17 section, increased by two and one-half per cent.

18 3. In no event shall a hospital's adjusted billed charges exceed the
19 hospital's schedule of rates and charges filed with the department of health
20 services and in effect pursuant to chapter 4, article 3 of this title.

21 4. For services rendered the administration shall not pay a hospital's
22 adjusted billed charges in excess of the following:

23 (a) If the hospital's bill is paid within thirty days of the date the
24 bill was received, eighty-five per cent of the adjusted billed charges.

25 (b) If the hospital's bill is paid any time after thirty days but
26 within sixty days of the date the bill was received, ninety-five per cent of
27 the adjusted billed charges.

28 (c) If the hospital's bill is paid any time after sixty days of the
29 date the bill was received, one hundred per cent of the adjusted billed
30 charges.

31 5. The director shall define by rule the method of determining when
32 a hospital bill will be considered received and when a hospital's billed
33 charges will be considered paid. Payment received by a hospital from the
34 administration pursuant to this subsection or from a contractor either by
35 contract or pursuant to section 36-2904, subsection J shall be considered
36 payment of the hospital bill in full, except that a hospital may collect any
37 unpaid portion of its bill from other third party payors or in situations
38 covered by title 33, chapter 7, article 3.

39 H. For inpatient hospital admissions and outpatient hospital services
40 on and after March 1, 1993 the administration shall adopt rules for the
41 reimbursement of hospitals according to the following procedures:

42 1. For inpatient hospital stays, the administration shall use a
43 prospective tiered per diem methodology, using hospital peer groups if
44 analysis shows that cost differences can be attributed to independently
45 definable features that hospitals within a peer group share. In peer

1 grouping the administration may consider such factors as length of stay
2 differences and labor market variations. If there are no cost differences,
3 the administration shall implement a stop loss-stop gain or similar
4 mechanism. Any stop loss-stop gain or similar mechanism shall ensure that
5 the tiered per diem rates assigned to a hospital do not represent less than
6 ninety per cent of its 1990 base year costs or more than one hundred ten per
7 cent of its 1990 base year costs, adjusted by an audit factor, during the
8 period of March 1, 1993 through September 30, 1994. The tiered per diem
9 rates set for hospitals shall represent no less than eighty-seven and
10 one-half per cent or more than one hundred twelve and one-half per cent of
11 its 1990 base year costs, adjusted by an audit factor, from October 1, 1994
12 through September 30, 1995 and no less than eighty-five per cent or more than
13 one hundred fifteen per cent of its 1990 base year costs, adjusted by an
14 audit factor, from October 1, 1995 through September 30, 1996. For the
15 periods after September 30, 1996 no stop loss-stop gain or similar mechanisms
16 shall be in effect. An adjustment in the stop loss-stop gain percentage may
17 be made to ensure that total payments do not increase as a result of this
18 provision. If peer groups are used the administration shall establish
19 initial peer group designations for each hospital before implementation of
20 the per diem system. The administration may also use a negotiated rate
21 methodology. The tiered per diem methodology may include separate
22 consideration for specialty hospitals that limit their provision of services
23 to specific patient populations, such as rehabilitative patients or children.
24 The initial per diem rates shall be based on hospital claims and encounter
25 data for dates of service November 1, 1990 through October 31, 1991 and
26 processed through May of 1992.

27 2. For rates effective on October 1, 1994, and annually thereafter,
28 the administration shall adjust tiered per diem payments for inpatient
29 hospital care by the data resources incorporated market basket index for
30 prospective payment system hospitals. For rates effective beginning on
31 October 1, 1999, the administration shall adjust payments to reflect changes
32 in length of stay for the maternity and nursery tiers.

33 3. For outpatient hospital services, the administration shall
34 reimburse a hospital by applying a hospital specific outpatient
35 cost-to-charge ratio to the covered charges.

36 4. Except if submitted under an electronic claims submission system,
37 a hospital bill is considered received for purposes of this paragraph on
38 initial receipt of the legible, error-free claim form by the administration
39 if the claim includes the following error-free documentation in legible form:

- 40 (a) An admission face sheet.
- 41 (b) An itemized statement.
- 42 (c) An admission history and physical.
- 43 (d) A discharge summary or an interim summary if the claim is split.
- 44 (e) An emergency record, if admission was through the emergency room.
- 45 (f) Operative reports, if applicable.

1 (g) A labor and delivery room report, if applicable.
2 Payment received by a hospital from the administration pursuant to this
3 subsection or from a contractor either by contract or pursuant to section
4 36-2904, subsection J is considered payment by the administration or the
5 contractor of the administration's or contractor's liability for the hospital
6 bill. A hospital may collect any unpaid portion of its bill from other third
7 party payors or in situations covered by title 33, chapter 7, article 3.

8 5. For services rendered on and after October 1, 1997, the
9 administration shall pay a hospital's rate established according to this
10 section subject to the following:

11 (a) If the hospital's bill is paid within thirty days of the date the
12 bill was received, the administration shall pay ninety-nine per cent of the
13 rate.

14 (b) If the hospital's bill is paid after thirty days but within sixty
15 days of the date the bill was received, the administration shall pay one
16 hundred per cent of the rate.

17 (c) If the hospital's bill is paid any time after sixty days of the
18 date the bill was received, the administration shall pay one hundred per cent
19 of the rate plus a fee of one per cent per month for each month or portion
20 of a month following the sixtieth day of receipt of the bill until the date
21 of payment.

22 6. In developing the reimbursement methodology, if a review of the
23 reports filed by a hospital pursuant to section 36-125.04 indicates that
24 further investigation is considered necessary to verify the accuracy of the
25 information in the reports, the administration may examine the hospital's
26 records and accounts related to the reporting requirements of section
27 36-125.04. The administration shall bear the cost incurred in connection
28 with this examination unless the administration finds that the records
29 examined are significantly deficient or incorrect, in which case the
30 administration may charge the cost of the investigation to the hospital
31 examined.

32 7. Except for privileged medical information, the administration shall
33 make available for public inspection the cost and charge data and the
34 calculations used by the administration to determine payments under the
35 tiered per diem system, provided that individual hospitals are not identified
36 by name. The administration shall make the data and calculations available
37 for public inspection during regular business hours and shall provide copies
38 of the data and calculations to individuals requesting such copies within
39 thirty days of receipt of a written request. The administration may charge
40 a reasonable fee for the provision of the data or information.

41 8. The prospective tiered per diem payment methodology for inpatient
42 hospital services shall include a mechanism for the prospective payment of
43 inpatient hospital capital related costs. The capital payment shall include
44 hospital specific and statewide average amounts. For tiered per diem rates
45 beginning on October 1, 1999, the capital related cost component is frozen

1 at the blended rate of forty per cent of the hospital specific capital cost
2 and sixty per cent of the statewide average capital cost in effect as of
3 January 1, 1999 and as further adjusted by the calculation of tier rates for
4 maternity and nursery as prescribed by law. The administration shall adjust
5 the capital related cost component by the data resources incorporated market
6 basket index for prospective payment system hospitals.

