

State of Arizona
House of Representatives
Forty-fifth Legislature
Second Regular Session
2002

CHAPTER 329

HOUSE BILL 2709

AN ACT

AMENDING SECTIONS 36-772, 36-1947, 36-2901, 36-2907 AND 36-2912, ARIZONA REVISED STATUTES; REPEALING SECTIONS 36-2912.01, 36-2912.02, 36-2912.03 AND 36-2912.04, ARIZONA REVISED STATUTES; AMENDING SECTION 36-2921, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2002, THIRD SPECIAL SESSION, CHAPTER 1, SECTION 4; PROVIDING FOR THE DELAYED REPEAL OF SECTIONS 36-2923, 36-2923.01, 36-2923.02 AND 36-2923.03, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 29, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING NEW SECTIONS 36-2923, 36-2923.01, 36-2923.02 AND 36-2923.03; AMENDING SECTIONS 36-2924, 36-2929 AND 36-2950, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 29, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2981.01; AMENDING SECTIONS 36-2983, 36-3408 AND 46-233, ARIZONA REVISED STATUTES; REPEALING SECTION 36-2984, ARIZONA REVISED STATUTES; AMENDING LAWS 1999, FIRST SPECIAL SESSION, CHAPTER 1, SECTION 29, AS AMENDED BY LAWS 2000, CHAPTER 3, SECTION 8, LAWS 2000, CHAPTER 281, SECTION 1 AND LAWS 2001, CHAPTER 232, SECTION 9; AMENDING LAWS 2001, CHAPTER 273, SECTION 1; AMENDING LAWS 2001, CHAPTER 344, SECTION 100; REPEALING LAWS 2001, CHAPTER 344, SECTIONS 123 AND 124; REPEALING LAWS 2001, FIRST SPECIAL SESSION, CHAPTER 1, SECTIONS 11 AND 12; REPEALING LAWS 2001, SECOND SPECIAL SESSION, CHAPTER 7, SECTIONS 22 AND 24; MAKING APPROPRIATIONS; RELATING TO FISCAL YEAR 2002-2003 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 36-772, Arizona Revised Statutes, is amended to
3 read:

4 36-772. Health education account

5 A. Twenty-three cents of each dollar in the tobacco tax and health
6 care fund shall be deposited in the health education account for programs for
7 the prevention and reduction of tobacco use, through public health education
8 programs, including community based education, cessation, evaluation and
9 other programs to discourage tobacco use among the general population as well
10 as minors and culturally diverse populations.

11 B. The department of health services shall administer the account.

12 C. Monies that are deposited in the health education account shall:

13 1. Only be used to supplement monies that are appropriated by the
14 legislature for health education purposes and shall not be used to supplant
15 those appropriated monies.

16 2. Be spent only for the following purposes:

17 (a) Contracts with county health departments, qualifying community
18 health centers as defined in section 36-2907.06, Indian tribes, accredited
19 schools, nonprofit organizations, community colleges and universities for
20 education programs related to preventing and reducing tobacco use.

21 (b) Administrative expenditures related to implementing and operating
22 a program developed pursuant to subdivision (a) to award and oversee
23 contracts for education programs including obtaining expert services to
24 assist in evaluating requests for proposals and responses to those requests.

25 (c) Department of health services expenditures for developing and
26 delivering education programs that are designed to prevent or reduce tobacco
27 use including radio, television or print media costs. When contracting for
28 the development and production of original advertising materials, the
29 department shall require advertising, production and editorial firms to use
30 their best efforts to employ or contract with residents of this state to
31 manage, produce and edit the original advertising. The department shall
32 report annually by December 1 of each year to the governor, the president of
33 the senate and the speaker of the house of representatives regarding
34 instances when the department did not employ or contract with residents of
35 this state, including the reasons for failing to do so.

36 (d) THE EVALUATIONS REQUIRED BY SUBSECTION F OF THIS SECTION.

37 D. Monies from the health education account shall not be spent for
38 lobbying activities involving elected officials or political campaigns for
39 individuals or any ballot measure.

40 E. Beginning in fiscal year 1997-1998 and each fiscal year thereafter,
41 the department may spend not more than an amount equivalent to ninety per
42 cent of the previous fiscal year's tobacco tax and health care fund's
43 allocation to the health education account for expenditures made pursuant to
44 this section and for other purposes as prescribed by law.

1 F. The ~~auditor general~~ DEPARTMENT OF HEALTH SERVICES shall evaluate
2 the programs established pursuant to subsection C, paragraph 2 of this
3 section and shall biennially submit a written report of its findings to the
4 governor, the president of the senate and the speaker of the house of
5 representatives. The ~~auditor general~~ DEPARTMENT OF HEALTH SERVICES shall
6 provide a copy of each report to the secretary of state and the director of
7 the Arizona state library, archives and public records. The ~~auditor general~~
8 DEPARTMENT OF HEALTH SERVICES shall submit its first report on or before
9 November 15, 2004. The first report shall include data beginning in fiscal
10 year 2001-2002.

11 Sec. 2. Section 36-1947, Arizona Revised Statutes, is amended to read:
12 36-1947. Telecommunication devices for the deaf and the hearing
13 and speech impaired; fund

14 A. The commission shall establish and administer a statewide program
15 to purchase, repair and distribute telecommunication devices to residents
16 of this state who are deaf or severely hearing or speech impaired and
17 establish a dual party relay system making all phases of public telephone
18 service available to persons who are deaf or severely hearing or speech
19 impaired.

20 B. The commission may adopt administrative procedures, rules,
21 criteria and forms to establish and administer the telecommunication device
22 program under this section.

23 C. Telecommunication devices furnished by the commission under this
24 section remain the property of this state. A person who receives a
25 telecommunication device from the commission under this section is liable
26 for the loss of or damage to the device. The commission may impose a civil
27 penalty against the person in an amount equal to the cost of the device or
28 the amount of damage done to the device. If a person objects to the
29 imposition of a civil penalty, the commission shall conduct a hearing as
30 prescribed in title 41, chapter 6, article 10. Monies collected by the
31 commission under this subsection shall be deposited in the
32 telecommunication fund for the deaf established by subsection D of this
33 section.

34 D. The telecommunication fund for the deaf is established. The
35 commission shall administer the fund. Monies in the fund shall be derived
36 from the telecommunication services excise tax levied under section
37 42-5252, subsection A, paragraph 4-3. Interest accruing to the fund shall
38 be deposited in the fund. Monies in the fund are exempt from section
39 35-190 relating to lapsing of appropriations. Subject to legislative
40 appropriation, the commission shall use fund monies to purchase and repair
41 telecommunication devices and administer the program established by this
42 section.

43 ~~E. Expenditures from the telecommunication fund for the deaf are~~
44 ~~subject to quarterly review by the joint legislative budget committee.~~

1 Sec. 3. Section 36-2901, Arizona Revised Statutes, is amended to read:
2 36-2901. Definitions

3 In this article, unless the context otherwise requires:

4 1. "Administration" means the Arizona health care cost containment
5 system administration.

6 2. "Administrator" means the administrator of the Arizona health care
7 cost containment system.

8 3. "Contractor" means a person or entity that has a prepaid capitated
9 contract with the administration pursuant to section 36-2904 to provide
10 health care to members under this article either directly or through
11 subcontracts with providers.

12 4. "Department" means the department of economic security.

13 5. "Director" means the director of the Arizona health care cost
14 containment system administration.

15 6. "Eligible person" means any person who is:

16 (a) Any of the following:

17 (i) Defined as mandatorily or optionally eligible pursuant to title
18 XIX of the social security act as authorized by the state plan.

19 (ii) EFFECTIVE ON OCTOBER 1, 2002, defined IN TITLE XIX OF THE SOCIAL
20 SECURITY ACT as an eligible pregnant woman, and AS an infant A CHILD under
21 the age of one year, pursuant to section 1902(1)(1)(A) and (B) of title XIX
22 of the social security act, as amended by section 4603 of the omnibus budget
23 reconciliation act of 1990, SIX YEARS and whose family income does not exceed
24 one hundred forty THIRTY-THREE per cent of the federal poverty guidelines as
25 updated annually in the federal register by the United States department of
26 health and human services and OR AS children defined as eligible children who
27 have not attained nineteen years of age pursuant to section 1902(1)(1)(D) of
28 title XIX of the social security act, as amended by section 4601 of the
29 omnibus budget reconciliation act of 1990, and whose family income does not
30 exceed one hundred per cent of the federal poverty guidelines as updated
31 annually in the federal register by the United States department of health
32 and human services, and children defined as eligible pursuant to section
33 1902(1)(1)(C) of title XIX of the social security act, as amended by section
34 6401 of the omnibus budget reconciliation act of 1989, and whose family
35 income does not exceed one hundred thirty-three per cent of the federal
36 poverty guidelines as updated annually in the federal register by the United
37 States department of health and human services.

38 (iii) Under twenty-one years of age and who was in the custody of the
39 department of economic security pursuant to title 8, chapter 5 or 10 when the
40 person became eighteen years of age.

41 (iv) Defined as eligible pursuant to section 36-2901.01.

42 (v) Defined as eligible pursuant to section 36-2901.04.

1 (b) A full-time officer or employee of this state or of a city, town
2 or school district of this state or other person who is eligible for
3 hospitalization and medical care under title 38, chapter 4, article 4.

4 (c) A full-time officer or employee of any county in this state or
5 other persons authorized by the county to participate in county medical care
6 and hospitalization programs if the county in which such officer or employee
7 is employed has authorized participation in the system by resolution of the
8 county board of supervisors.

9 (d) An employee of a business within this state.

10 (e) A dependent of an officer or employee who is participating in the
11 system.

12 (f) Not enrolled in the Arizona long-term care system pursuant to
13 article 2 of this chapter.

14 (g) Defined as eligible pursuant to section 1902(a)(10)(a)(ii)(XV) and
15 (XVI) of title XIX of the social security act and who meets the income
16 requirements of section 36-2929.

17 7. "Malice" means evil intent and outrageous, oppressive or
18 intolerable conduct that creates a substantial risk of tremendous harm to
19 others.

20 8. "Member" means an eligible person who enrolls in the system.

21 9. "Noncontracting provider" means a person who provides health care
22 to members pursuant to this article but not pursuant to a subcontract with
23 a contractor.

24 10. "Physician" means a person licensed pursuant to title 32, chapter
25 13 or 17.

26 11. "Prepaid capitated" means a mode of payment by which a health care
27 contractor directly delivers health care services for the duration of a
28 contract to a maximum specified number of members based on a fixed rate per
29 member notwithstanding:

30 (a) The actual number of members who receive care from the contractor.

31 (b) The amount of health care services provided to any member.

32 12. "Primary care physician" means a physician who is a family
33 practitioner, general practitioner, pediatrician, general internist, or
34 obstetrician or gynecologist.

35 13. "Primary care practitioner" means a nurse practitioner certified
36 pursuant to title 32, chapter 15 or a physician assistant certified pursuant
37 to title 32, chapter 25. This paragraph does not expand the scope of
38 practice for nurse practitioners as defined pursuant to title 32, chapter 15,
39 or for physician assistants as defined pursuant to title 32, chapter 25.

40 14. "Section 1115 waiver" means the research and demonstration waiver
41 granted by the United States department of health and human services.

42 15. "State plan" has the same meaning prescribed in section 36-2931.

43 16. "System" means the Arizona health care cost containment system
44 established by this article.

1 Sec. 4. Section 36-2907, Arizona Revised Statutes, is amended to read:
2 36-2907. Covered health and medical services; definitions;
3 modifications; related delivery of service
4 requirements

5 A. Unless modified pursuant to this section, contractors shall provide
6 the following medically necessary health and medical services:

7 1. Inpatient hospital services that are ordinarily furnished by a
8 hospital for the care and treatment of inpatients and that are provided under
9 the direction of a physician or a primary care practitioner. For the
10 purposes of this section, "inpatient hospital services" excludes services in
11 an institution for tuberculosis or mental diseases unless authorized under
12 an approved section 1115 waiver.

13 2. Outpatient health services that are ordinarily provided in
14 hospitals, clinics, offices and other health care facilities by licensed
15 health care providers. Outpatient health services include services provided
16 by or under the direction of a physician or a primary care practitioner but
17 do not include occupational therapy, or speech therapy for eligible persons
18 who are twenty-one years of age or older.

19 3. Other laboratory and X-ray services ordered by a physician or a
20 primary care practitioner.

21 4. Medications that are ordered on prescription by a physician or a
22 dentist licensed pursuant to title 32, chapter 11.

23 5. Emergency dental care and extractions for persons who are at least
24 twenty-one years of age.

25 6. Medical supplies, equipment and prosthetic devices, not including
26 hearing aids, ordered by a physician or a primary care practitioner or
27 dentures ordered by a dentist licensed pursuant to title 32, chapter 11.
28 Suppliers of durable medical equipment shall provide the administration with
29 complete information about the identity of each person who has an ownership
30 or controlling interest in their business and shall comply with federal
31 bonding requirements in a manner prescribed by the administration.

32 7. For persons who are at least twenty-one years of age, treatment of
33 medical conditions of the eye excluding eye examinations for prescriptive
34 lenses and the provision of prescriptive lenses.

35 8. Early and periodic health screening and diagnostic services as
36 required by section 1905(r) of title XIX of the social security act for
37 members who are under twenty-one years of age.

38 9. Family planning services that do not include abortion or abortion
39 counseling. If a contractor elects not to provide family planning services,
40 this election does not disqualify the contractor from delivering all other
41 covered health and medical services under this chapter. In that event, the
42 administration may contract directly with another contractor, including an
43 outpatient surgical center or a noncontracting provider, to deliver family

1 planning services to a member who is enrolled with the contractor that elects
2 not to provide family planning services.

3 10. Podiatry services performed by a podiatrist licensed pursuant to
4 title 32, chapter 7 and ordered by a primary care physician or primary care
5 practitioner.

6 11. Nonexperimental transplants approved for title XIX reimbursement.

7 12. Ambulance and nonambulance transportation.

8 B. BEGINNING ON OCTOBER 1, 2002, CIRCUMCISION OF NEWBORN MALES IS NOT
9 A COVERED HEALTH AND MEDICAL SERVICE.

10 ~~B.~~ C. The system shall pay noncontracting providers only for health
11 and medical services as prescribed in subsection A of this section and as
12 prescribed by rule.