7 9. Beginning September 30, 1997, the administration shall establish
8 a separate graduate medical education program to reimburse hospitals that had
9 graduate medical education programs that were approved by the administration
10 as of October 1, 1999. The administration shall separately account for
11 monies for the graduate medical education program based on the total
12 reimbursement for graduate medical education reimbursed to hospitals by the
13 system in federal fiscal year 1995-1996 pursuant to the tiered per diem
14 methodology specified in this section. The graduate medical education
15 program reimbursement shall be adjusted annually by the increase or decrease
16 in the index published by the data resources incorporated hospital market
17 basket index for prospective hospital reimbursement. Subject to legislative
18 appropriation, on an annual basis, each qualified hospital shall receive a
19 single payment from the graduate medical education program that is equal to
20 the same percentage of graduate medical education reimbursement that was paid
21 by the system in federal fiscal year 1995-1996. Any reimbursement for
22 graduate medical education made by the administration shall not be subject
23 to future settlements or appeals by the hospitals to the administration.

24 10. The prospective tiered per diem payment methodology for inpatient
25 hospital services may include a mechanism for the payment of claims with
26 extraordinary operating costs per day. For tiered per diem rates effective
27 beginning on October 1, 1999, outlier cost thresholds are frozen at the
28 levels in effect on January 1, 1999 and adjusted annually by the
29 administration by the data resources incorporated market basket index for
30 prospective payment system hospitals.

31 11. Notwithstanding section 41-1005, subsection A, paragraph 9, the
32 administration shall adopt rules pursuant to title 41, chapter 6 establishing
33 the methodology for determining the prospective tiered per diem payments.

34 I. The director may adopt rules that specify enrollment procedures
35 including notice to contractors of enrollment. The rules may provide for
36 varying time limits for enrollment in different situations. The
37 administration shall specify in contract when a person who has been
38 determined eligible will be enrolled with that contractor and the date on
39 which the contractor will be financially responsible for health and medical
40 services to the person.

41 J. The administration may make direct payments to hospitals for
42 hospitalization and medical care provided to a member in accordance with this
43 article and rules. The director may adopt rules to establish the procedures
44 by which the administration shall pay hospitals pursuant to this subsection
45 if a contractor fails to make timely payment to a hospital. Such payment

1 shall be at a level determined pursuant to section 36-2904, subsection I or
2 J. The director may withhold payment due to a contractor in the amount of
3 any payment made directly to a hospital by the administration on behalf of
4 a contractor pursuant to this subsection.

5 K. The director shall establish a special unit within the
6 administration for the purpose of monitoring the third party payment
7 collections required by contractors and noncontracting providers pursuant to
8 section 36-2903, subsection B, paragraph 10 and subsection F and section
9 36-2915, subsection E. The director shall determine by rule:

10 1. The type of third party payments to be monitored pursuant to this
11 subsection.

12 2. The percentage of third party payments that is collected by a
13 contractor or noncontracting provider and that the contractor or
14 noncontracting provider may keep and the percentage of such payments that the
15 contractor or noncontracting provider may be required to pay to the
16 administration. Contractors and noncontracting providers must pay to the
17 administration one hundred per cent of all third party payments that are
18 collected and that duplicate administration fee-for-service payments. A
19 contractor that contracts with the administration pursuant to section
20 36-2904, subsection A may be entitled to retain a percentage of third party
21 payments if the payments collected and retained by a contractor are reflected
22 in reduced capitation rates. A contractor may be required to pay the
23 administration a percentage of third party payments that are collected by a
24 contractor and that are not reflected in reduced capitation rates.

25 L. On oral or written notice from the patient that the patient
26 believes the claims to be covered by the system, a contractor or
27 noncontracting provider of health and medical services prescribed in section
28 36-2907 shall not do either of the following unless the contractor or
29 noncontracting provider has verified through the administration that the
30 person has been determined ineligible, has not yet been determined eligible
31 or was not, at the time services were rendered, eligible or enrolled:

32 1. Charge, submit a claim to or demand or otherwise collect payment
33 from a member or person who has been determined eligible unless specifically
34 authorized by this article or rules adopted pursuant to this article.

35 2. Refer or report a member or person who has been determined eligible
36 to a collection agency or credit reporting agency for the failure of the
37 member or person who has been determined eligible to pay charges for system
38 covered care or services unless specifically authorized by this article or
39 rules adopted pursuant to this article.

40 M. The administration may conduct postpayment review of all claims
41 paid by the administration and may recoup any monies erroneously paid. The
42 director may adopt rules that specify procedures for conducting postpayment
43 review. A contractor may conduct a postpayment review of all claims paid by
44 the contractor and may recoup monies that are erroneously paid.

1 N. The director or the director's designee may employ and supervise
2 personnel necessary to assist the director in performing the functions of the
3 administration.

4 O. The administration may contract with contractors for obstetrical
5 care who are eligible to provide services under title XIX of the social
6 security act.

7 P. Notwithstanding any law to the contrary, on federal approval the
8 administration may make disproportionate share payments to private hospitals,
9 COUNTY OPERATED HOSPITALS and state operated institutions for mental disease
10 beginning October 1, 1991 in accordance with federal law and subject to
11 legislative appropriation. If at any time the administration receives
12 written notification from federal authorities of any change or difference in
13 the actual or estimated amount of federal funds available for
14 disproportionate share payments from the amount reflected in the legislative
15 appropriation for such purposes, the administration shall provide written
16 notification of such change or difference to the president and the minority
17 leader of the senate, the speaker and the minority leader of the house of
18 representatives, the director of the joint legislative budget committee, the
19 legislative committee of reference and any hospital trade association within
20 this state, within three working days not including weekends after receipt
21 of the notice of the change or difference. In calculating disproportionate
22 share payments as prescribed in this section, the administration may use
23 either a methodology based on claims and encounter data that is submitted to
24 the administration from contractors or a methodology based on data that is
25 reported to the administration by private hospitals and state operated
26 institutions for mental disease. The selected methodology applies to all
27 private hospitals and state operated institutions for mental disease
28 qualifying for disproportionate share payments.

29 Q. Notwithstanding any law to the contrary, the administration may
30 receive confidential adoption information to determine whether an adopted
31 child should be terminated from the system.

32 R. The adoption agency or the adoption attorney shall notify the
33 administration within thirty days after an eligible person receiving services
34 has placed that person's child for adoption.

35 S. If the administration implements an electronic claims submission
36 system it may adopt procedures pursuant to subsection H of this section
37 requiring documentation different than prescribed under subsection H,
38 paragraph 4 of this section.