13 ~~C.~~ D. The director shall adopt rules necessary to limit, to the
14 extent possible, the scope, duration and amount of services, including
15 maximum limitations for inpatient services that are consistent with federal
16 regulations under title XIX of the social security act (P.L. 89-97; 79 Stat.
17 344; 42 United States Code section 1396 (1980)). To the extent possible and
18 practicable, these rules shall provide for the prior approval of medically
19 necessary services provided pursuant to this chapter.

20 ~~D.~~ E. The director shall make available home health services in lieu
21 of hospitalization pursuant to contracts awarded under this article. For the
22 purposes of this subsection, "home health services" means the provision of
23 nursing services, home health aide services or medical supplies, equipment
24 and appliances, which are provided on a part-time or intermittent basis by
25 a licensed home health agency within a member's residence based on the orders
26 of a physician or a primary care practitioner. Home health agencies shall
27 comply with the federal bonding requirements in a manner prescribed by the
28 administration.

29 ~~E.~~ F. The director shall adopt rules for the coverage of behavioral
30 health services for persons who are eligible under section 36-2901, paragraph
31 6, subdivision (a). The administration shall contract with the department
32 of health services for the delivery of all medically necessary behavioral
33 health services to persons who are eligible under rules adopted pursuant to
34 this subsection. The division of behavioral health in the department of
35 health services shall establish a diagnostic and evaluation program to which
36 other state agencies shall refer children who are not already enrolled
37 pursuant to this chapter and who may be in need of behavioral health
38 services. In addition to an evaluation, the division of behavioral health
39 shall also identify children who may be eligible under section 36-2901,
40 paragraph 6, subdivision (a) or section 36-2931, paragraph 5 and shall refer
41 the children to the appropriate agency responsible for making the final
42 eligibility determination.

43 ~~F.~~ G. The director shall adopt rules for the provision of
44 transportation services and rules providing for copayment by members for

1 transportation for other than emergency purposes. Prior authorization is not
2 required for medically necessary ambulance transportation services rendered
3 to members or eligible persons initiated by dialing telephone number 911 or
4 other designated emergency response systems.

5 ~~G.~~ H. The director may adopt rules to allow the administration, at
6 the director's discretion, to use a second opinion procedure under which
7 surgery may not be eligible for coverage pursuant to this chapter without
8 documentation as to need by at least two physicians or primary care
9 practitioners.

10 ~~H.~~ I. If the director does not receive bids within the amounts
11 budgeted or if at any time the amount remaining in the Arizona health care
12 cost containment system fund is insufficient to pay for full contract
13 services for the remainder of the contract term, the administration, on
14 notification to system contractors at least thirty days in advance, may
15 modify the list of services required under subsection A of this section for
16 persons defined as eligible other than those persons defined pursuant to
17 section 36-2901, paragraph 6, subdivision (a). The director may also suspend
18 services or may limit categories of expense for services defined as optional
19 pursuant to title XIX of the social security act (P.L. 89-97; 79 Stat. 344;
20 42 United States Code section 1396 (1980)) for persons defined pursuant to
21 section 36-2901, paragraph 6, subdivision (a). Such reductions or
22 suspensions do not apply to the continuity of care for persons already
23 receiving these services.

24 ~~I.~~ J. Additional, reduced or modified hospitalization and medical
25 care benefits may be provided under the system to enrolled members who are
26 eligible pursuant to section 36-2901, paragraph 6, subdivision (b), (c), (d)
27 or (e).

28 ~~J.~~ K. All health and medical services provided under this article
29 shall be provided in the geographic service area of the member, except:

30 1. Emergency services and specialty services provided pursuant to
31 section 36-2908.

32 2. That the director may permit the delivery of health and medical
33 services in other than the geographic service area in this state or in an
34 adjoining state if the director determines that medical practice patterns
35 justify the delivery of services or a net reduction in transportation costs
36 can reasonably be expected. Notwithstanding the definition of physician as
37 prescribed in section 36-2901, if services are procured from a physician or
38 primary care practitioner in an adjoining state, the physician or primary
39 care practitioner shall be licensed to practice in that state pursuant to
40 licensing statutes in that state similar to title 32, chapter 13, 15, 17 or
41 25 and shall complete a provider agreement for this state.

42 ~~K.~~ L. Covered outpatient services shall be subcontracted by a primary
43 care physician or primary care practitioner to other licensed health care
44 providers to the extent practicable for purposes including, but not limited

1 to, making health care services available to underserved areas, reducing
2 costs of providing medical care and reducing transportation costs.

3 ~~L~~ M. The director shall adopt rules that prescribe the coordination
4 of medical care for persons who are eligible for system services. The rules
5 shall include provisions for the transfer of patients, the transfer of
6 medical records and the initiation of medical care.

7 Sec. 5. Section 36-2912, Arizona Revised Statutes, is amended to read:

8 36-2912. Healthcare group coverage; program requirements for
9 small businesses and public employers; related
10 requirements; definitions

11 A. ~~The administration shall establish a separate organization, known~~
12 ~~as healthcare group, to coordinate, administer and regulate the delivery of~~
13 ADMINISTER A HEALTHCARE GROUP PROGRAM TO ALLOW WILLING CONTRACTORS TO DELIVER
14 health care services to persons defined as eligible pursuant to section
15 36-2901, paragraph 6, subdivisions (b), (c), (d) and (e).

16 B. Employers with one eligible employee or up to an average of fifty
17 eligible employees under section 36-2901, paragraph 6, subdivision (d):

18 1. ~~May contract with a healthcare group plan that shall offer coverage~~
19 ~~available pursuant to this section as the ADMINISTRATION TO BE THE~~ exclusive
20 health benefits BENEFIT plan if the employer has five or fewer full-time
21 ELIGIBLE employees and enrolls one hundred per cent of these employees into
22 healthcare group THE HEALTH BENEFIT PLAN. ~~if an employer's health benefits~~
23 ~~plan has been terminated or discontinued by a health benefits carrier, the~~
24 ~~organization established pursuant to subsection A of this section shall,~~
25 ~~subsequent to a contract with the employer, allow coverage to begin~~
26 ~~immediately.~~

27 2. ~~May contract with a healthcare group plan that shall offer THE~~
28 ADMINISTRATION FOR coverage available pursuant to this section if the
29 employer has six or more ELIGIBLE employees and enrolls eighty per cent of
30 these employees into THE healthcare group PROGRAM.

31 3. Shall have a minimum of one and a maximum of fifty full-time
32 ELIGIBLE employees at the effective date of their first contract with the
33 organization ADMINISTRATION.

34 C. Employees with proof of other existing health care coverage who
35 elect not to participate in THE healthcare group PROGRAM shall not be
36 considered when determining the percentage if the other health care coverage
37 is either:

38 1. IS other group health coverage through a spouse, parent or legal
39 guardian. or

40 2. Is coverage available from a government subsidized health care
41 program.

42 D. An employer shall not offer coverage made available pursuant to
43 this section to persons defined as eligible pursuant to section 36-2901,

1 paragraph 6, subdivision (b), (c), (d) or (e) as a substitute for a federally
2 designated plan.

3 E. An employee or dependent defined as eligible pursuant to section
4 36-2901, paragraph 6, subdivision (b), (c), (d) or (e) may participate in the
5 system on a voluntary basis only.

6 F. Notwithstanding subsection B, paragraph 2 of this section, the
7 administration shall adopt rules to allow a business that offers system
8 coverage pursuant to this section to continue coverage if it expands its
9 employment to include more than fifty employees.

10 G. THE ADMINISTRATION SHALL PROVIDE ELIGIBLE EMPLOYEES WITH DISCLOSURE
11 INFORMATION ABOUT THE HEALTH BENEFIT PLAN.

12 ~~G. H. The director of the organization shall:~~

13 ~~1. Ensure that the organization developed to provide services to~~
14 ~~persons defined as eligible pursuant to section 36-2901, paragraph 6,~~
15 ~~subdivision (b), (c), (d) or (e) operates separately from the administration~~
16 ~~and that the full cost of any function performed by the administration on~~
17 ~~behalf of that organization is reimbursed by the organization or its~~
18 ~~contracted health plans, whichever is applicable.~~

19 ~~2. 1. Require that any health plan contracted to provide system~~
20 ~~CONTRACTOR THAT PROVIDES covered services to persons defined as eligible~~
21 ~~pursuant to section 36-2901, paragraph 6, subdivision (a) provide separate~~
22 ~~audited reports on the assets, liabilities and financial status of any~~
23 ~~corporate activity involving providing coverage pursuant to this section to~~
24 ~~persons defined as eligible pursuant to section 36-2901, paragraph 6,~~
25 ~~subdivision (b), (c), (d) or (e).~~

26 ~~3. 2. Ensure that any health plan not contracted to provide system~~
27 ~~covered services to persons defined as eligible pursuant to section 36-2901,~~
28 ~~paragraph 6, subdivision (a) has complied with any applicable provisions of~~
29 ~~section 36-2906.01. The director may make requests of the director of the~~
30 ~~department of insurance on behalf of the organization ADMINISTRATION pursuant~~
31 ~~to section 36-2906.01.~~

32 ~~4. 3. Not distribute any appropriated funds, unless specifically~~
33 ~~authorized by the legislature, to the organization or to any of the~~
34 ~~organization's ADMINISTRATION OR THE ADMINISTRATION'S contracted health plans~~
35 ~~FOR THE PURPOSES OF THIS SECTION.~~

36 ~~5. 4. Ensure that the organization's contracted health plans~~
37 ~~CONTRACTORS are required to meet contract terms as are necessary in the~~
38 ~~judgment of the director to ensure adequate performance by the health plan~~
39 ~~CONTRACTOR. Contract provisions shall include, but are not limited to AT A~~
40 ~~MINIMUM, the maintenance of deposits, performance bonds, financial reserves~~
41 ~~or other financial security. The organization, upon approval of the~~
42 ~~director, may waive requirements for the posting of bonds or security for~~
43 ~~health plans CONTRACTORS that have posted other security, equal to or greater~~
44 ~~than that required by the organization, FOR THE HEALTHCARE GROUP PROGRAM,~~

1 with the administration or the department of insurance for the performance
2 of health service contracts if funds would be available to the organization
3 ADMINISTRATION from the other security upon ON the health plan's CONTRACTOR'S
4 default. In waiving, or approving waivers of, any requirements established
5 pursuant to this section, the organization and the director shall ensure that
6 it THE ADMINISTRATION has taken into account all the obligations to which a
7 health plan's CONTRACTOR'S security is associated. The director may also, on
8 behalf of the organization, adopt rules that provide for the withholding or
9 forfeiture of payments to be made to a contracted health plan CONTRACTOR for
10 the failure of the health plan CONTRACTOR to comply with provisions of its
11 contract or with provisions of adopted rules.

12 ~~6. Adopt separate rules on behalf of the organization. These rules~~
13 ~~shall stand alone and not be dependent upon any reference to rules adopted~~
14 ~~by the administration for health plans providing system covered services to~~
15 ~~persons defined as eligible pursuant to section 36-2901, paragraph 6,~~
16 ~~subdivision (a).~~

17 5. ADOPT RULES.

18 6. PROVIDE REINSURANCE TO THE CONTRACTORS FOR CLEAN CLAIMS BASED ON
19 THRESHOLDS ESTABLISHED BY THE ADMINISTRATION. FOR THE PURPOSES OF THIS
20 PARAGRAPH, "CLEAN CLAIMS" HAS THE SAME MEANING PRESCRIBED IN SECTION 36-2904.

21 H. I. With respect to services provided by contracted health plans
22 CONTRACTORS to persons defined as eligible pursuant to section 36-2901,
23 paragraph 6, subdivision (b), (c), (d) or (e), the contracted health plan
24 shall not be considered as A CONTRACTOR IS THE payor of last resort and does
25 not possess HAS THE SAME lien or subrogation rights beyond AS those held by
26 health care services organizations licensed pursuant to title 20, chapter 4,
27 article 9.

28 ~~I. Health plans contracted to provide coverage to persons defined as~~
29 ~~eligible pursuant to section 36-2901, paragraph 6, subdivision (b), (c), (d)~~
30 ~~or (e) shall ensure that the personnel employed or contracted to interact~~
31 ~~with employer groups as agents or brokers are licensed pursuant to title 20,~~
32 ~~chapter 2, article 3.~~

33 J. Each health plan THE ADMINISTRATION shall offer a health benefit
34 plan on a guaranteed issuance basis to small employers as required by this
35 section. All small employers qualify for this guaranteed offer of coverage.
36 The health plan ADMINISTRATION shall provide a health benefit plan to each
37 small employer without regard to health status-related factors if the small
38 employer agrees to make the premium payments and to satisfy any other
39 reasonable provisions of the plan that are not inconsistent with this
40 chapter. A health plan THE ADMINISTRATION shall offer to all small employers
41 a choice of all THE AVAILABLE health benefit plans that the health plan
42 offers in the small group market and that the health plan is actively
43 marketing PLAN and shall accept any small employer that applies for any of
44 these products AND MEETS THE ELIGIBILITY REQUIREMENTS. In addition to the

1 requirements prescribed in THIS section ~~36-2912.03~~, for any offering of any
2 health benefit plan to a small employer, as part of the ~~health plan's~~
3 ~~ADMINISTRATION'S~~ solicitation and sales materials, ~~a health plan~~ THE
4 ~~ADMINISTRATION~~ shall make a reasonable disclosure to the employer of the
5 availability of the information described in this subsection and, on request
6 of the employer, shall provide that information to the employer. The ~~health~~
7 ~~plan~~ ~~ADMINISTRATION~~ shall provide information concerning the following:

8 1. Provisions of coverage relating to the following, if applicable:

9 (a) The ~~health plan's~~ ~~ADMINISTRATION'S~~ right to ESTABLISH PREMIUMS AND
10 TO change premium rates and the factors that may affect changes in premium
11 rates.

12 (b) Renewability of coverage.

13 (c) Any preexisting condition exclusion.

14 (d) The geographic areas served by the ~~health plan~~ CONTRACTOR.

15 2. The benefits and premiums available under all health benefit plans
16 for which the employer is qualified.