39 Sec. 2. Section 36-2921, Arizona Revised Statutes, as amended by Laws
40 2001, chapter 365, section 1, chapter 374, section 2, chapter 384, section
41 1 and chapter 385, section 4, is amended to read:

42 36-2921. Tobacco tax allocation

43 A. Subject to the availability of monies in the medically needy
44 account established pursuant to section 36-774 the administration shall use
45 the monies in the account in the following order:

1 1. Beginning on August 1, 1995 and on the first day of each month
2 until July 1, 1998, the sum of one million two hundred fifty thousand dollars
3 shall be transferred from the medically needy account to the medical services
4 stabilization fund for uses as prescribed in section 36-2922.

5 2. The administration shall withdraw the sum of nine million two
6 hundred fifty-one thousand one hundred dollars in fiscal year 1998-1999 for
7 deposit in the children's health insurance program fund established by
8 section 36-2995 to pay the state share of the children's health insurance
9 program established pursuant to article 4 of this chapter.

10 3. From and after August 1, 1995 and each year thereafter, the
11 administration shall transfer the following monies to the department of
12 health services to be allocated as follows if the department awards a
13 contract:

14 (a) ~~Five~~ THREE million dollars, for the mental health grant program
15 established pursuant to section 36-3414.

16 (b) ~~Six~~ FIVE million FIVE HUNDRED THOUSAND dollars, for primary care
17 services established pursuant to section 36-2907.05. Notwithstanding section
18 36-2907.05, of the amount transferred pursuant to this subdivision for fiscal
19 years 2001-2002 and 2002-2003, five hundred thousand dollars shall be
20 distributed to community based primary care programs to provide primary care
21 or urgent care services during evening and weekend hours.

22 (c) For fiscal year 2001-2002 ~~five~~ FOUR million FIVE HUNDRED THOUSAND
23 dollars, for grants to the qualifying community health centers established
24 pursuant to section 36-2907.06, subsection A.

25 (d) For fiscal year 2002-2003 and each fiscal year thereafter four
26 million seven hundred forty thousand dollars, for grants to the qualifying
27 community health centers established pursuant to section 36-2907.06,
28 subsection A.

29 4. The administration shall transfer three hundred seventy-five
30 thousand dollars annually for programs providing detoxification services in
31 counties having a population of five hundred thousand persons or less. Of
32 the monies transferred pursuant to this paragraph, two hundred fifty thousand
33 dollars shall be distributed to a program that provides detoxification
34 treatment and services through a long-term social model detoxification
35 program that emphasizes rehabilitation and one hundred twenty-five thousand
36 dollars shall be distributed to a program that provides short-term
37 detoxification treatment and services and is part of a continuum of
38 detoxification treatment.

39 5. The administration shall transfer up to two hundred fifty thousand
40 dollars annually for fiscal years 1995-1996, 1996-1997, 1997-1998, 1998-1999,
41 1999-2000, 2001-2002 and 2002-2003 for telemedicine pilot programs designed
42 to facilitate the provision of medical services to persons living in
43 medically underserved areas as provided in section 36-2352.

44 6. The administration shall transfer up to two hundred fifty thousand
45 dollars annually beginning in fiscal year 1996-1997 for contracts by the

1 department of health services with nonprofit organizations that primarily
2 assist in the management of end stage renal disease and related problems.
3 Contracts shall not include payments for transportation of patients for
4 dialysis.

5 ~~7. For fiscal year 2001-2002 the administration shall withdraw the sum~~
6 ~~of five million dollars and~~ Beginning on July 1, 2002 THE ADMINISTRATION
7 SHALL WITHDRAW twenty million dollars in each fiscal year for deposit in the
8 premium sharing program fund established by section 36-2923 to provide health
9 care services to any person who is eligible for an Arizona health care cost
10 containment system premium sharing program enacted by the legislature. The
11 Arizona health care cost containment system premium sharing program is not
12 an entitlement program. IN FISCAL YEAR 2001-2002 THE ADMINISTRATION MAY
13 EXPEND MONIES FROM THE PREMIUM SHARING PROGRAM FUND ESTABLISHED PURSUANT TO
14 SECTION 36-2923 FOR ADMINISTRATIVE COSTS OF THE PREMIUM SHARING PROGRAM NOT
15 TO EXCEED FOUR PER CENT OF MONIES EXPENDED ON PROGRAM COSTS FOR PREMIUM
16 SHARING PROGRAM. BEGINNING ON JULY 1, 2003, the administration shall annually
17 withdraw monies from the medically needy account not to exceed four per cent
18 of the sum of any monies transferred pursuant to this paragraph for
19 administrative costs associated with the premium sharing program. The
20 administration shall use up to one-half of one per cent of this amount for
21 marketing and outreach. Administrative costs in excess of two per cent shall
22 be funded from the interest payments from the monies withdrawn from the
23 medically needy account to fund the premium sharing program pursuant to this
24 paragraph.

25 8. Subject to the availability of monies, the Arizona health care cost
26 containment system administration shall transfer to the department of health
27 services up to five million dollars in fiscal years 1996-1997 and 1997-1998
28 and two million five hundred thousand dollars in fiscal year 1998-1999 for
29 providing nonentitlement funding for a basic children's medical services
30 program established by section 36-2907.08. The administration may also
31 withdraw and transfer to the department amounts for program evaluation and
32 for administrative costs as prescribed in section 36-2907.08.

33 9. Subject to the availability of monies, the sum of one million
34 dollars shall be transferred annually to the health crisis fund for use as
35 prescribed in section 36-797.

36 10. Subject to the availability of monies, the Arizona health care cost
37 containment system administration shall transfer to the aging and adult
38 administration in the department of economic security the sum of five hundred
39 thousand dollars annually beginning in fiscal year 1997-1998 for services
40 provided pursuant to section 46-192, subsection A, paragraph 4. Services
41 shall be used for persons who meet the low income eligibility criteria
42 developed by the aging and adult administration.

43 11. Subject to the availability of monies, the Arizona health care cost
44 containment system administration shall transfer to the department of health
45 services the sum of seventy thousand dollars annually beginning in fiscal

1 year 1998-1999 for contracts entered into pursuant to section 36-132,
2 subsection D, with hospitals that are licensed by the department of health
3 services and that perform nonrenal organ transplant operations. These
4 contracts shall not include payments for transportation to and from treatment
5 facilities.

6 12. Subject to the availability of monies, the Arizona health care cost
7 containment system administration shall annually transfer to the department
8 of health services the sum of one hundred eleven thousand two hundred dollars
9 to implement the rural private primary care provider loan repayment program
10 established pursuant to section 36-2174. The department shall not use these
11 monies for administrative costs. The transfers made pursuant to this
12 paragraph are exempt from the provisions of section 35-190 relating to
13 lapsing of appropriations.

14 13. Subject to the availability of monies, the Arizona health care cost
15 containment system administration shall transfer annually to the department
16 of health services the sum of one hundred fifty thousand dollars to assist
17 health service districts in performing their services and to assist
18 applicants who wish to establish new districts pursuant to title 48, chapter
19 16, EXCEPT THAT THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
20 ADMINISTRATION SHALL NOT TRANSFER ANY MONIES FOR THIS PURPOSE IN FISCAL YEAR
21 2001-2002.

22 14. Subject to the availability of monies, the administration shall
23 transfer to the department of health services the sum of ~~one million five~~ ONE
24 hundred thousand dollars in fiscal year 2001-2002 to award a quality rating
25 financial incentive grant to each nursing care institution that received in
26 two consecutive years a quality rating of excellent on the annual facility
27 compliance and licensure survey conducted pursuant to section 36-425.02 after
28 ~~the effective date of this amendment to this section~~ AUGUST 9, 2001
29 regardless of the actual date of the results of the survey. A nursing care
30 institution is not eligible for a grant if the institution received a
31 violation determined by the department to be widespread with potential for
32 more than minimal harm, or a violation that resulted in actual harm or that
33 constitutes immediate jeopardy to resident health and safety. A nursing care
34 institution must use a grant awarded pursuant to this paragraph only for
35 direct care nonadministrative staff to improve the quality of resident care.
36 Each individual incentive grant equals the amount that results by dividing
37 ~~one million five hundred thousand~~ ONE HUNDRED THOUSAND dollars by the total
38 number of census days for all facilities that received an ~~excellent~~ A rating
39 OF EXCELLENT for the applicable time period and multiplying the result by the
40 total number of census days for the facility receiving the grant, except that
41 the department may not award an incentive grant of more than one hundred
42 thousand dollars to any one institution. The department may not award an
43 incentive grant to a facility that was placed on a provisional license during
44 the previous twelve months before the award of the incentive grant. If the
45 facility transfers ownership, the department shall award the incentive grant

1 to the licensee at the time of the award. A facility that ceases operation
2 before an annual incentive grant distribution date is not eligible for an
3 incentive grant. The transfer made pursuant to this paragraph is exempt from
4 the provisions of section 35-190 relating to lapsing of appropriations. For
5 the purposes of this paragraph, "census day" means each day an individual
6 inpatient bed is occupied based on the most recently filed financial
7 statement of a facility pursuant to section 36-125.04. The department may
8 apply for available matching federal funds.

9 15. Subject to the availability of monies, the administration shall
10 transfer to the department of health services the sum of two hundred fifty
11 thousand dollars in fiscal year 2001-2002 for the provision of primary health
12 care services in an area of the United States environmental protection agency
13 designated as the Tucson international airport area superfund site in 1983
14 due to contamination from trichloroethylene. The transfer made pursuant to
15 this paragraph is exempt from the provisions of section 35-190 relating to
16 lapsing of appropriations. The department of health services is exempt from
17 the procurement code requirement of title 41, chapter 23, for purposes
18 relating to this paragraph.

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

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

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

30 E. THE ADMINISTRATION SHALL ANNUALLY REPORT, NO LATER THAN NOVEMBER
31 1, TO THE DIRECTOR OF THE JOINT LEGISLATIVE BUDGET COMMITTEE THE ANNUAL
32 REVENUES DEPOSITED IN THE MEDICALLY NEEDY ACCOUNT AND THE ESTIMATED
33 EXPENDITURES NEEDED IN THE SUBSEQUENT YEAR TO PROVIDE FUNDING FOR SERVICES
34 PROVIDED IN SUBSECTION A, PARAGRAPH 1 OF THIS SECTION. THE ADMINISTRATION
35 SHALL IMMEDIATELY REPORT TO THE DIRECTOR OF THE JOINT LEGISLATIVE BUDGET
36 COMMITTEE IF AT ANY TIME THE ADMINISTRATION ESTIMATES THAT THE AMOUNT
37 AVAILABLE IN THE MEDICALLY NEEDY ACCOUNT WILL NOT BE SUFFICIENT TO FUND THE
38 MAXIMUM ALLOCATIONS ESTABLISHED IN THIS SECTION.

39 Sec. 3. Laws 1997, first special session, chapter 7, section 18, as
40 amended by Laws 1997, second special session, chapter 2, section 10, Laws
41 1998, chapter 214, section 23, Laws 1999, chapter 93, section 1 and Laws
42 2000, chapter 68, section 1, is amended to read:

43 Sec. 18. Supplemental appropriation; payment of claims

44 The sum of \$3,274,000 is appropriated to the Arizona health care cost
45 containment system from the state general fund in fiscal year 1996-1997 in

1 the amount of \$1,231,000 for Apache county and \$2,043,000 for Navajo county
2 for payment of claims outstanding against Navajo and Apache counties for
3 fiscal years 1994-1995, 1995-1996, 1996-1997, 1997-1998, 1998-1999,
4 1999-2000, and 2000-2001 AND FOR DATES OF SERVICE FOR THE PERIOD JULY 1, 2001
5 THROUGH SEPTEMBER 30, 2001 for tribal members who reside on Indian
6 reservations and who received health care services off-reservation in a
7 private or public non-Indian health services facility or health care
8 provider's office. Notwithstanding title 11, chapter 2, article 7, Arizona
9 Revised Statutes, Apache and Navajo counties shall submit the CLAIMS FOR
10 fiscal years 1994-1995, 1995-1996, 1996-1997, 1997-1998, 1998-1999,
11 1999-2000, and 2000-2001 claims AND FOR DATES OF SERVICE FOR THE PERIOD JULY
12 1, 2001 THROUGH SEPTEMBER 30, 2001 to the Arizona health care cost
13 containment system administration which shall review the claims and pay the
14 providers pursuant to the administration's reimbursement methodologies
15 established in title 36, chapter 29, article 1, Arizona Revised Statutes.
16 After payment of valid outstanding CLAIMS FOR fiscal years 1994-1995,
17 1995-1996, 1996-1997, 1997-1998, 1998-1999, 1999-2000, and 2000-2001 claims
18 AND FOR THE PERIOD JULY 1, 2001 THROUGH SEPTEMBER 30, 2001, the
19 administration shall return to the state general fund any unexpended monies
20 due to, but not limited to, duplicate claims, and other health care coverage
21 including title XIX coverage that can be used to pay an outstanding claim.
22 This appropriation is exempt from the provisions of section 35-190, Arizona
23 Revised Statutes, relating to lapsing of appropriations, except that any
24 monies remaining ~~as of June 30, 2002~~ AFTER CLAIMS FOR DATES OF SERVICE
25 THROUGH SEPTEMBER 30, 2001 ARE PAID revert to the state general fund.