17 K. The ~~health plan~~ ~~ADMINISTRATION~~ shall describe the information
18 required by subsection J of this section in language that is understandable
19 by the average small employer and with a level of detail that is sufficient
20 to reasonably inform a small employer of the employer's rights and
21 obligations under the health benefit plan. This requirement is satisfied if
22 the ~~health plan~~ ~~ADMINISTRATION~~ provides each of the following for each
23 product the ~~health plan~~ offers INFORMATION:

24 1. An outline of coverage that describes the benefits in summary form.

25 2. The rate or rating schedule that applies to the product,
26 preexisting condition exclusion or affiliation period.

27 3. The minimum employer contribution and group participation rules
28 that apply to any particular type of coverage.

29 4. In the case of a network plan, a map or listing of the areas
30 served.

31 L. A ~~health plan~~ CONTRACTOR is not required to disclose any
32 information that is proprietary and protected trade secret information under
33 applicable law.

34 M. ~~A health plan shall not refuse to accept for coverage a person who~~
35 ~~on the date the employer applied for the coverage would have been eligible~~
36 ~~for coverage and who has been continuously covered for a one year period~~
37 ~~under a health benefit plan or other health insurance policy. A person is~~
38 ~~deemed to be continuously covered for a one year period if the person is~~
39 ~~insured at the beginning and end of the one year period and has had no breaks~~
40 ~~in coverage during that period totaling more than thirty-one days. A health~~
41 ~~plan shall not deny enrollment or impose a preexisting condition exclusion~~
42 ~~against an eligible person who had creditable coverage for at least a one~~
43 ~~year period if the person's prior coverage ended within sixty-three days~~
44 ~~immediately before the enrollment date. A newborn child, adopted child or~~

1 ~~child placed for adoption is continuously covered for a one year period if~~
2 ~~the child was timely enrolled and otherwise would have met the definition of~~
3 ~~an eligible individual as prescribed in this section, other than the required~~
4 ~~period of creditable coverage under a health benefit plan offered by a health~~
5 ~~plan, and the child is not subject to any preexisting condition exclusion or~~
6 ~~limitation if the child has been continuously covered under a health benefit~~
7 ~~plan since birth, adoption or placement for adoption.~~

8 ~~H. M. At least sixty days before the date of expiration of a health~~
9 ~~benefit plan, a health plan THE ADMINISTRATION shall provide for A written~~
10 ~~notice to the employer of the terms for renewal of the plan. The notice~~
11 ~~shall include an explanation of the extent to which any increase in premiums~~
12 ~~is due to actual or expected claims experience of the individuals covered~~
13 ~~under the employer's health benefit plan contract. A health plan may refuse~~
14 ~~to renew or may terminate a health benefit plan only if:~~

15 ~~1. The employer fails to pay premiums or contributions in accordance~~
16 ~~with the terms of the health benefit plan of the health plan or the health~~
17 ~~plan does not receive premium payments in a timely manner.~~

18 ~~2. The employer committed an act or practice that constitutes fraud~~
19 ~~or made an intentional misrepresentation of material fact under the terms of~~
20 ~~the health benefit plan.~~

21 ~~3. The employer has failed to comply with a material plan provision~~
22 ~~relating to employer participation rules as prescribed in subsection B of~~
23 ~~this section.~~

24 ~~4. Repeated misuse of a provider network plan.~~

25 ~~6. A health plan is not required to renew a health benefit plan with~~
26 ~~respect to an employer or individual if the health plan provides notice to~~
27 ~~the organization at least five business days before the health plan gives~~
28 ~~notice to each employer or individual covered under a health benefit plan of~~
29 ~~the intention to discontinue offering the health benefit plan and the health~~
30 ~~plan provides notice of termination to each employer or individual covered~~
31 ~~under a plan at least ninety days before the expiration date of the plan.~~

32 ~~N. THE ADMINISTRATION MAY INCREASE OR DECREASE PREMIUMS BASED ON~~
33 ~~ACTUARIAL REVIEWS OF THE PROJECTED AND ACTUAL COSTS OF PROVIDING HEALTH CARE~~
34 ~~BENEFITS TO ELIGIBLE MEMBERS. BEFORE CHANGING PREMIUMS, THE ADMINISTRATION~~
35 ~~MUST GIVE SIXTY DAYS WRITTEN NOTICE TO THE EMPLOYER. THE ADMINISTRATION MAY~~
36 ~~CAP THE AMOUNT OF THE CHANGE.~~

37 ~~O. THE ADMINISTRATION MAY CONSIDER AGE, SEX, INCOME AND COMMUNITY~~
38 ~~RATING WHEN IT ESTABLISHES PREMIUMS FOR THE HEALTHCARE GROUP PROGRAM.~~

39 ~~P. Except as provided in subsection Q of this section, a health~~
40 ~~benefit plan may not deny, limit or condition the coverage or benefits based~~
41 ~~on a person's health status-related factors or a lack of evidence of~~
42 ~~insurability.~~

43 ~~Q. A health benefit plan shall not exclude coverage for preexisting~~
44 ~~conditions, except that:~~

1 1. A health benefit plan may exclude coverage for preexisting
2 conditions for a period of not more than twelve months or, in the case of a
3 late enrollee, eighteen months. The exclusion of coverage does not apply to
4 services that are furnished to newborns who were otherwise covered from the
5 time of their birth or to persons who satisfy the portability requirements
6 under this section.

7 2. The ~~health plan~~ CONTRACTOR shall reduce the period of any
8 applicable preexisting condition exclusion by the aggregate of the periods
9 of creditable coverage that apply to the individual.

10 ~~R. On request of a health benefit plan, a person who provides coverage~~
11 ~~during a period of continuous coverage with respect to a covered individual~~
12 ~~shall promptly disclose the coverage provided to the covered individual, the~~
13 ~~period of the coverage and the benefits provided under the coverage. The~~
14 ~~health plan~~ CONTRACTOR shall calculate creditable coverage according to the
15 following:

16 1. The ~~health plan~~ CONTRACTOR shall give an individual credit for each
17 portion of each month the individual was covered by creditable coverage.

18 2. The ~~health plan~~ CONTRACTOR shall not count a period of creditable
19 coverage for an individual enrolled in a health benefit plan if after the
20 period of coverage and before the enrollment date there were sixty-three
21 consecutive days during which the individual was not covered under any
22 creditable coverage.

23 3. The ~~health plan~~ CONTRACTOR shall give credit in the calculation of
24 creditable coverage for any period that an individual is in a waiting period
25 for any health coverage.

26 S. The ~~health plan~~ CONTRACTOR shall not count a period of creditable
27 coverage with respect to enrollment of an individual if, after the most
28 recent period of creditable coverage and before the enrollment date,
29 sixty-three consecutive days lapse during all of which the individual was not
30 covered under any creditable coverage. The ~~health plan~~ CONTRACTOR shall not
31 include in the determination of the period of continuous coverage described
32 in this section any period that an individual is in a waiting period for
33 health insurance coverage offered by a health care insurer or is in a waiting
34 period for benefits under a health benefit plan offered by a ~~health plan~~
35 CONTRACTOR. In determining the extent to which an individual has satisfied
36 any portion of any applicable preexisting condition period the ~~health plan~~
37 CONTRACTOR shall count a period of creditable coverage without regard to the
38 specific benefits covered during that period. A ~~health plan~~ CONTRACTOR shall
39 not impose any preexisting condition exclusion in the case of an individual
40 who is covered under creditable coverage thirty-one days after the
41 individual's date of birth. A ~~health plan~~ CONTRACTOR shall not impose any
42 preexisting condition exclusion in the case of a child who is adopted or
43 placed for adoption before age eighteen and who is covered under creditable
44 coverage thirty-one days after the adoption or placement for adoption.

1 ~~T. A health plan shall provide the certification described in~~
2 ~~subsection U of this section without charge for creditable coverage occurring~~
3 ~~after June 30, 1996 if the individual:~~

4 ~~1. Ceases to be covered under a health benefit plan offered by a~~
5 ~~health plan or otherwise becomes covered under a COBRA continuation~~
6 ~~provision. A person who is covered by a health benefit plan that is offered~~
7 ~~by a health plan and that is terminated or not renewed at the choice of the~~
8 ~~employer with the replacement of the health benefit plan without a break in~~
9 ~~coverage is not entitled to receive the certification prescribed in this~~
10 ~~paragraph but is entitled to receive the certifications prescribed in~~
11 ~~subsection U of this section.~~

12 ~~2. Who was covered under a COBRA continuation provision ceases to be~~
13 ~~covered under the COBRA continuation provision.~~

14 ~~3. Requests certification from the health plan within twenty-four~~
15 ~~months after the coverage under a health benefit plan offered by a health~~
16 ~~plan ceases.~~

17 ~~U. T. The WRITTEN certification provided by a health plan is a~~
18 ~~written certification of THE ADMINISTRATION MUST INCLUDE:~~

19 ~~1. The period of creditable coverage of the individual under the~~
20 ~~health plan CONTRACTOR and any applicable coverage under a COBRA continuation~~
21 ~~provision.~~

22 ~~2. Any applicable waiting period or affiliation period imposed on an~~
23 ~~individual for any coverage under the health plan.~~

24 ~~V. U. A health plan that issues health benefit plans in this state,~~
25 ~~as applicable, THE ADMINISTRATION shall issue and accept a written~~
26 ~~certification of the period of creditable coverage of the individual that~~
27 ~~contains at least the following information:~~

28 ~~1. The date that the certificate is issued.~~

29 ~~2. The name of the individual or dependent for whom the certificate~~
30 ~~applies and any other information that is necessary to allow the issuer~~
31 ~~providing the coverage specified in the certificate to identify the~~
32 ~~individual, including the individual's identification number under the policy~~
33 ~~and the name of the policyholder if the certificate is for or includes a~~
34 ~~dependent.~~

35 ~~3. The name, address and telephone number of the issuer providing the~~
36 ~~certificate.~~

37 ~~4. The telephone number to call for further information regarding the~~
38 ~~certificate.~~

39 ~~5. One of the following:~~

40 ~~(a) A statement that the individual has at least eighteen months of~~
41 ~~creditable coverage. For purposes of this subdivision, eighteen months means~~
42 ~~five hundred forty-six days.~~

1 (b) Both the date that the individual first sought coverage, as
2 evidenced by a substantially complete application, and the date that
3 creditable coverage began.

4 6. The date creditable coverage ended, unless the certificate
5 indicates that creditable coverage is continuing from the date of the
6 certificate.

7 ~~W. In addition to written certification of the period of creditable~~
8 ~~coverage as described in this section, individuals may establish creditable~~
9 ~~coverage through the presentation of documents or other means. In order to~~
10 ~~make a determination that is based on the relevant facts and circumstances~~
11 ~~of the amount of creditable coverage that an individual has, a health plan~~
12 ~~shall take into account all information that the plan obtains or that is~~
13 ~~presented to the plan on behalf of the individual.~~

14 ~~X. V. A health plan THE ADMINISTRATION shall provide any~~
15 ~~certification pursuant to this section at the same time the health plan sends~~
16 ~~the notice required by the applicable COBRA continuation provision. A health~~
17 ~~plan has satisfied the certification requirement under this section if the~~
18 ~~health plan offering the health benefit plan provides the prescribed~~
19 ~~certification in accordance with this section within thirty days after the~~
20 ~~event that triggered the issuance of the certification. Periods of~~
21 ~~creditable coverage for an individual are established by presentation of the~~
22 ~~certifications in this section.~~

23 ~~Y. Enrollees are eligible for medically necessary breast~~
24 ~~reconstructions following a mastectomy performed by a contracted health plan~~
25 ~~pursuant to this section.~~

26 W. THE HEALTHCARE GROUP PROGRAM SHALL COMPLY WITH ALL APPLICABLE
27 FEDERAL REQUIREMENTS.

28 X. FOR THE PURPOSES OF THIS SECTION:

29 1. "COBRA CONTINUATION PROVISION" MEANS:

30 (a) SECTION 4980B, EXCEPT SUBSECTION (F)(1) AS IT RELATES TO PEDIATRIC
31 VACCINES, OF THE INTERNAL REVENUE CODE OF 1986.

32 (b) TITLE I, SUBTITLE B, PART 6, EXCEPT SECTION 609, OF THE EMPLOYEE
33 RETIREMENT INCOME SECURITY ACT OF 1974.

34 (c) TITLE XXII OF THE PUBLIC HEALTH SERVICE ACT.

35 (d) ANY SIMILAR PROVISION OF THE LAW OF THIS STATE OR ANY OTHER STATE.

36 2. "CREDITABLE COVERAGE" MEANS COVERAGE SOLELY FOR AN INDIVIDUAL,
37 OTHER THAN LIMITED BENEFITS COVERAGE, UNDER ANY OF THE FOLLOWING:

38 (a) AN EMPLOYEE WELFARE BENEFIT PLAN THAT PROVIDES MEDICAL CARE TO
39 EMPLOYEES OR THE EMPLOYEES' DEPENDENTS DIRECTLY OR THROUGH INSURANCE,
40 REIMBURSEMENT OR OTHERWISE PURSUANT TO THE EMPLOYEE RETIREMENT INCOME
41 SECURITY ACT OF 1974.

42 (b) A CHURCH PLAN AS DEFINED IN THE EMPLOYEE RETIREMENT INCOME
43 SECURITY ACT OF 1974.

1 (c) A HEALTH BENEFIT PLAN, AS DEFINED IN SECTION 20-2301, ISSUED BY
2 A HEALTH PLAN.

3 (d) PART A OR PART B OF TITLE XVIII OF THE SOCIAL SECURITY ACT.

4 (e) TITLE XIX OF THE SOCIAL SECURITY ACT, OTHER THAN COVERAGE
5 CONSISTING SOLELY OF BENEFITS UNDER SECTION 1928.

6 (f) TITLE 10, CHAPTER 55 OF THE UNITED STATES CODE.

7 (g) A MEDICAL CARE PROGRAM OF THE INDIAN HEALTH SERVICE OR OF A TRIBAL
8 ORGANIZATION.

9 (h) A HEALTH BENEFITS RISK POOL OPERATED BY ANY STATE OF THE UNITED
10 STATES.

11 (i) A HEALTH PLAN OFFERED PURSUANT TO TITLE 5, CHAPTER 89 OF THE
12 UNITED STATES CODE.

13 (j) A PUBLIC HEALTH PLAN AS DEFINED BY FEDERAL LAW.