26 Sec. 4. Laws 2001, chapter 234, section 2, as amended by Laws 2001,
27 chapter 374, section 4, is amended to read:

28 Sec. 2. AHCCCS withdrawals; purposes; transfer

29 A. Notwithstanding any other law, for fiscal year 2001-2002, the
30 Arizona health care cost containment system administration shall withdraw,
31 as necessary, the sum of ~~\$65,200,200~~ \$69,647,200 from the medically needy
32 account of the tobacco tax and health care fund established pursuant to
33 section 36-774, Arizona Revised Statutes, subject to the availability of
34 monies in the account for the following purposes and the withdrawals shall
35 be made before the withdrawals for those purposes prescribed in section
36 36-2921, Arizona Revised Statutes:

37 1. ~~\$10,398,200 to continue the scheduled phaseout of the quick payment~~
38 ~~discount required by:~~

39 (a) ~~Laws 1992, chapter 302, section 14, as amended by Laws 1993,~~
40 ~~second special session, chapter 6, section 27 and Laws 1995, first special~~
41 ~~session, chapter 5, section 6.~~

42 (b) ~~Laws 1993, second special session, chapter 6, section 29, as~~
43 ~~amended by Laws 1995, first special session, chapter 5, section 8 and Laws~~
44 ~~1999, chapter 313, section 32.~~

1 ~~2.~~ 1. ~~\$10,000,000 to discontinue the annual ten million dollar~~
2 ~~discount on private hospital reimbursement required by Laws 1993, second~~
3 ~~special session, chapter 6, section 39, as amended by Laws 1995, first~~
4 ~~special session, chapter 5, section 10 FOR STATE MATCHING MONIES FOR PRIVATE~~
5 ~~HOSPITAL REIMBURSEMENT.~~

6 ~~3.~~ 2. ~~\$4,422,600~~ \$4,402,000 to provide coverage for an extended
7 maternity length of stay of no less than forty-eight hours after a normal
8 delivery or ninety-six hours after a caesarean section.

9 ~~4.~~ 3. \$1,349,600 to fund the cost of HIV/AIDS drug treatment and the
10 medical costs associated with the administration and monitoring of the
11 treatment.

12 ~~5.~~ ~~\$4,542,200 for state match to continue funding to replace federal~~
13 ~~monies reduced due to lower federal matching assistance percentage for prior~~
14 ~~fiscal years.~~

15 ~~6.~~ ~~\$5,276,000 to fund fifty per cent of the cost of medical inflation~~
16 ~~in fiscal year 1999-2000.~~

17 4. \$20,195,800 FOR STATE MATCHING MONIES FOR THE ARIZONA HEALTH CARE
18 COST CONTAINMENT SYSTEM ACUTE CARE PROGRAM.

19 ~~7.~~ 5. Up to ~~\$18,384,600~~ \$20,082,800 to be deposited in the children's
20 health insurance program fund established by section 36-2995, Arizona Revised
21 Statutes, for state matching monies for the children's health insurance
22 program. Before the withdrawal of these monies, the administration shall
23 expend any medically needy account monies remaining in the children's health
24 insurance program fund from prior year appropriations.

25 ~~8.~~ 6. \$1,000,000 to be transferred to the department of health
26 services for AIDS medications provided through the Arizona drug assistance
27 program.

28 ~~9.~~ 7. ~~\$8,000,000~~ \$10,790,000 to be transferred to the department of
29 health services for psychotropic medications for seriously mentally ill
30 persons who are not eligible for Title XIX. Of this amount, up to \$2,000,000
31 may be used for non-seriously mentally ill services to non-title XIX clients.

32 ~~10.~~ 8. \$1,000,000 to be transferred to the department of health
33 services for community health centers.

34 ~~11.~~ 9. \$477,000 to be transferred to the department of health services
35 for the Arizona statewide immunization information system.

36 ~~12.~~ 10. \$350,000 to be transferred to the department of health
37 services for hepatitis C disease surveillance.

38 ~~B. Notwithstanding any other law, for fiscal year 2002-2003, the~~
39 ~~Arizona health care cost containment system administration shall withdraw,~~
40 ~~as necessary, the sum of \$69,124,200 from the medically needy account of the~~
41 ~~tobacco tax and health care fund established pursuant to section 36-774,~~
42 ~~Arizona Revised Statutes, subject to the availability of monies in the~~
43 ~~account for the following purposes and the withdrawals shall be made before~~
44 ~~the withdrawals for those purposes prescribed in section 36-2921, Arizona~~
45 ~~Revised Statutes:~~

- 1 1. ~~\$11,630,000 to continue the scheduled phaseout of the quick payment~~
2 ~~discount required by:~~
- 3 (a) ~~Laws 1992, chapter 302, section 14, as amended by Laws 1993,~~
4 ~~second special session, chapter 6, section 27 and Laws 1995, first special~~
5 ~~session, chapter 5, section 6.~~
- 6 (b) ~~Laws 1993, second special session, chapter 6, section 29, as~~
7 ~~amended by Laws 1995, first special session, chapter 5, section 8 and Laws~~
8 ~~1999, chapter 313, section 32.~~
- 9 2. ~~\$10,000,000 to discontinue the annual ten million dollar discount~~
10 ~~on private hospital reimbursement required by Laws 1993, second special~~
11 ~~session, chapter 6, section 39, as amended by Laws 1995, first special~~
12 ~~session, chapter 5, section 10.~~
- 13 3. ~~\$4,555,300 to provide coverage for an extended maternity length of~~
14 ~~stay of no less than forty-eight hours after a normal delivery or ninety-six~~
15 ~~hours after a caesarean section.~~
- 16 4. ~~\$1,349,600 to fund the cost of HIV/AIDS drug treatment and the~~
17 ~~medical costs associated with the administration and monitoring of the~~
18 ~~treatment.~~
- 19 5. ~~\$4,542,200 for state match to continue funding to replace federal~~
20 ~~monies reduced due to lower federal matching assistance percentage for prior~~
21 ~~fiscal years.~~
- 22 6. ~~\$5,276,000 to continue funding for fifty per cent of the cost of~~
23 ~~medical inflation from fiscal year 1999-2000.~~
- 24 7. ~~\$21,944,100 to be deposited in the children's health insurance~~
25 ~~program fund established by section 36-2995, Arizona Revised Statutes, for~~
26 ~~state matching monies for the children's health insurance program.~~
- 27 8. ~~\$1,000,000 to be transferred to the department of health services~~
28 ~~for AIDS medications provided through the Arizona drug assistance program.~~
- 29 9. ~~\$8,000,000 to be transferred to the department of health services~~
30 ~~for psychotropic medications for seriously mentally ill persons who are not~~
31 ~~eligible for Title XIX. Of this amount, up to \$2,000,000 may be used for~~
32 ~~non-seriously mentally ill services to non-title XIX clients.~~
- 33 10. ~~\$477,000 to be transferred to the department of health services for~~
34 ~~the Arizona statewide immunization information system.~~
- 35 11. ~~\$350,000 to be transferred to the department of health services for~~
36 ~~Hepatitis C disease surveillance.~~
- 37 C. ~~The Arizona health care cost containment system administration may~~
38 ~~transfer monies between the amounts listed in subsection A, paragraphs 1~~
39 ~~through 5 of this section to other amounts listed in subsection A, paragraphs~~
40 ~~1 through 5 of this section and between the amounts listed in subsection B,~~
41 ~~paragraphs 1 through 5 of this section to other amounts listed in subsection~~
42 ~~B, paragraphs 1 through 5 of this section after review by the joint~~
43 ~~legislative budget committee.~~

1 Sec. 5. Laws 2001, chapter 234, section 5 is amended to read:

2 Sec. 5. Telecommunications and poison control funding;
3 2001-2002 fiscal year tax rates

4 Notwithstanding section 36-1947 and section 42-5252, subsection A,
5 paragraph ~~1~~ 4, Arizona Revised Statutes, and notwithstanding any other tax
6 rate, for fiscal years YEAR 2001-2002 and ~~2002-2003~~, the tax rate levied
7 under section 42-5252, subsection A, paragraph ~~1~~ 4, Arizona Revised
8 Statutes, is one and one-tenth per cent, of which eight-tenths of one per
9 cent shall be deposited in the telecommunications fund for the deaf
10 established pursuant to section 36-1947, Arizona Revised Statutes, and
11 three-tenths of one per cent shall be deposited in the poison control fund
12 administered by the department of health services, subject to legislative
13 appropriation.

14 Sec. 6. Laws 2001, chapter 262, section 2 is amended to read:

15 Sec. 2. Appropriations; purpose; exemption

16 A. The sum of ~~\$50,000~~ \$10,000 is appropriated from the state general
17 fund in fiscal year 2001-2002 to the department of veterans' services to
18 begin negotiations with the federal government for the southern Arizona
19 veterans' home facility to be located on the campus of the veterans'
20 administration medical center in Tucson, Arizona.

21 B. The appropriation made in subsection A of this section is exempt
22 from the provisions of section 35-190, Arizona Revised Statutes, relating to
23 lapsing of appropriations.

24 Sec. 7. Laws 2001, chapter 319, section 2 is amended to read:

25 Sec. 2. Appropriations; purpose; exemption

26 A. The sum of \$140,000 is appropriated from the state general fund in
27 fiscal year 2001-2002 and ~~the sum of \$120,000 is appropriated from the state~~
28 ~~general fund in fiscal year 2002-2003~~ to the department of health services
29 for the suicide prevention program established pursuant to this act and for
30 two full-time equivalent positions for that program.

31 B. The appropriations APPROPRIATION made in subsection A of this
32 section ~~are~~ IS exempt from the provisions of section 35-190, Arizona Revised
33 Statutes, relating to lapsing of appropriations.

34 Sec. 8. Repeal

35 The following are repealed:

- 36 1. Laws 2001, chapter 347, section 3.
- 37 2. Laws 2001, chapter 374, sections 5 and 9.
- 38 3. Laws 2001, chapter 384, sections 3 and 4.
- 39 4. Laws 2001, chapter 386.
- 40 5. Laws 2001, chapter 385, section 25.

41 Sec. 9. Laws 2001, chapter 332, section 2 is amended to read:

42 Sec. 2. Appropriations; administrative costs; exemption

43 A. The sum of \$1,300,000 is appropriated in fiscal year 2001-2002 and
44 ~~\$1,400,000 is appropriated in fiscal year 2002-2003~~ from the state general
45 fund to the Arizona health care cost containment system for the purposes of

1 this act AND TO ENABLE THE DEPARTMENT OF HEALTH SERVICES TO PROVIDE SCREENING
2 AND DIAGNOSTIC SERVICES STATEWIDE THROUGH THE WELL WOMAN HEALTH CHECK
3 PROGRAM. THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION
4 SHALL ESTABLISH AN INTERGOVERNMENTAL AGREEMENT WITH THE DEPARTMENT OF HEALTH
5 SERVICES TO TRANSFER THE NECESSARY MONIES FOR THE SCREENING ACTIVITIES AND
6 DIAGNOSTIC SERVICES ASSOCIATED WITH THE WELL WOMAN HEALTH CHECK PROGRAM AND
7 ELIGIBILITY REFERRALS FOR WOMEN APPLYING FOR ELIGIBILITY PURSUANT TO THIS
8 ACT.

9 B. FEDERAL EXPENDITURE AUTHORITY IN THE AMOUNT OF \$809,200 IS
10 APPROPRIATED IN FISCAL YEAR 2001-2002 FROM THE ARIZONA HEALTH CARE COST
11 CONTAINMENT SYSTEM FUND TO THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
12 ADMINISTRATION FOR THE PURPOSES OF THIS ACT.

13 ~~B.~~ C. The administration may not spend more than five per cent of the
14 monies appropriated in ~~subsection~~ SUBSECTIONS A AND B of this section for
15 administrative costs.

16 ~~C.~~ D. The appropriations made in ~~subsection~~ SUBSECTIONS A AND B of
17 this section are exempt from the provisions of section 35-190, Arizona
18 Revised Statutes, relating to lapsing of appropriations.

19 Sec. 10. Laws 2001, chapter 345, section 7 is amended to read:

20 Sec. 7. Appropriations; purpose; exemption

21 ~~A.~~

22 ~~B.~~ A. The sum of ~~\$4,000,000~~ \$500,000 is appropriated from the
23 temporary assistance for needy families block grant monies in fiscal year
24 2001-2002 to the department of economic security for the purposes prescribed
25 in title 8, chapter 12, Arizona Revised Statutes, as added by this act. The
26 department shall not use more than ~~three~~ EIGHT per cent of these monies to
27 pay the costs of administering this act. These administrative costs include
28 the costs for evaluation that are incurred pursuant to section 8-1106,
29 Arizona Revised Statutes, as added by this act.

30 ~~C.~~ B. The sum of \$398,000 is appropriated from the temporary
31 assistance for needy families block grant in fiscal year 2001-2002 to the
32 department of economic security for distribution to the Hopi Tribe for the
33 start-up and operational costs for the Hopi temporary assistance for needy
34 families program.

35 ~~D.~~ C. The appropriation made in subsection ~~B~~ A of this section is
36 exempt from the provisions of section 35-190, Arizona Revised Statutes,
37 relating to lapsing of appropriations, except that all monies remaining
38 unencumbered or unexpended on June 30, 2004 revert to the temporary
39 assistance for needy families block grant.

40 ~~E.~~ D. The appropriations made in subsection ~~C~~ B of this section are
41 available for use for both of the fiscal years 2001-2002 and 2002-2003 and
42 future years' federal funding shall come directly from the Hopi Tribe.

1 Sec. 11. Laws 2001, chapter 358, section 2 is amended to read:

2 Sec. 2. Appropriation; purposes; exemption

3 A. The sum of \$500,000 is appropriated from the state general fund in
4 ~~each of the fiscal years YEAR 2001-2002 and 2002-2003~~ to the department of
5 economic security community services administration for existing, emerging
6 and expanding emergency residential, transitional and legal programs for
7 domestic violence victims and their children.

8 B. The department of economic security community services
9 administration, after full consultation with a statewide coalition against
10 domestic violence, shall establish program priorities for the monies.