14 (k) A HEALTH BENEFIT PLAN PURSUANT TO SECTION 5(e) OF THE PEACE CORPS
15 ACT (22 UNITED STATES CODE SECTION 2504(e)).

16 (l) A POLICY OR CONTRACT, INCLUDING SHORT-TERM LIMITED DURATION
17 INSURANCE, ISSUED ON AN INDIVIDUAL BASIS BY AN INSURER, A HEALTH CARE
18 SERVICES ORGANIZATION, A HOSPITAL SERVICE CORPORATION, A MEDICAL SERVICE
19 CORPORATION OR A HOSPITAL, MEDICAL, DENTAL AND OPTOMETRIC SERVICE CORPORATION
20 OR MADE AVAILABLE TO PERSONS DEFINED AS ELIGIBLE UNDER SECTION 36-2901,
21 PARAGRAPH 6, SUBDIVISIONS (b), (c), (d) AND (e).

22 (m) A POLICY OR CONTRACT ISSUED BY A HEALTH CARE INSURER OR THE
23 ADMINISTRATION TO A MEMBER OF A BONA FIDE ASSOCIATION.

24 3. "ELIGIBLE EMPLOYEE" MEANS A PERSON WHO WORKS FOR AN EMPLOYER FOR
25 A MINIMUM OF TWENTY HOURS PER WEEK OR WHO IS SELF-EMPLOYED FOR AT LEAST
26 TWENTY HOURS PER WEEK.

27 4. "GENETIC INFORMATION" MEANS INFORMATION ABOUT GENES, GENE PRODUCTS
28 AND INHERITED CHARACTERISTICS THAT MAY DERIVE FROM THE INDIVIDUAL OR A FAMILY
29 MEMBER, INCLUDING INFORMATION REGARDING CARRIER STATUS AND INFORMATION
30 DERIVED FROM LABORATORY TESTS THAT IDENTIFY MUTATIONS IN SPECIFIC GENES OR
31 CHROMOSOMES, PHYSICAL MEDICAL EXAMINATIONS, FAMILY HISTORIES AND DIRECT
32 ANALYSIS OF GENES OR CHROMOSOMES.

33 5. "HEALTH BENEFIT PLAN" MEANS COVERAGE OFFERED BY THE ADMINISTRATION
34 FOR THE HEALTHCARE GROUP PROGRAM PURSUANT TO THIS SECTION.

35 6. "HEALTH STATUS-RELATED FACTOR" MEANS ANY FACTOR IN RELATION TO THE
36 HEALTH OF THE INDIVIDUAL OR A DEPENDENT OF THE INDIVIDUAL ENROLLED OR TO BE
37 ENROLLED IN A HEALTH PLAN INCLUDING:

38 (a) HEALTH STATUS.

39 (b) MEDICAL CONDITION, INCLUDING PHYSICAL AND MENTAL ILLNESS.

40 (c) CLAIMS EXPERIENCE.

41 (d) RECEIPT OF HEALTH CARE.

42 (e) MEDICAL HISTORY.

43 (f) GENETIC INFORMATION.

1 (g) EVIDENCE OF INSURABILITY, INCLUDING CONDITIONS ARISING OUT OF ACTS
2 OF DOMESTIC VIOLENCE AS DEFINED IN SECTION 20-448.

3 (h) THE EXISTENCE OF A PHYSICAL OR MENTAL DISABILITY.

4 7. "LATE ENROLLEE" MEANS AN EMPLOYEE OR DEPENDENT WHO REQUESTS
5 ENROLLMENT IN A HEALTH BENEFIT PLAN AFTER THE INITIAL ENROLLMENT PERIOD THAT
6 IS PROVIDED UNDER THE TERMS OF THE HEALTH BENEFIT PLAN IF THE INITIAL
7 ENROLLMENT PERIOD IS AT LEAST THIRTY-ONE DAYS. COVERAGE FOR A LATE ENROLLEE
8 BEGINS ON THE DATE THE PERSON BECOMES A DEPENDENT IF A REQUEST FOR ENROLLMENT
9 IS RECEIVED WITHIN THIRTY-ONE DAYS AFTER THE PERSON BECOMES A DEPENDENT. AN
10 EMPLOYEE OR DEPENDENT SHALL NOT BE CONSIDERED A LATE ENROLLEE IF:

11 (a) THE PERSON:

12 (i) AT THE TIME OF THE INITIAL ENROLLMENT PERIOD WAS COVERED UNDER A
13 PUBLIC OR PRIVATE HEALTH INSURANCE POLICY OR ANY OTHER HEALTH BENEFIT PLAN.

14 (ii) LOST COVERAGE UNDER A PUBLIC OR PRIVATE HEALTH INSURANCE POLICY
15 OR ANY OTHER HEALTH BENEFIT PLAN DUE TO THE EMPLOYEE'S TERMINATION OF
16 EMPLOYMENT OR ELIGIBILITY, THE REDUCTION IN THE NUMBER OF HOURS OF
17 EMPLOYMENT, THE TERMINATION OF THE OTHER PLAN'S COVERAGE, THE DEATH OF THE
18 SPOUSE, LEGAL SEPARATION OR DIVORCE OR THE TERMINATION OF EMPLOYER
19 CONTRIBUTIONS TOWARD THE COVERAGE.

20 (iii) REQUESTS ENROLLMENT WITHIN THIRTY-ONE DAYS AFTER THE TERMINATION
21 OF CREDITABLE COVERAGE THAT IS PROVIDED UNDER A COBRA CONTINUATION PROVISION.

22 (iv) REQUESTS ENROLLMENT WITHIN THIRTY-ONE DAYS AFTER THE DATE OF
23 MARRIAGE.

24 (b) THE PERSON IS EMPLOYED BY AN EMPLOYER THAT OFFERS MULTIPLE HEALTH
25 BENEFIT PLANS AND THE PERSON ELECTS A DIFFERENT PLAN DURING AN OPEN
26 ENROLLMENT PERIOD.

27 (c) THE PERSON BECOMES A DEPENDENT OF AN ELIGIBLE PERSON THROUGH
28 MARRIAGE, BIRTH, ADOPTION OR PLACEMENT FOR ADOPTION AND REQUESTS ENROLLMENT
29 NO LATER THAN THIRTY-ONE DAYS AFTER BECOMING A DEPENDENT.

30 8. "PREEXISTING CONDITION" MEANS A CONDITION, REGARDLESS OF THE CAUSE
31 OF THE CONDITION, FOR WHICH MEDICAL ADVICE, DIAGNOSIS, CARE OR TREATMENT WAS
32 RECOMMENDED OR RECEIVED WITHIN NOT MORE THAN SIX MONTHS BEFORE THE DATE OF
33 THE ENROLLMENT OF THE INDIVIDUAL UNDER A HEALTH BENEFIT PLAN ISSUED BY A
34 CONTRACTOR. PREEXISTING CONDITION DOES NOT INCLUDE A GENETIC CONDITION IN
35 THE ABSENCE OF A DIAGNOSIS OF THE CONDITION RELATED TO THE GENETIC
36 INFORMATION.

37 9. "PREEXISTING CONDITION LIMITATION" OR "PREEXISTING CONDITION
38 EXCLUSION" MEANS A LIMITATION OR EXCLUSION OF BENEFITS FOR A PREEXISTING
39 CONDITION UNDER A HEALTH BENEFIT PLAN OFFERED BY A CONTRACTOR.

40 10. "SMALL EMPLOYER" MEANS AN EMPLOYER WHO EMPLOYS AT LEAST ONE BUT NOT
41 MORE THAN FIFTY ELIGIBLE EMPLOYEES ON A TYPICAL BUSINESS DAY DURING ANY ONE
42 CALENDAR YEAR.

43 11. "WAITING PERIOD" MEANS THE PERIOD THAT MUST PASS BEFORE A POTENTIAL
44 PARTICIPANT OR ELIGIBLE EMPLOYEE IN A HEALTH BENEFIT PLAN OFFERED BY A HEALTH

1 PLAN IS ELIGIBLE TO BE COVERED FOR BENEFITS AS DETERMINED BY THE INDIVIDUAL'S
2 EMPLOYER.

3 Sec. 6. Repeal

4 Sections 36-2912.01, 36-2912.02, 36-2912.03 and 36-2912.04, Arizona
5 Revised Statutes, are repealed.

6 Sec. 7. Section 36-2921, Arizona Revised Statutes, as amended by Laws
7 2002, third special session, chapter 1, section 4, is amended to read:

8 36-2921. Tobacco tax allocation

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

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

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

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

25 (a) Three million dollars, for the mental health grant program
26 established pursuant to section 36-3414.

27 (b) Five million five hundred thousand dollars, for primary care
28 services established pursuant to section 36-2907.05.

29 (c) For fiscal year 2001-2002 AND EACH FISCAL YEAR THEREAFTER four
30 million five hundred thousand dollars, for grants to the qualifying community
31 health centers established pursuant to section 36-2907.06, subsection A.

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

36 4. The administration shall transfer three hundred seventy-five
37 thousand dollars annually for programs providing detoxification services in
38 counties having a population of five hundred thousand persons or less. Of
39 the monies transferred pursuant to this paragraph, two hundred fifty thousand
40 dollars shall be distributed to a program that provides detoxification
41 treatment and services through a long-term social model detoxification
42 program that emphasizes rehabilitation and one hundred twenty-five thousand
43 dollars shall be distributed to a program that provides short-term

1 detoxification treatment and services and is part of a continuum of
2 detoxification treatment.

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

8 6. The administration shall transfer up to two hundred fifty thousand
9 dollars annually beginning in fiscal year 1996-1997 for contracts by the
10 department of health services with nonprofit organizations that primarily
11 assist in the management of end stage renal disease and related problems.
12 Contracts shall not include payments for transportation of patients for
13 dialysis.

14 7. Beginning on July 1, 2002, the administration shall withdraw twenty
15 million TEN MILLION FIVE HUNDRED THOUSAND dollars in each fiscal year for
16 deposit in the premium sharing program fund established by section 36-2923
17 to provide health care services to any person who is eligible for an Arizona
18 ~~health care cost containment system~~ THE premium sharing program enacted by
19 the legislature PURSUANT TO SECTION 36-2923.01, SUBJECT TO THE AVAILABILITY
20 OF MONIES. The Arizona health care cost containment system premium sharing
21 program is not an entitlement program. In fiscal year 2001-2002 the
22 administration may expend monies from the premium sharing program fund
23 established pursuant to section 36-2923 for administrative costs of the
24 premium sharing program not to exceed four per cent of monies expended on
25 program costs for the premium sharing program. Beginning on July 1, 2003
26 2002, the administration shall annually withdraw monies from the medically
27 needy account not to exceed four per cent of the sum of any monies
28 transferred pursuant to this paragraph for administrative costs associated
29 with the premium sharing program. The administration shall use up to
30 one-half of one per cent of this amount for marketing and outreach.
31 ~~Administrative costs in excess of two per cent shall be funded from the~~
32 ~~interest payments from the monies withdrawn from the medically needy account~~
33 ~~to fund the premium sharing program pursuant to this paragraph.~~

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

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

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

8 11. Subject to the availability of monies, the Arizona health care cost
9 containment system administration shall transfer to the department of health
10 services the sum of seventy TWO HUNDRED thousand dollars annually beginning
11 in fiscal year 1998-1999 for contracts entered into pursuant to section
12 36-132, subsection D, with hospitals that are licensed by the department of
13 health services and that perform nonrenal organ transplant operations. These
14 contracts shall not include payments for transportation to and from treatment
15 facilities.

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

24 ~~13. Subject to the availability of monies, the Arizona health care cost~~
25 ~~containment system administration shall transfer annually to the department~~
26 ~~of health services the sum of one hundred fifty thousand dollars to assist~~
27 ~~health service districts in performing their services and to assist~~
28 ~~applicants who wish to establish new districts pursuant to title 48, chapter~~
29 ~~16, except that the Arizona health care cost containment system~~
30 ~~administration shall not transfer any monies for this purpose in fiscal year~~
31 ~~2001-2002.~~

32 14. 13. Subject to the availability of monies, the administration
33 shall transfer to the department of health services the sum of one hundred
34 thousand dollars in fiscal year 2001-2002 to award a quality rating financial
35 incentive grant to each nursing care institution that received in two
36 consecutive years a quality rating of excellent on the annual facility
37 compliance and licensure survey conducted pursuant to section 36-425.02 after
38 August 9, 2001 regardless of the actual date of the results of the survey. A
39 nursing care institution is not eligible for a grant if the institution
40 received a violation determined by the department to be widespread with
41 potential for more than minimal harm, or a violation that resulted in actual
42 harm, or that constitutes immediate jeopardy to resident health and safety. A
43 nursing care institution must use a grant awarded pursuant to this paragraph
44 only for direct care nonadministrative staff to improve the quality of

1 resident care. Each individual incentive grant equals the amount that
2 results by dividing one hundred thousand dollars by the total number of
3 census days for all facilities that received a rating of excellent for the
4 applicable time period and multiplying the result by the total number of
5 census days for the facility receiving the grant, except that the department
6 may not award an incentive grant of more than one hundred thousand dollars
7 to any one institution. The department may not award an incentive grant to
8 a facility that was placed on a provisional license during the previous
9 twelve months before the award of the incentive grant. If the facility
10 transfers ownership, the department shall award the incentive grant to the
11 licensee at the time of the award. A facility that ceases operation before
12 an annual incentive grant distribution date is not eligible for an incentive
13 grant. The transfer made pursuant to this paragraph is exempt from the
14 provisions of section 35-190 relating to lapsing of appropriations. For the
15 purposes of this paragraph, "census day" means each day an individual
16 inpatient bed is occupied based on the most recently filed financial
17 statement of a facility pursuant to section 36-125.04. The department may
18 apply for available matching federal funds.

19 ~~15-~~ 14. Subject to the availability of monies, the administration
20 shall transfer to the department of health services the sum of two hundred
21 fifty thousand dollars in fiscal year 2001-2002 for the provision of primary
22 health care services in an area the United States environmental protection
23 agency designated as the Tucson international airport area superfund site in
24 1983 due to contamination from trichloroethylene. The transfer made pursuant
25 to this paragraph is exempt from the provisions of section 35-190 relating
26 to lapsing of appropriations. The department of health services is exempt
27 from the procurement code requirement of title 41, chapter 23, for purposes
28 relating to this paragraph.

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

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

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

40 E. The administration shall annually report, no later than November
41 1, to the director of the joint legislative budget committee the annual
42 revenues deposited in the medically needy account and the estimated
43 expenditures needed in the subsequent year to provide funding for services
44 provided in subsection A, paragraph 1 of this section. The administration

1 shall immediately report to the director of the joint legislative budget
2 committee if at any time the administration estimates that the amount
3 available in the medically needy account will not be sufficient to fund the
4 maximum allocations established in this section.

5 Sec. 8. Delayed repeal

6 Sections 36-2923, 36-2923.01, 36-2923.02 and 36-2923.03, Arizona
7 Revised Statutes, are repealed from and after September 30, 2002.

8 Sec. 9. Title 36, chapter 29, article 1, Arizona Revised Statutes, is
9 amended by adding new sections 36-2923, 36-2923.01, 36-2923.02 and
10 36-2923.03, to read:

11 36-2923. Premium sharing fund; purpose; expenditures;
12 nonlapsing; investment; termination

13 A. THE PREMIUM SHARING FUND IS ESTABLISHED. THE ADMINISTRATION SHALL
14 ADMINISTER THE FUND. THE ADMINISTRATION SHALL USE FUND MONIES TO PAY FOR
15 SERVICES AND COSTS ASSOCIATED WITH PERSONS WHO ARE ELIGIBLE PURSUANT TO
16 SECTION 36-2923.01. THE FUND CONSISTS OF MONIES DEPOSITED FROM THE MEDICALLY
17 NEEDY ACCOUNT OF THE TOBACCO TAX AND HEALTH CARE FUND PURSUANT TO SECTION
18 36-2921, SUBSECTION A, PARAGRAPH 7, MONIES THAT ARE DEPOSITED FROM THE
19 TOBACCO LITIGATION SETTLEMENT FUND PURSUANT TO SECTION 36-2901.02 AND THAT
20 ARE DESIGNATED TO PAY FOR SERVICES PROVIDED TO PERSONS ELIGIBLE PURSUANT TO
21 SECTION 36-2923.01 AND PREMIUMS COLLECTED FROM ENROLLEES. AFTER ALL
22 QUALIFYING EXPENDITURES FOR COVERED SERVICES INCURRED BUT NOT PROCESSED
23 BEFORE OCTOBER 1, 2002 HAVE BEEN PAID, ANY MONIES REMAINING IN THE PREMIUM
24 SHARING PROGRAM FUND SHALL BE TRANSFERRED TO THE PREMIUM SHARING FUND.

25 B. MONIES IN THE PREMIUM SHARING FUND ARE CONTINUOUSLY APPROPRIATED
26 AND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF
27 APPROPRIATIONS.

28 C. ON NOTICE FROM THE ADMINISTRATION, THE STATE TREASURER SHALL INVEST
29 AND DIVEST MONIES IN THE FUND AS PROVIDED BY SECTION 35-313, AND MONIES
30 EARNED FROM INVESTMENT SHALL BE CREDITED TO THE FUND.

31 D. THE PREMIUM SHARING FUND AND THE SERVICES AND COSTS FUNDED BY THIS
32 SECTION END ON SEPTEMBER 30, 2004.

33 36-2923.01. Premium sharing eligibility; program termination

34 A. BEGINNING ON OCTOBER 1 2002, SUBJECT TO THE AVAILABILITY OF MONIES,
35 THE ADMINISTRATION SHALL ESTABLISH ELIGIBILITY FOR AN UNINSURED PERSON WHO
36 HAS A GROSS HOUSEHOLD INCOME OF UP TO TWO HUNDRED PER CENT OF THE FEDERAL
37 POVERTY GUIDELINES OR GROSS HOUSEHOLD INCOME OF UP TO FOUR HUNDRED PER CENT
38 OF THE FEDERAL POVERTY GUIDELINES IF THE PERSON HAS A CHRONIC CONDITION AS
39 DEFINED BY THE ADMINISTRATION. IF THE CHRONIC CONDITION IS OR WAS CAUSED
40 BY ALCOHOL, DRUG OR CHEMICAL ABUSE, A PERSON IS NOT ELIGIBLE PURSUANT TO THIS
41 SECTION.

42 B. IN ORDER TO QUALIFY PURSUANT TO THIS SECTION, AN APPLICANT OR
43 ENROLLEE MUST MEET THE FOLLOWING ELIGIBILITY REQUIREMENTS:

1 1. BE A RESIDENT OF THIS STATE AND A CITIZEN OF THE UNITED STATES OR
2 MEET THE ALIENAGE REQUIREMENTS ESTABLISHED PURSUANT TO THIS ARTICLE.

3 2. SUBMIT AN APPLICATION AS PRESCRIBED BY THE ADMINISTRATION.

4 3. DEMONSTRATE THAT DURING THE MOST RECENT THIRTY DAY PERIOD BEFORE
5 THE DATE OF APPLICATION THE APPLICANT DID NOT VOLUNTARILY DISCONTINUE
6 HEALTH INSURANCE. AN APPLICANT WHO LOSES ELIGIBILITY PURSUANT TO THIS
7 ARTICLE OR ARTICLE 2 OR 4 OF THIS CHAPTER DOES NOT HAVE TO BE WITHOUT
8 INSURANCE FOR THE THIRTY DAY PERIOD DESCRIBED IN THIS PARAGRAPH.

9 4. AGREE TO PAY THE SHARE OF PREMIUM ESTABLISHED BY THE
10 ADMINISTRATION.

11 5. AGREE TO COOPERATE FULLY IN THE DETERMINATION OF HOUSEHOLD INCOME
12 AS DEFINED BY THE ADMINISTRATION.

13 6. NOT BE ELIGIBLE FOR MEDICARE BENEFITS THROUGH TITLE XVIII OF THE
14 SOCIAL SECURITY ACT.

15 7. NOT BE ELIGIBLE FOR TREATMENT OF THE CONDITION IN QUESTION THROUGH
16 THE VETERANS' ADMINISTRATION.

17 8. NOT BE ELIGIBLE FOR BENEFITS PURSUANT TO THIS ARTICLE OR ARTICLE
18 2 OR 4 OF THIS CHAPTER EXCEPT WOMEN WHO ARE ELIGIBLE FOR THE SIXTH OMNIBUS
19 BUDGET RECONCILIATION ACT FAMILY PLANNING EXTENSION.

20 C. IF A PERSON IS ELIGIBLE PURSUANT TO THIS SECTION, THE
21 ADMINISTRATION SHALL ENROLL THE PERSON'S ELIGIBLE FAMILY MEMBERS AND ASSESS
22 PREMIUMS AND COPAYMENTS PURSUANT TO THIS SECTION.

23 D. A PERSON WHO IS ENROLLED AND WHO SUBSEQUENTLY DEVELOPS A CHRONIC
24 DISEASE SHALL BE INCLUDED IN THE CAP OF TWO HUNDRED PERSONS THAT IS IMPOSED
25 PURSUANT TO SUBSECTION E OF THIS SECTION. PERSONS ENROLLED IN THE PROGRAM
26 WHO HAD A CHRONIC ILLNESS BUT WHO HAVE RECOVERED FROM THIS CONDITION SHALL
27 BE DEDUCTED FROM THE CAP OF TWO HUNDRED PERSONS. IF THE CAP HAS BEEN
28 REACHED, THE ENROLLED MEMBER WHO DEVELOPS A CHRONIC DISEASE SHALL BE INCLUDED
29 IN THE CAP AND ANY NEW APPLICANTS SHALL BE PUT ON A WAITING LIST UNTIL THE
30 NUMBER OF PERSONS WITH A CHRONIC CONDITION IS BELOW TWO HUNDRED PERSONS.

31 E. THE DIRECTOR HAS FULL OPERATIONAL AUTHORITY AND ADMINISTRATIVE
32 RESPONSIBILITY TO IMPLEMENT THIS ELIGIBILITY CATEGORY AND SHALL DEVELOP RULES
33 AS NECESSARY TO:

34 1. ESTABLISH AN APPLICATION PROCESS FOR APPLICANTS THAT DEFINES GROSS
35 HOUSEHOLD INCOME.

36 2. ESTABLISH A PROCESS TO REVIEW THE ELIGIBILITY OF THE ENROLLEE NO
37 LESS OFTEN THAN EVERY TWELVE MONTHS AFTER THE DATE OF ENROLLMENT.

38 3. DEFINE A CHRONIC CONDITION AND LIMIT THE NUMBER OF PERSONS WITH A
39 CHRONIC CONDITION ENROLLED PURSUANT TO THIS SECTION TO NOT MORE THAN TWO
40 HUNDRED PERSONS.

41 4. ESTABLISH A PROCESS TO MAINTAIN A WAITING LIST IF THE AVAILABLE
42 FUNDING IS EXHAUSTED.

43 5. ESTABLISH A MONTHLY PREMIUM NOT TO EXCEED SIX PER CENT OF THE GROSS
44 HOUSEHOLD INCOME.

- 1 6. ESTABLISH A PROCESS FOR BILLING.
- 2 7. ESTABLISH A PROCESS FOR COLLECTING COPAYMENTS.
- 3 8. ESTABLISH A PROCESS TO IMPOSE MONTHLY PREMIUMS.
- 4 9. MAINTAIN ENROLLEE DATA INFORMATION.
- 5 10. ESTABLISH AN AGGRESSIVE DISENROLLMENT PROCESS FOR ENROLLEES WHO
6 DEFAULT ON PAYING PREMIUMS OR WHO DO NOT COMPLY WITH PREMIUM PAYMENT
7 DEADLINES AS PRESCRIBED BY THE ADMINISTRATION. PARTICIPANTS WHO VOLUNTARILY
8 TERMINATE ELIGIBILITY FOR THE PROGRAM OR WHO DO NOT PAY THE REQUIRED PREMIUMS
9 ARE NOT ELIGIBLE TO REENROLL FOR A PERIOD OF TWELVE MONTHS AFTER THE DATE OF
10 DISENROLLMENT.
- 11 11. CONTRACT WITH WILLING CONTRACTORS TO DELIVER SERVICES.
- 12 12. CONTRACT WITH ANOTHER CONTRACTOR TO PROVIDE SERVICES IF THERE IS
13 INSUFFICIENT CONTRACTOR COVERAGE IN A COUNTY.
- 14 13. ESTABLISH ACTUARIALLY SOUND CAPITATION RATES.
- 15 14. ESTABLISH A SYSTEM FOR TRACKING PREMIUM COLLECTIONS AND
16 NONCOLLECTIONS.
- 17 15. RECOVER ANY THIRD PARTY LIABILITY. THE ADMINISTRATION IS ENTITLED
18 TO ALL RIGHTS PROVIDED TO THE ADMINISTRATION FOR LIENS AND RELEASE OF CLAIMS
19 AS SPECIFIED IN SECTIONS 36-2915 AND 36-2916.
- 20 16. COORDINATE BENEFITS PURSUANT TO SECTION 36-2903.
- 21 17. ESTABLISH A GRIEVANCE AND APPEALS PROCESS THAT CONFORMS TO THE
22 PROCESS AND TIME FRAMES IN THIS ARTICLE.
- 23 18. DEFINE THE SCOPE OF HEALTH CARE SERVICES FOR ENROLLEES AND INCLUDE
24 THE FOLLOWING:
 - 25 (a) CORNEA AND KIDNEY TRANSPLANT SERVICES FOR PERSONS WITH INCOME UP
26 TO TWO HUNDRED PER CENT OF THE FEDERAL POVERTY GUIDELINES.
 - 27 (b) ALL TRANSPLANTS SPECIFIED IN SECTION 36-2907 FOR PERSONS WITH
28 INCOME BETWEEN TWO HUNDRED AND FOUR HUNDRED PER CENT OF THE FEDERAL POVERTY
29 GUIDELINES.
 - 30 (c) MEDICALLY NECESSARY BREAST RECONSTRUCTIONS FOLLOWING A MASTECTOMY
31 PERFORMED BY A CONTRACTOR.
 - 32 (d) A PROHIBITION AGAINST USING PREGNANCY AS A PREEXISTING CONDITION
33 FOR THE PURPOSES OF REFUSING SERVICES.
- 34 19. ESTABLISH THE ADMINISTRATION AS THE PAYOR OF LAST RESORT PURSUANT
35 TO SECTION 36-2903, SUBSECTION F.
 - 36 F. NOTWITHSTANDING ANY OTHER LAW, CONTRACTORS WHO PROVIDE SERVICES
37 PURSUANT TO THIS CHAPTER ARE NOT SUBJECT TO THE HEALTH INSURANCE PORTABILITY
38 AND ACCOUNTABILITY ACT OF 1996 (P.L. 104-191). ENROLLEES MAY USE THE LENGTH
39 OF ELIGIBILITY PURSUANT TO THIS SECTION AS CREDITABLE COVERAGE AS DEFINED IN
40 THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996.
 - 41 G. ENROLLEES MUST PAY A COPAYMENT AT THE TIME SERVICES ARE RENDERED.
42 CONTRACTORS AND PROVIDERS MAY WITHHOLD NONEMERGENCY MEDICAL SERVICES TO
43 ENROLLEES WHO DO NOT PAY COPAYMENTS IN FULL AT THE TIME THE SERVICE IS
44 RENDERED.

1 H. EACH ENROLLEE MUST PAY A MONTHLY PREMIUM IN ORDER TO RETAIN
2 ELIGIBILITY. THE ADMINISTRATION SHALL ESTABLISH THE TOTAL PREMIUM COSTS AND
3 THE PORTION OF THE MONTHLY PREMIUM THAT EACH ENROLLEE PAYS BASED ON THE
4 ENROLLEE'S HOUSEHOLD GROSS INCOME AND HOUSEHOLD SIZE AND THE TOTAL AMOUNT OF
5 MONIES AVAILABLE IN THE PREMIUM SHARING FUND ESTABLISHED BY SECTION 36-2923.
6 AN ENROLLEE WITH A GROSS HOUSEHOLD INCOME OF UP TO TWO HUNDRED PER CENT OF
7 THE FEDERAL POVERTY GUIDELINES MUST PAY A PORTION OF THE PREMIUM THAT DOES
8 NOT EXCEED SIX PER CENT OF THE ENROLLEE'S GROSS HOUSEHOLD INCOME. AN
9 ENROLLEE WHO HAS A CHRONIC CONDITION AND WHO HAS A GROSS HOUSEHOLD INCOME
10 ABOVE TWO HUNDRED PER CENT OF THE FEDERAL POVERTY GUIDELINES BUT NOT MORE
11 THAN FOUR HUNDRED PER CENT OF THE FEDERAL POVERTY GUIDELINES MUST PAY THE
12 FULL PREMIUM ESTABLISHED BY THE ADMINISTRATION.