11 C. Of the total appropriation, \$300,000 shall be used ~~each fiscal year~~
12 to provide emergency residential shelter and related services for the safety
13 and protection of domestic violence victims and their children following the
14 requirements in sections 36-3004, 36-3005 and 36-3006, Arizona Revised
15 Statutes.

16 D. Of the total appropriation, \$200,000 shall be used ~~each fiscal year~~
17 to fund civil legal assistance for domestic violence victims.

18 E. The ~~appropriations~~ APPROPRIATION made in subsection A of this
19 section are IS exempt from the provisions of section 35-190, Arizona Revised
20 Statutes, relating to lapsing of appropriations.

21 Sec. 12. Laws 2001, chapter 374, section 6 is amended to read:

22 Sec. 6. Appropriation; purpose

23 A. In addition to any other appropriation provided by law, the sum of
24 \$200,000 is appropriated from the medically needy account established by
25 section 36-774, Arizona Revised Statutes, in ~~each of fiscal years YEAR~~
26 2001-2002 ~~and 2002-2003~~ to the department of health services for distribution
27 as follows to the following counties to reimburse local health departments
28 pursuant to section 36-189, Arizona Revised Statutes:

- 29 1. Coconino, \$36,220.
- 30 2. Gila, \$5,440.
- 31 3. Mohave, \$30,780.
- 32 4. Yavapai, \$25,820.
- 33 5. Yuma, \$101,740.

34 B. Monies appropriated pursuant to this section shall be used to
35 supplement and not supplant existing local health department expenditures.

36 Sec. 13. Laws 2001, chapter 374, section 10 is amended to read:

37 Sec. 10. Appropriations; purpose; exemption; definitions

38 The sum of ~~\$7,000,000~~ \$6,000,000 is appropriated from the medically
39 needy account established by section 36-774, Arizona Revised Statutes, in
40 fiscal year 2001-2002 to provide reinsurance to the healthcare group health
41 plans established by section 36-2912, Arizona Revised Statutes, for clean
42 claims submitted to the administration. Reinsurance is available for clean
43 claims submitted by a healthcare group health plan for services that are
44 based on a threshold amount and standards established by the administration
45 in cooperation with the healthcare group health plans. Monies transferred

1 pursuant to this section are exempt from the provisions of section 35-190,
2 Arizona Revised Statutes, relating to lapsing of appropriations to allow the
3 healthcare group health plans sufficient time to submit clean claims. For
4 the purposes of this section:

5 1. "Clean claims" means claims that can be processed without obtaining
6 additional information from the provider of the service or a third party.
7 Clean claims do not include claims under investigation for fraud or abuse of
8 claims under review for medical necessity.

9 2. "Reinsurance" means a risk sharing program for healthcare group
10 health plans for reimbursement of the costs of services that are incurred by
11 healthcare group enrollees and that are greater than the monetary threshold
12 established by the administration in cooperation with the healthcare group
13 health plans.

14 Sec. 14. Laws 2001, chapter 385, section 21 is amended to read:

15 Sec. 21. Appropriations; purpose; approval; exemption; report

16 A. IN FISCAL YEAR 2001-2002, the sum of ~~\$1,000,000~~ \$123,400 is
17 appropriated from the state general fund, and the sum of ~~\$591,000~~ \$91,000 is
18 appropriated from the medically needy account established by section 36-774,
19 Arizona Revised Statutes AND THE SUM OF \$346,400 IS APPROPRIATED FROM FEDERAL
20 MEDICAID MATCHING MONIES to the Arizona health care cost containment system
21 administration for the purposes of expanding coverage under the Arizona
22 health care cost containment system and long-term care system for persons
23 with disabilities pursuant to this act. ~~as follows:~~

24 1. ~~\$500,000 from the state general fund and \$91,000 from the medically~~
25 ~~needy account in fiscal year 2001-2002.~~

26 2. ~~\$500,000 from the state general fund and \$500,000 from the~~
27 ~~medically needy account in fiscal year 2002-2003.~~

28 B. The state treasurer shall not release the appropriations made in
29 subsection A of this section until the administration has received the
30 approval of the federal health care financing administration.

31 C. The Arizona health care cost containment system shall submit a
32 report on or before December 31, 2002 to the president of the senate, the
33 speaker of the house of representatives and the chairs of the appropriations
34 committees in both the house of representatives and senate. The report shall
35 contain the following information regarding the services to persons with
36 disabilities as set forth by this act:

37 1. Program enrollment information.

38 2. The average annual income of the enrollee.

39 3. The medical service expenditure.

40 4. The total monies collected from enrollees.

41 5. A review of rules adopted by the Arizona health care cost
42 containment system to implement this act.

43 6. The number of new applicants with incomes over one hundred per cent
44 of the federal poverty guidelines as published by the United States
45 department of health and human services pursuant to this act.

1 Sec. 15. Laws 2001, chapter 385, section 22 is amended to read:

2 Sec. 22. Appropriations; purpose

3 The sum of ~~\$800,000~~ \$591,900 is appropriated from the state general
4 fund and the sum of ~~\$900,000~~ \$1,108,100 is appropriated from federal medicaid
5 matching monies for a total of \$1,700,000 in ~~each of the~~ fiscal years YEAR
6 2001-2002 ~~and 2002-2003~~ to the Arizona health care cost containment system
7 administration for increased reimbursement to small rural hospitals that are
8 designated as critical access hospitals.

9 Sec. 16. Laws 2001, first special session, chapter 1, section 10 is
10 amended to read:

11 Sec. 10. Appropriation; purpose; exemption

12 A. The sum of ~~\$105,055,900~~ \$70,055,900 is appropriated from the state
13 general fund in fiscal year 2001-2002 to the Arizona health care cost
14 containment system administration for deposit in the budget neutrality
15 compliance fund established by section 36-2928, Arizona Revised Statutes.

16 B. The appropriation made in subsection A of this section is exempt
17 from the provisions of section 35-190, Arizona Revised Statutes, relating to
18 lapsing of appropriations.

19 Sec. 17. Tobacco tax health education account; transfer; fiscal
20 year 2001-2002

21 Notwithstanding section 36-772, Arizona Revised Statutes, for fiscal
22 year 2001-2002, \$15,000,000 is transferred from the health education account
23 of the tobacco tax and health care fund to the medical services stabilization
24 fund.

25 Sec. 18. Withholding state shared revenues; fiscal year
26 2001-2002

27 A. Based on the distribution of disproportionate share funding to
28 county operated hospitals made pursuant to section 36-2903.01, subsection P,
29 Arizona Revised Statutes, for fiscal year 2001-2002, the state director of
30 the joint legislative budget committee shall compute amounts to be withheld
31 from transaction privilege tax revenues for counties with a population of at
32 least five hundred thousand persons according to the most recent United
33 States decennial census in accordance with subsection B of this section.