13 I. THE ADMINISTRATION SHALL USE THE PREMIUM SHARING FUND ESTABLISHED
14 BY SECTION 36-2923 TO SUBSIDIZE A PORTION OF AN ENROLLEE'S PREMIUM COSTS IF
15 THE ENROLLEE IS ELIGIBLE PURSUANT TO SUBSECTION A OF THIS SECTION. A DIRECT
16 STATE SUBSIDY SHALL NOT BE USED TO SHARE IN THE COST OF ANY ENROLLEE WHOSE
17 GROSS INCOME EXCEEDS TWO HUNDRED PER CENT OF THE FEDERAL POVERTY GUIDELINES.
18 AN ENROLLEE SHALL ONLY RECEIVE MEDICAL SERVICES IF THE ENROLLEE:

19 1. PAYS THE REQUIRED MONTHLY PREMIUM COSTS MINUS THE STATE SUBSIDIZED
20 AMOUNT.

21 2. PAYS ALL OF THE COPAYMENT CHARGES.

22 3. COMPLIES WITH THIS SECTION.

23 J. THE TOTAL AMOUNT OF STATE MONIES THAT THE ADMINISTRATION MAY SPEND
24 IN ANY FISCAL YEAR FOR PERSONS WHO ARE DETERMINED ELIGIBLE PURSUANT TO THIS
25 SECTION SHALL NOT EXCEED THE MONIES AVAILABLE PURSUANT TO SECTION 36-2923.

26 K. THE PROGRAM ESTABLISHED BY THIS SECTION ENDS ON SEPTEMBER 30, 2004
27 PURSUANT TO SECTION 41-3102.

28 36-2923.02. Premium sharing oversight committee; membership;
29 duties; report; termination

30 A. THE PREMIUM SHARING OVERSIGHT COMMITTEE IS ESTABLISHED CONSISTING
31 OF:

32 1. THREE MEMBERS OF THE SENATE WHO ARE APPOINTED BY THE PRESIDENT OF
33 THE SENATE AND NOT MORE THAN TWO OF WHOM ARE MEMBERS OF THE SAME POLITICAL
34 PARTY. THE PRESIDENT OF THE SENATE SHALL APPOINT ONE OF THESE MEMBERS TO
35 SERVE AS COCHAIRPERSON OF THE COMMITTEE.

36 2. THREE MEMBERS OF THE HOUSE OF REPRESENTATIVES WHO ARE APPOINTED BY
37 THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND NOT MORE THAN TWO OF WHOM ARE
38 MEMBERS OF THE SAME POLITICAL PARTY. THE SPEAKER OF THE HOUSE OF
39 REPRESENTATIVES SHALL APPOINT ONE OF THESE MEMBERS TO SERVE AS COCHAIRPERSON
40 OF THE COMMITTEE.

41 B. THE COMMITTEE SHALL:

42 1. REVIEW THE CAPITATION RATES, PREMIUMS AND COPAYMENTS ESTABLISHED
43 BY THE ADMINISTRATION.

1 2. SUBMIT A REPORT TO THE GOVERNOR, THE SPEAKER OF THE HOUSE OF
2 REPRESENTATIVES AND THE PRESIDENT OF THE SENATE ON OR BEFORE NOVEMBER 15 OF
3 EACH YEAR REGARDING THE COMMITTEE'S RECOMMENDATIONS AND OBSERVATIONS. THE
4 COMMITTEE SHALL PROVIDE A COPY OF ITS ANNUAL REPORT TO THE SECRETARY OF
5 STATE, THE DIRECTOR OF THE ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS
6 AND THE DIRECTOR OF THE LEGISLATIVE COUNCIL.

7 C. THE COMMITTEE ESTABLISHED BY THIS SECTION ENDS ITS DUTIES ON
8 SEPTEMBER 30, 2004.

9 36-2923.03. Reporting requirement; termination

10 A. THE ADMINISTRATION SHALL REPORT SEMIANNUALLY TO THE PREMIUM SHARING
11 OVERSIGHT COMMITTEE AND SUBMIT THE REPORT TO THE GOVERNOR, THE PRESIDENT OF
12 THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES. A COPY OF EACH
13 REPORT SHALL BE PROVIDED TO THE SECRETARY OF STATE, THE DIRECTOR OF THE
14 ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS AND THE DIRECTOR OF THE
15 LEGISLATIVE COUNCIL.

16 B. THE LEGISLATIVE COUNCIL SHALL SUBMIT A REPORT SEMIANNUALLY TO THE
17 PREMIUM SHARING OVERSIGHT COMMITTEE CONTAINING THE FOLLOWING INFORMATION:

- 18 1. A REVIEW OF THE MEDICAL COSTS AND PREMIUMS CHARGED.
- 19 2. AN ANALYSIS OF CLIENT SATISFACTION.
- 20 3. ENROLLMENT INFORMATION.
- 21 4. THE AVERAGE ANNUAL INCOME OF THE ENROLLEE.
- 22 5. THE ANNUAL MEDICAL SERVICE EXPENDITURE.
- 23 6. THE TOTAL MONIES COLLECTED FROM ENROLLEES.
- 24 7. INFORMATION NECESSARY TO ANALYZE AND EVALUATE THE EFFECTIVENESS OR
25 IMPACT OF ADDING THE NEW ELIGIBILITY GROUP PURSUANT TO SECTION 36-2923.01.

26 C. THE REPORTING REQUIREMENTS OF THIS SECTION END ON SEPTEMBER 30,
27 2004.

28 Sec. 10. Section 36-2924, Arizona Revised Statutes, is amended to
29 read:

30 36-2924. Child care and AHCCCS joint program

31 The department of economic security and the Arizona health care cost
32 containment system administration shall establish and, as provided in the
33 empower waiver, maintain a joint program that extends child care FOR
34 TWENTY-FOUR MONTHS and Arizona health care cost containment system benefits
35 from ~~twelve months to a total of twenty-four~~ FOR TWELVE months BEGINNING
36 OCTOBER 1, 2002 for current and former recipients of title XIX medicaid under
37 the provisions of Public Law 104-193, section 431 and cash assistance who are
38 employed and meet federal requirements for such transitional benefits as
39 defined in the family support act of 1988 (P.L. 100-485, 42 United States
40 Code section 607).

1 Sec. 11. Section 36-2929, Arizona Revised Statutes, is amended to
2 read:

3 36-2929. Services to persons with disabilities; eligibility;
4 premiums

5 A. Subject to the approval of the ~~health care financing administration~~
6 CENTERS FOR MEDICARE AND MEDICAID SERVICES, beginning on January 1, 2002, the
7 Arizona health care cost containment system administration shall provide
8 services pursuant to this article to any person with a disability who is
9 defined as eligible pursuant to section 36-2901, paragraph ~~4~~ 6, subdivision
10 ~~(k)~~ (g) and, who meets the income requirements of subsection B of this
11 section AND WHO HAS TOO MUCH INCOME TO QUALIFY FOR THE SYSTEM PURSUANT TO
12 SECTION 36-2901, PARAGRAPH 6, SUBDIVISION (a).

13 B. A person meets the income requirements of this section if the
14 person's ~~adjusted~~ COUNTABLE income does not exceed two hundred fifty per cent
15 of the federal poverty guidelines ~~as published by the United States~~
16 ~~department of health and human services.~~ The administration shall not
17 include a person's unearned income and the earned and unearned income of the
18 person's spouse or other family members to determine if the person is
19 eligible for services pursuant to this section. For the purposes of this
20 subsection, "adjusted income" means the income that is calculated by
21 subtracting from the person's gross earned income impairment related work
22 expenses as defined in ~~42 United States Code section 423(d)(4)~~ USE THE
23 SUPPLEMENTAL SECURITY INCOME METHODOLOGY. FOR THE PURPOSES OF THIS
24 SUBSECTION, COUNTABLE INCOME DOES NOT INCLUDE THE PERSON'S UNEARNED INCOME,
25 THE PERSON'S SPOUSE'S OR ANY OTHER FAMILY MEMBER'S EARNED OR UNEARNED INCOME
26 OR A DEDUCTION FOR A MINOR CHILD.

27 C. The administration shall adopt rules for the collection of premiums
28 from persons who qualify for services pursuant to this section. The premium
29 may SHALL not exceed two per cent of the person's adjusted COUNTABLE income.

30 D. The administration shall develop and implement a process for
31 eligibility determinations for persons who apply for eligibility and annual
32 redeterminations for continued eligibility. The administration shall also
33 develop and implement a process to determine medically improved disabilities.
34 The administration may enter into an intergovernmental agreement with the
35 department of economic security, ~~a county or counties~~ or may contract with
36 participating health plans to conduct eligibility determinations or
37 redeterminations. The administration may not use a resource test to
38 determine or redetermine eligibility.



1 Sec. 12. Section 36-2950, Arizona Revised Statutes, is amended to
2 read:

3 36-2950. Services to persons with disabilities; eliqibility;
4 premiums

5 A. Subject to the approval of the ~~health care financing administration~~
6 CENTERS FOR MEDICARE AND MEDICAID SERVICES, beginning on January 1, 2002, the
7 Arizona health care cost containment system administration shall provide
8 services pursuant to this article to any person with a disability who is
9 defined as eligible pursuant to section 36-2931, paragraph 5, subdivision (d)
10 and, who meets the income requirements of subsection B of this section AND
11 WHO HAS TOO MUCH INCOME OR RESOURCES TO QUALIFY FOR THE SYSTEM PURSUANT TO
12 SECTION 36-2934.

13 B. A person meets the income requirements of this section if the
14 person's ~~adjusted~~ COUNTABLE income does not exceed two hundred fifty per cent
15 of the federal poverty guidelines ~~as published by the United States~~
16 ~~department of health and human services.~~ The administration shall not
17 ~~include a person's unearned income and the earned and unearned income of the~~
18 ~~person's spouse or other family members to determine if the person is~~
19 ~~eligible for services pursuant to this section. For the purposes of this~~
20 ~~subsection, "adjusted income" means the income that is calculated by~~
21 ~~subtracting from the person's gross earned income impairment related work~~
22 ~~expenses as defined in 42 United States Code section 423(d)(4) USE THE~~
23 SUPPLEMENTAL SECURITY INCOME METHODOLOGY. FOR PURPOSES OF THIS SUBSECTION,
24 COUNTABLE INCOME DOES NOT INCLUDE THE PERSON'S UNEARNED INCOME, THE PERSON'S
25 SPOUSE'S OR ANY OTHER FAMILY MEMBER'S EARNED OR UNEARNED INCOME OR A
26 DEDUCTION FOR A MINOR CHILD.

27 C. The administration shall adopt rules for the collection of premiums
28 from persons who qualify for services pursuant to this section. The premium
29 may SHALL not exceed two per cent of the person's adjusted COUNTABLE income.

30 D. The administration shall develop and implement a process for
31 eligibility determinations for persons who apply for eligibility and annual
32 redeterminations for continued eligibility. The administration shall also
33 develop and implement a process to determine medically improved disabilities.
34 The administration may enter into an intergovernmental agreement with the
35 department of economic security, ~~a county or counties~~ or may contract with
36 participating health plans to conduct eligibility determinations or
37 redeterminations. The administration may not use a resource test to
38 determine or redetermine eligibility.

39 Sec. 13. Title 36, chapter 29, article 4, Arizona Revised Statutes,
40 is amended by adding section 36-2981.01, to read:

41 36-2981.01. Children's health insurance program; eligibility

42 A. BEGINNING ON OCTOBER 1, 2002 AND SUBJECT TO THE AVAILABILITY OF
43 MONIES, A PARENT OF A CHILD WHO IS ELIGIBLE FOR OR ENROLLED IN THE CHILDREN'S
44 HEALTH INSURANCE PROGRAM OR A PARENT WHO HAS A CHILD ENROLLED UNDER ARTICLE

1 OF THIS CHAPTER BUT WHO WOULD BE ELIGIBLE FOR THE CHILDREN'S HEALTH
2 INSURANCE PROGRAM MAY APPLY FOR ELIGIBILITY BASED ON AN INCOME THAT DOES NOT
3 EXCEED TWO HUNDRED PER CENT OF THE FEDERAL POVERTY LEVEL.

4 B. IN DETERMINING ELIGIBILITY PURSUANT TO SUBSECTION A OF THIS
5 SECTION, THE ADMINISTRATION SHALL APPLY OTHER ELIGIBILITY REQUIREMENTS
6 PURSUANT TO RULES ADOPTED BY THE ADMINISTRATION. IF THE PARENT IS DETERMINED
7 ELIGIBLE PURSUANT TO THIS SECTION, ALL OTHER REQUIREMENTS ESTABLISHED BY THE
8 ADMINISTRATION BY RULE, INCLUDING PREMIUM PAYMENT REQUIREMENTS AND AVAILABLE
9 SERVICES, IN THIS ARTICLE APPLY.

10 Sec. 14. Section 36-2983, Arizona Revised Statutes, is amended to
11 read:

12 36-2983. Eligibility for the program

13 A. The administration shall establish a streamlined eligibility
14 process for applicants to the program and shall issue a certificate of
15 eligibility at the time eligibility for the program is determined.
16 Eligibility shall be based on gross household income for a member as defined
17 in section 36-2981 AND FOR PARENTS OF CHILDREN ENROLLED IN THE CHILDREN'S
18 HEALTH INSURANCE PROGRAM PURSUANT TO SECTION 36-2981.01. ELIGIBILITY FOR A
19 PARENT WHO HAS A CHILD ENROLLED IN ARTICLE 1 OF THIS CHAPTER BUT WHO IS
20 ELIGIBLE PURSUANT TO SECTION 36-2981.01 SHALL BE BASED ON REQUIREMENTS
21 ESTABLISHED BY THE ADMINISTRATION. The administration shall not apply a
22 resource test in the eligibility determination or redetermination process.

23 B. The administration shall use a simplified eligibility form that may
24 be mailed to the administration. Once a completed application is received,
25 including adequate verification of income, the administration shall expedite
26 the eligibility determination and enrollment on a prospective basis.

27 C. The date of eligibility is the first day of the month following a
28 determination of eligibility if the decision is made by the twenty-fifth day
29 of the month. A person who is determined eligible for the program after the
30 twenty-fifth day of the month is eligible for the program the first day of
31 the second month following the determination of eligibility.

32 D. An applicant for the program who appears to be eligible pursuant
33 to section 36-2901, paragraph 6, subdivision (a) shall have a social security
34 number or shall apply for a social security number within thirty days after
35 the applicant submits an application for the program.

36 E. In order to be eligible for the program, a person shall be a
37 resident of this state and shall meet title XIX requirements for United
38 States citizenship or qualified alien status in the manner prescribed in
39 section 36-2903.03.

40 F. In determining the eligibility for all qualified aliens pursuant
41 to this article, the income and resources of a person who executed an
42 affidavit of support pursuant to section 213A of the immigration and
43 nationality act on behalf of the qualified alien and the income and resources
44 of the spouse, if any, of the sponsoring individual shall be counted at the

1 time of application and for the redetermination of eligibility for the
2 duration of the attribution period as specified in federal law.

3 G. Pursuant to federal law, a person is not eligible for the program
4 if that person is:

5 1. Eligible for title XIX, EXCEPT FOR A PERSON WHO IS ELIGIBLE
6 PURSUANT TO SECTION 36-2981.01, or other federally operated or financed
7 health care insurance programs, except the Indian health service.

8 2. Covered by any group health plan or other health insurance coverage
9 as defined in section 2791 of the public health service act. Group health
10 plan or other health insurance coverage does not include coverage to persons
11 who are defined as eligible pursuant to the premium sharing program.

12 3. A member of a family that is eligible for health benefits coverage
13 under a state health benefit plan based on a family member's employment with
14 a public agency in this state.

15 4. An inmate of a public institution or a patient in an institution
16 for mental diseases. This paragraph does not apply to services furnished in
17 a state operated mental hospital or to residential or other twenty-four hour
18 therapeutically planned structured services.

19 H. A child who is covered under an employer's group health insurance
20 plan or through family or individual health care coverage shall not be
21 enrolled in the program. If the health insurance coverage is voluntarily
22 discontinued for any reason, except for the loss of health insurance due to
23 loss of employment or other involuntary reason, the child is not eligible for
24 the program for a period of three months from the date that the health care
25 coverage was discontinued. The administration may waive the three month
26 period for any child who is seriously or chronically ill. For the purposes
27 of the waiver, "chronically ill" means a medical condition that requires
28 frequent and ongoing treatment and that if not properly treated will
29 seriously affect the child's overall health. The administration shall
30 establish rules to further define conditions that constitute a serious or
31 chronic illness. Beginning on January 1, 2002, in the annual report required
32 pursuant to section 36-2996, the administration shall provide the conditions
33 and the number of children included in each category.

34 I. Pursuant to federal law, a private insurer, as defined by the
35 secretary of the United States department of health and human services, shall
36 not limit enrollment by contract or any other means based on the presumption
37 that a child may be eligible for the program.

38 Sec. 15. Repeal

39 Section 36-2984, Arizona Revised Statutes, is repealed.

1 Sec. 16. Section 36-3408, Arizona Revised Statutes, is amended to
2 read:

3 36-3408. Eligibility for behavioral health service system;
4 screening process; required information

5 A. Any person who requests behavioral health services pursuant to this
6 chapter or the person's parent or legal guardian shall comply with a
7 preliminary financial screening and eligibility process developed by the
8 department of health services in coordination with the Arizona health care
9 cost containment system administration and administered at the initial intake
10 level. A person who receives behavioral health services pursuant to this
11 chapter and who has not been determined eligible for title XIX or title XXI
12 services shall comply annually with the eligibility determination process.
13 If the results indicate that the person may be title XIX eligible, in order
14 to continue to receive services pursuant to this chapter, the applicant shall
15 submit a completed application within ten working days to the social security
16 administration, the department of economic security or the Arizona health
17 care cost containment system which shall determine the applicant's
18 eligibility pursuant to section 36-2901, paragraph 6, subdivision (a),
19 section 36-2931, paragraph 5 or section 36-2981, paragraph 6 for health and
20 medical or long-term care services. The applicant shall cooperate fully with
21 the eligibility determination process. If the person is in need of emergency
22 services provided pursuant to this chapter, the person may begin to receive
23 these services immediately provided that within five days from the date of
24 service a financial screening is initiated.

25 B. ~~Applicants, except applicants for seriously mentally ill services,~~
26 who refuse to cooperate in the financial screening and eligibility process
27 are not eligible for services pursuant to this chapter. A form explaining
28 loss of benefits due to refusal to cooperate shall be signed by the
29 applicant. Refusal to cooperate shall not be construed to mean the
30 applicant's inability to obtain documentation required for eligibility
31 determination. The department of economic security and the Arizona health
32 care cost containment system administration shall promptly inform the
33 department of health services of the applications that are denied based on
34 an applicant's failure to cooperate with the eligibility determination
35 process and, on request, of applicants who do not submit an application as
36 required by this section.

37 C. The department of economic security, in coordination with the
38 department of health services, provide on-site eligibility determinations at
39 appropriate program locations subject to legislative appropriation.

40 D. This section only applies to persons who receive services that are
41 provided pursuant to this section and that are paid for in whole or in part
42 with state funds.

1 E. A person who requests treatment services under this chapter shall
2 provide personally identifying information required by the department of
3 health services.

4 F. Except as otherwise provided by law, this section and cooperation
5 with the eligibility determination process do not entitle any person to any
6 particular services that are subject to legislative appropriation.

7 Sec. 17. Section 46-233, Arizona Revised Statutes, is amended to read:
8 46-233. Eligibility for general assistance

9 A. A person is eligible for general assistance only for a total of
10 twelve months out of each thirty-six consecutive month period unless the
11 person is ~~designated and remains eligible as an adult caretaker, in which~~
12 ~~case the person is eligible for general assistance for an indefinite period,~~
13 ~~as determined by the department.~~ OF A PERSON WHO MEETS THE REQUIREMENTS OF
14 PARAGRAPH 7. THE GENERAL ASSISTANCE SHALL CEASE FOR BOTH A CARETAKER AND
15 NONCARETAKER UPON RECEIPT, DENIAL OR TERMINATION OF FEDERAL DISABILITY
16 BENEFITS, EXCEPT THAT the department shall grant up to an additional six
17 months of general assistance to an eligible person during the period of and
18 from the date the person files an appeal with ~~an administrative law judge to~~
19 ~~an adverse decision regarding the receipt of social security administration~~
20 ~~benefits~~ THE SOCIAL SECURITY ADMINISTRATION. No person shall be entitled to
21 general assistance who does not meet and maintain the following requirements:

22 1. Has established residence at the time of application. The
23 applicant shall prove that he meets the residence requirements.

24 2. Is not an inmate of or being maintained by any municipal, county,
25 state or federal institution at the time of receiving assistance. This shall
26 not be construed to prohibit granting assistance to a person temporarily
27 confined in an institution for medical or surgical care.

28 3. Is not employable according to the findings of the state
29 department.

30 4. Has not, within one year prior to application, or while a
31 recipient, transferred or assigned real or personal property with the intent
32 to render himself eligible or with the intent to increase his need for
33 assistance. The transfer of property with retention of a life estate for the
34 purpose of qualifying for assistance is prohibited. Where fair consideration
35 for the property was received, no inquiry into motive is necessary. A person
36 found ineligible under this paragraph shall be ineligible for such time as
37 the state department determines.

38 5. Does not have resources in excess of the following:

39 (a) Household furnishings used by the recipient and his family in his
40 usual place of residence.

41 (b) Wearing apparel and necessary personal effects.

42 (c) A home in which the recipient resides and the land contiguous
43 thereto and in which the recipient has an equity value not in excess of fifty
44 thousand dollars.

1 (d) An automobile in which the recipient has an equity value of
 2 fifteen hundred dollars or less, except that if such value exceeds twelve
 3 hundred dollars, the excess value shall be counted against the other property
 4 or assets specified in subdivision (e).

5 (e) Other personal property or assets having a total gross market
 6 value of one thousand dollars for a single recipient or fourteen hundred
 7 dollars for a recipient and spouse, or two or more recipients in a single
 8 household.

9 (f) Tools of his trade.

10 6. Is a citizen of the United States by birth or naturalization, or
 11 if an alien, has been legally admitted for permanent residence.

12 7. Has a CERTIFIED disability that is ~~certified to last twelve months~~
 13 ~~or longer according to the findings of the state department~~ THE DEPARTMENT
 14 BELIEVES MEETS THE PROGRAM DEFINITION OF DISABILITY UNDER TITLE XVI OF THE
 15 SOCIAL SECURITY ACT (42 UNITED STATES CODE) and has applied for federal
 16 disability benefits, ~~except that this paragraph does not apply to adult~~
 17 ~~caretakers of a disabled dependent person.~~ THE DISABILITY MUST HAVE LASTED
 18 OR CAN BE EXPECTED TO LAST FOR A CONTINUOUS PERIOD OF NOT LESS THAN TWELVE
 19 MONTHS, OR CAN BE EXPECTED TO RESULT IN DEATH.

20 B. Real and personal property shall be valued at their gross market
 21 value including encumbrances.

22 C. Nothing in this section, except citizenship or legal admittance for
 23 permanent residence, shall be construed to prevent granting of assistance in
 24 emergency cases.

25 Sec. 18. Laws 1999, first special session, chapter 1, section 29, as
 26 amended by Laws 2000, chapter 3, section 8, Laws 2000, chapter 281, section
 27 1 and Laws 2001, chapter 232, section 9, is amended to read:

28 Sec. 29. DEPARTMENT OF ECONOMIC SECURITY

	<u>1999-00</u>	<u>2000-01</u>
29		
30	<u>Administration</u>	
31	313.0	313.2
32	FTE positions	
33	\$ 34,701,400	\$ 37,324,400
34	Operating lump sum appropriation	
35	856,600	856,600
36	Finger imaging	
37	4,992,300	2,732,900
38	Lease purchase equipment	
39	367,200	366,900
40	Public assistance collections	
41	309,200	- 0 -
42	EBT welfare reform	
43	519,800	522,200
44	Attorney general legal services	
	<u>519,800</u>	<u>522,200</u>
	Total - administration - general fund	
	\$ 41,746,500	\$ 41,803,000
	and other funds	
	Fund sources:	
	\$ 35,164,200	\$ 34,682,000
	284,200	283,900
	4,768,900	5,305,500
	State general fund	
	284,200	283,900
	Federal temporary assistance for	
	4,768,900	5,305,500
	needy families block grant	

1	Federal child care and development		
2	fund block grant	1,019,500	1,020,500
3	Special administration fund	509,700	511,100

4 In accordance with section 35-142.01, Arizona Revised Statutes, the
 5 department of economic security shall remit to the department of
 6 administration any monies received as reimbursement from the federal
 7 government or any other source for the operation of the department of
 8 economic security west building and any other building lease-purchased by the
 9 State of Arizona in which the department of economic security occupies space.
 10 The department of administration shall deposit these monies in the state
 11 general fund.

12 By June 1, 1999 and June 1, 2000, the department of economic security
 13 shall report the intended distribution of all federal social services block
 14 grant monies for the upcoming fiscal year to the joint legislative budget
 15 committee for its review. The department of economic security shall also
 16 report the intended distribution of any federal social services block grant
 17 monies in excess of \$30,972,800 in fiscal year 1999-2000 and in excess of
 18 \$29,508,800 in fiscal year 2000-2001.

19	<u>Developmental disabilities</u>		
20	FTE positions	339.0	339.0
21	Operating lump sum appropriation	\$ 3,910,600	\$ 3,932,500
22	Case management	1,890,900	1,907,700
23	Home and community based services	29,508,000	29,935,900
24	Institutional services	294,900	294,900
25	Arizona training program at		
26	Coolidge	5,028,000	5,066,100
27	State-funded long-term care		
28	services	<u>16,149,100</u>	<u>17,407,900</u>
29	Total - developmental disabilities	\$ 56,781,500	\$ 58,545,000

30	Fund sources:		
31	State general fund	\$ 44,107,400	\$ 44,596,100
32	Long-term care system fund	12,674,100	13,948,900

33 It is the intent of the legislature that any available surplus monies
 34 for developmental disability programs be applied toward the waiting list,
 35 unless there are insufficient monies to annualize these costs in the
 36 subsequent year. The children's waiting list shall receive first priority.
 37 The amount appropriated for developmental disabilities shall be used to
 38 provide for services for non-title XIX eligible clients. The amount shall
 39 not be used for other purposes, unless a transfer of monies is reviewed by
 40 the joint legislative budget committee.

41 Of the dollar amounts appropriated for home and community based
 42 services, \$800,000 in each fiscal year shall be allocated to fund the waiting
 43 list for services for children through twenty-one years of age.

1 It is the intent of the legislature that monies appropriated for
 2 services relating to adult day services in the division of developmental
 3 disabilities budget be transferred to the division of employment and
 4 rehabilitation services, rehabilitation services administration to
 5 accommodate individuals who are determined by the division of developmental
 6 disabilities to need vocational independence in a supported work environment.
 7 These monies may be transferred back to the division of developmental
 8 disabilities if a supported work environment is no longer the most
 9 appropriate day placement for a client.

10 The department of economic security shall report all new placements
 11 into a state-owned ICF-MR or the Arizona training program at Coolidge campus
 12 in fiscal years 1999-2000 and 2000-2001 to the president of the senate, the
 13 speaker of the house of representatives, the chairmen of the senate and house
 14 of representatives appropriations committees and the director of the joint
 15 legislative budget committee, and the reason why this placement, rather than
 16 a placement into a privately run facility for the developmentally disabled,
 17 was deemed as the most appropriate placement. The department should also
 18 report if no new placements were made. This report shall be made available
 19 by July 15, 2000 and July 15, 2001.