34 B. Notwithstanding section 42-5029, subsection C, paragraph 2, Arizona
35 Revised Statutes, beginning with the first monthly distribution of
36 transaction privilege tax revenues and at the direction of the governor, the
37 state treasurer shall withhold an amount totaling \$59,149,000 from state
38 transaction privilege tax revenues otherwise distributable, after any amounts
39 withheld for the county long-term care contribution for fiscal year 2001-2002
40 from counties with a population of at least five hundred thousand persons.
41 Amounts withheld from individual counties under this subsection shall be
42 determined pursuant to subsection A of this section.

1 C. In addition to the amount specified in subsection B of this
2 section, the state treasurer may also withhold transaction privilege tax
3 revenues in fiscal year 2002-2003 if amounts withheld pursuant to subsection
4 B of this section for fiscal year 2001-2002 were insufficient.

5 Sec. 19. County expenditure limitations; disproportionate
6 share; fiscal year 2001-2002 adjustment formula

7 A. As a result of the transfer of funding for disproportionate share
8 health services, as provided in this act, from the counties to the state and
9 federal governments for fiscal year 1991-1992 through fiscal year 2001-2002
10 the economic estimates commission shall decrease the base limit of each
11 county in which the county hospital receives state and federal
12 disproportionate share payments in fiscal year 2001-2002 as follows:

13 1. Divide the amount of the state and federal disproportionate share
14 payments received by the county hospital in fiscal year 2001-2002 by the GDP
15 price deflator, as defined in section 41-563, Arizona Revised Statutes, for
16 the same fiscal year used to calculate expenditure limitations for fiscal
17 year 2001-2002 and multiply the resulting quotient by the GDP price deflator
18 determined for fiscal year 1979-1980.

19 2. Divide the amount determined in paragraph 1 for fiscal year
20 2001-2002 by the population of the county, as defined in article IX, section
21 20, subsection (3), paragraph (f), Constitution of Arizona, for the same
22 fiscal year used to calculate expenditure limitations for fiscal year
23 2001-2002 and multiply the resulting quotient by the population of the county
24 for fiscal year 1979-1980.

25 B. The economic estimates commission shall adjust the county
26 expenditure limitations for fiscal year 2001-2002 based on this section. The
27 calculation shall use the same base limit of \$156,635,737 for Maricopa county
28 and \$93,755,872 for Pima county for the purpose of determining the
29 adjustment.

30 Sec. 20. County expenditure limitations; disproportionate
31 share; fiscal year 2002-2003

32 As a result of the elimination of the transfer of funding for
33 disproportionate share hospital services from the counties to the state and
34 federal governments beginning with fiscal year 2002-2003, the county
35 expenditure limitations shall be adjusted beginning with fiscal year
36 2002-2003. The economic estimates commission shall increase the base limit
37 of each county by the amount the base limit was decreased for fiscal year
38 2001-2002 pursuant to this act.

39 Sec. 21. Competency restoration treatment; reimbursement of costs

40 A. If the state pays the costs of a defendant's inpatient competency
41 restoration treatment pursuant to section 13-4512, Arizona Revised Statutes,
42 the state shall require the county or city, as appropriate, to reimburse the
43 department of health services for one-half of these costs for fiscal year
44 2001-2002. The department shall deposit the monies pursuant to sections

1 35-146 and 35-147, Arizona Revised Statutes, in the Arizona state hospital
2 fund established by section 36-545.08, Arizona Revised Statutes.

3 B. The county or city shall make the reimbursement for costs pursuant
4 to subsection A of this section within thirty days after a request. If the
5 county or city does not make the reimbursement, the superintendent of the
6 Arizona state hospital shall notify the state treasurer of the amount owed
7 and the treasurer shall withhold the amount, including any additional amount
8 as provided in section 42-1123, Arizona Revised Statutes, from any
9 transaction privilege tax distributions to the county or city. The treasurer
10 shall deposit the withholdings pursuant to sections 35-146 and 35-147,
11 Arizona Revised Statutes, in the Arizona state hospital fund established by
12 section 36-545.08, Arizona Revised Statutes.

13 Sec. 22. Suspension of medically needy account transfers

14 Notwithstanding section 36-2921, Arizona Revised Statutes, all
15 transfers from the medically needy account of the tobacco tax and health care
16 fund are suspended for fiscal year 2002-2003.

17 Sec. 23. Allocation; substance abuse treatment fund; program
18 development; program evaluation

19 Notwithstanding section 8-881, Arizona Revised Statutes, of the amounts
20 appropriated to the substance abuse treatment fund for fiscal years 2000-2001
21 and 2001-2002, the directors may use up to seven per cent for program
22 development and up to twelve per cent for evaluation of community programs
23 pursuant to section 8-884, Arizona Revised Statutes, over those two fiscal
24 years.

25 Sec. 24. Retroactivity

26 Section 22 of this act is effective retroactively to from and after
27 June 30, 2001.

28 Sec. 25. Delayed repeal

29 Section 21 of this act, relating to competency restoration treatment
30 reimbursement of costs, is repealed from and after June 30, 2002.

31 Sec. 26. Emergency

32 This act is an emergency measure that is necessary to preserve the
33 public peace, health or safety and is operative immediately as provided by
34 law.

APPROVED BY THE GOVERNOR DECEMBER 19, 2001.

FILED IN THE OFFICE OF THE SECRETARY OF STATE DECEMBER 20, 2001.

Passed the House December 4, 2001,

Passed the Senate December 14, 2001,

by the following vote: 35 Ayes,

by the following vote: 20 Ayes,

20 Nays, 5 Not Voting

9 Nays, 1 Not Voting

Jake Flake
Speaker of the House
Pro Tempore

Robert Anderson
President of the Senate
with Emergency

Norman L. Joyce
Chief Clerk of the House

Charmian Bellington
Secretary of the Senate

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR**

This Bill was received by the Governor this

_____ day of _____, 20__

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

_____, 20__

at _____ o'clock _____ M.

Governor of Arizona

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE**

This Bill was received by the Secretary of State

this _____ day of _____, 20__

at _____ o'clock _____ M.

Secretary of State

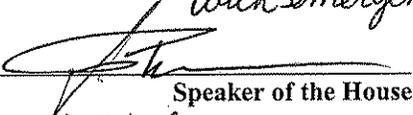
**SECOND SPECIAL SESSION
H.B. 2019**

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

December 14, 2001,

by the following vote: 40 Ayes,

8 Nays, 12 Not Voting
with emergency

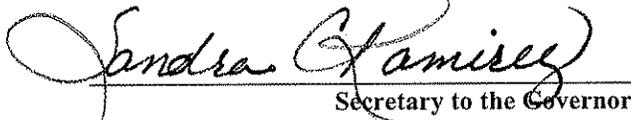

Speaker of the House


Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this
17 day of December, 2001,

at 10:55 o'clock A M.


Secretary to the Governor

Approved this 19th day of

December, 2001,

at 11:14 o'clock P M.


Governor of Arizona

H.B. 2019
2nd Special Session

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this 20 day of Dec., 2001,

at 2:31 o'clock P M.


Secretary of State