20 Long-term care system fund

21	FTE positions	1,145.2	1,187.1
22	Operating lump sum appropriation	\$ 11,207,400	\$ 11,299,700
23	Case management	14,199,500	15,646,600
24	Home and community based services	213,788,600	243,957,200
25	Institutional services	10,420,100	10,735,700
26	Medical services	43,461,400	46,662,300
27	Arizona training program at		
28	Coolidge	10,479,400	10,533,000
29	Less title XIX and other funds	<u>(201,246,000)</u>	<u>(234,051,600)</u>
30	Total - long-term care system fund	\$ 102,310,600	\$ 104,782,900

31 All monies in the long-term care system fund unexpended and
 32 unencumbered at the end of the fiscal year revert to the state general fund,
 33 subject to approval by the Arizona health care cost containment system.

34 Monies for the long-term care program are appropriated for the
 35 capitation rates effective on October 1, 1998. No monies may be expended for
 36 a change in these capitation rates unless an expenditure plan is reviewed by
 37 the joint legislative budget committee.

38 Benefits and medical eligibility

39	FTE positions	752.0	755.3
40	Operating lump sum appropriation	\$ 37,167,800	\$ 35,108,100
41	Temporary assistance for needy		
42	families cash benefits	125,957,200	125,957,200
43	FLSA supplement	3,634,000	3,817,600

1	Tribal welfare reform	1,000,000	1,000,000
2	General assistance	4,260,800	4,260,800
3	Institutional support payments	288,000	288,000
4	Tuberculosis control	10,600	10,600
5	Outreach and naturalization	250,000	250,000
6	Arizona works agency procurement		
7	board	300,000	300,000
8	Arizona works non-TANF		
9	administrative performance		
10	incentives	<u>1,241,000</u>	<u>1,021,500</u>
11	Total - benefits and medical eligibility	\$174,109,400	\$172,013,800
12	Fund sources:		
13	State general fund	\$ 81,343,900	\$ 79,248,100
14	Federal temporary assistance for		
15	needy families block grant	92,765,500	92,765,700
16	The operating lump sum appropriation may be expended on Arizona health		
17	care cost containment system eligibility determinations based on the results		
18	of the Arizona random moment sampling survey.		
19	Notwithstanding section 35-173, subsection C, Arizona Revised Statutes,		
20	any transfer to or from the \$125,957,200 appropriated for temporary		
21	assistance for needy families cash benefits in fiscal years 1999-2000 and		
22	2000-2001 requires approval of the joint legislative budget committee.		
23	The \$1,000,000 appropriated for tribal welfare reform in fiscal years		
24	1999-2000 and 2000-2001 shall be distributed to Native American tribes in		
25	this state to enhance welfare reform efforts on behalf of tribal citizens.		
26	Each \$1,000,000 appropriation shall be distributed by the department of		
27	economic security on a proportional basis based on the population residing		
28	on the reservation of each tribe in this state.		
29	In addition to the amounts appropriated for Arizona works non-TANF		
30	administrative performance incentives, the sum of \$1,292,800 is appropriated		
31	from the federal temporary assistance for needy families block grant to the		
32	department of economic security for the same purpose in fiscal year 2001-2002		
33	and the sum of \$868,500 \$434,300 is appropriated from the federal temporary		
34	assistance for needy families block grant to the department for the same		
35	purpose in fiscal year 2002-2003.		
36	<u>Child support enforcement</u>		
37	FTE positions	735.2	735.2
38	Operating lump sum appropriation	\$ 28,595,700	\$ 28,656,200
39	Genetic testing	723,600	723,600
40	Central payment processing	1,972,600	1,946,900
41	County participation	12,769,500	12,769,500



1	Attorney general legal services	4,845,900	4,874,500
2	Less federal funds	<u>(35,155,200)</u>	<u>(35,223,200)</u>
3	Total - child support enforcement	\$ 13,752,100	\$ 13,747,500
4	Fund sources:		
5	State general fund	\$ 4,649,200	\$ 4,597,100
6	Child support enforcement		
7	administration fund	9,102,900	9,150,400
8	All state share of retained earnings and federal incentives above		
9	\$8,508,900 in fiscal year 1999-2000 and \$8,556,400 in fiscal year 2000-2001		
10	received by the division of child support enforcement are appropriated for		
11	operating expenditures. New full-time equivalent positions may be authorized		
12	with the increased funding. The division of child support enforcement shall		
13	report the intended use of the monies to the speaker of the house of		
14	representatives, the president of the senate, the chairmen of the senate and		
15	house appropriations committees and the directors of the joint legislative		
16	budget committee and the governor's office of strategic planning and		
17	budgeting.		
18	<u>Aging and community services</u>		
19	FTE positions	93.1	93.1
20	Operating lump sum appropriation	\$ 5,133,700	\$ 5,154,500
21	Community and emergency services	5,183,800	5,183,800
22	Coordinated hunger program	1,286,600	1,286,600
23	Information and referral	115,400	115,400
24	Coordinated homeless program	2,738,600	2,738,600
25	Adult services	9,672,300	9,711,800
26	Domestic violence prevention	4,832,900	4,832,900
27	Long-term care ombudsman	<u>359,500</u>	<u>359,500</u>
28	Total - aging and community services	\$ 29,322,800	\$ 29,383,100
29	Fund sources:		
30	State general fund	\$ 19,940,800	\$ 20,000,200
31	Federal temporary assistance for		
32	needy families block grant	7,872,900	7,873,800
33	Domestic violence shelter fund	1,509,100	1,509,100
34	It is the intent of the legislature that the \$115,400 appropriated in		
35	fiscal years 1999-2000 and 2000-2001 for information and referral services		
36	shall be used to fund services in each city of this state with a population		
37	of more than two hundred fifty thousand persons according to the most recent		
38	United States decennial or special census.		
39	It is the intent of the legislature that a state general fund amount		
40	of \$250,000 in adult services be matched with \$250,000 from the federal		
41	social services block grant for nonmedical home and community based services.		
42	All domestic violence shelter fund monies above \$1,509,100 received by		
43	the department of economic security in fiscal year 1999-2000 or in fiscal		
44	year 2000-2001 are appropriated for the domestic violence prevention special		

1 line item. The department of economic security shall report the intended use
2 of the monies above \$1,509,100 in fiscal years 1999-2000 and 2000-2001 to the
3 joint legislative budget committee.

4 Children, youth and families

5	FTE positions	935.4	946.4
6	Operating lump sum appropriation	\$ 37,727,000	\$ 38,261,700
7	Children services	37,902,600	45,638,900
8	Intensive family services	2,435,600	2,435,600
9	High risk infant services	686,300	686,300
10	Adoption services	17,200,100	18,207,200
11	Child severance project	146,500	146,500
12	Videotaping	110,900	111,400
13	Child abuse prevention	810,200	810,500
14	Healthy families	4,000,000	5,000,000
15	Family builders pilot program	7,995,500	9,418,600
16	Comprehensive medical and dental		
17	program	2,794,900	2,794,900
18	Attorney general legal services	4,163,700	4,176,000
19	Child protective services incentive		
20	pay program	240,000	240,000
21	Child protective services appeals	585,200	581,900
22	Temporary assistance for needy		
23	families deposit to social		
24	services block grant	34,405,500	23,600,000
25	Child protective services		
26	expedited substance abuse		
27	treatment fund deposit	<u>224,500</u>	<u>224,500</u>
28	Total - children, youth and families	\$151,428,500	\$152,334,000
29	Fund sources:		
30	State general fund	\$102,859,600	\$114,542,500
31	Child abuse prevention fund	1,060,200	1,060,500
32	Children and family services		
33	training program fund	156,000	156,000
34	Federal temporary assistance for		
35	needy families block grant	47,352,700	36,575,000

36 The \$240,000 appropriated in fiscal years 1999-2000 and 2000-2001 for
37 the child protective services incentive pay program special line item shall
38 be used for personal services and employee related expenditures to implement
39 a performance based incentives pilot program for eligible child protective
40 services workers in accordance with Laws 1995, chapter 43.

41 Of the \$34,405,500 appropriated from the federal temporary assistance
42 for needy families block grant to the social services block grant in fiscal
43 year 1999-2000, \$4,171,000 is allocated to pay children services program
44 claims for fiscal year 1998-1999, \$20,642,000 is allocated for use to the

1 children services program in fiscal year 1999-2000 and \$4,186,600 is
 2 allocated for use in restoring federal reductions in state and local planned
 3 programs in fiscal year 1999-2000. The balance of \$5,405,900 is allocated
 4 for use to the children services program in fiscal year 2000-2001 and is
 5 exempt from the provisions of section 35-190, Arizona Revised Statutes,
 6 relating to lapsing of appropriations, until June 30, 2001. The \$5,405,900
 7 may be expended in fiscal year 1999-2000 on review of the joint legislative
 8 budget committee for unanticipated fiscal year 1999-2000 children services
 9 costs. The \$4,186,600 allocated for use in restoring federal reductions
 10 shall be expended by the department of economic security in a manner that
 11 minimizes the overall reductions in funding to state planned and locally
 12 planned providers.

13 Of the \$23,600,000 appropriated from the federal temporary assistance
 14 for needy families block grant to the social services block grant in fiscal
 15 year 2000-2001, \$21,018,700 is allocated for use to the children services
 16 program in fiscal year 2000-2001 and \$2,581,300 is allocated for use in
 17 restoring federal reductions in state and local planned programs in fiscal
 18 year 2000-2001. The \$2,581,300 allocated for use in restoring federal
 19 reductions shall be expended by the department of economic security in a
 20 manner that minimizes the overall reductions in funding to state planned and
 21 locally planned providers.

22 Any temporary assistance for needy families block grant funds
 23 appropriated or transferred to the family builders pilot program special line
 24 item in fiscal year 2000-2001 may be allocated to pay family builders program
 25 claims for fiscal year 1999-2000. In addition, the state general fund
 26 appropriation to the family builders pilot program special line item in
 27 fiscal year 1999-2000 may be allocated for use to the family builders program
 28 in fiscal year 2000-2001 and is exempt from the provisions of section 35-190,
 29 Arizona Revised Statutes, relating to lapsing of appropriations, until June
 30 30, 2001.

31 Employment and rehabilitation services

32	FTE positions	449.5	449.5
33	Operating lump sum appropriation	\$ 16,519,800	\$ 16,954,800
34	Job search stipends	173,900	173,900
35	Vocational rehabilitation services	3,369,800	3,389,800
36	Independent living rehabilitation		
37	services	1,776,200	1,876,200
38	Developmental disabilities		
39	employment support	9,433,300	9,433,300
40	Summer youth program	1,000,000	1,000,000
41	Project intervention	1,000,000	1,000,000
42	Summer youth employment and training	1,000,000	1,000,000
43	Day care subsidy	91,227,000	94,451,000
44	Transitional child care	34,545,700	38,106,500

1	JOB	17,738,600	26,104,300
2	Temporary assistance for needy		
3	families employment transition		
4	program	9,000,000	9,000,000
5	Work-related transportation	3,302,200	3,302,200
6	Wheels to work program	2,000,000	2,000,000
7	Tax credit promotion	400,000	400,000
8	Employment retention and job skills	1,000,000	1,000,000
9	Young father mentoring	1,000,000	1,000,000
10	Post-employment training	1,938,900	1,938,900
11	Rural technical business assistance	200,000	200,000
12	Workforce investment act programs	<u>47,875,000</u>	<u>47,875,000</u>
13	Total - employment and rehabilitation		
14	services	\$244,500,400	\$260,205,900
15	Fund sources:		
16	State general fund	\$ 42,940,600	\$ 42,979,900
17	Federal temporary assistance		
18	for needy families block grant	94,083,900	108,769,000
19	Federal child care and development		
20	fund block grant	56,967,500	57,479,900
21	Special administration fund	1,085,000	1,085,000
22	Spinal and head injury trust fund	1,548,400	1,673,300
23	Workforce investment act grant	47,875,000	47,875,000
24	Federal reed act grant	- 0 -	343,800

25 It is the intent of the legislature that \$33,917,000 of federal
 26 temporary assistance for needy families block grant monies be transferred by
 27 the department of economic security on an as needed basis in fiscal year
 28 1999-2000 and \$37,620,200 of federal temporary assistance for needy families
 29 block grant monies be transferred by the department of economic security on
 30 an as needed basis in fiscal year 2000-2001 to the federal child care and
 31 development fund block grant, and the monies to be transferred are
 32 appropriated for day care subsidy and transitional child care. The
 33 department of economic security shall report any use of untransferred federal
 34 temporary assistance for needy families block grant monies to the director
 35 of the joint legislative budget committee.

36 It is the intent of the legislature that the \$17,738,600 appropriated
 37 for JOBS in fiscal year 1999-2000 and the \$26,104,300 appropriated for JOBS
 38 in fiscal year 2000-2001 may be used to support nonpermanent and seasonal
 39 positions to fulfill federal program requirements when contracts for services
 40 cannot be established with outside parties. The use of such positions shall
 41 be reported to the director of the joint legislative budget committee.

42 All federal workforce investment act funds that are received by the
 43 state in excess of \$47,875,000 in fiscal year 1999-2000 and \$47,875,000 in
 44 fiscal year 2000-2001 are appropriated to the workforce investment act

1 programs special line item. Excess monies may not be spent until a proposed
 2 expenditure plan for the excess monies has been reviewed by the joint
 3 legislative budget committee.

4 Of the \$91,227,000 appropriated for day care subsidy in fiscal year
 5 1999-2000 and \$94,451,000 in fiscal year 2000-2001, \$57,895,200 in fiscal
 6 years 1999-2000 and 2000-2001 are for a program in which the upper income
 7 limit is one hundred sixty-five per cent of the 1998 federal poverty level.
 8 This provision may not be construed to impose a duty on an officer, agent or
 9 employee of the state to discharge a responsibility or to create any right
 10 in a person or group if the discharge or right would require an expenditure
 11 of state monies in excess of the \$57,895,200 appropriation in fiscal year
 12 1999-2000 and \$57,895,200 appropriation in fiscal year 2000-2001.

13 All spinal and head injury trust fund receipts received by the
 14 department of economic security in excess of \$1,673,300 in fiscal year
 15 2000-2001 are appropriated to the independent living rehabilitation service
 16 special line item. Before the expenditure of any spinal and head injury
 17 trust fund receipts in excess of \$1,673,300 in fiscal year 2000-2001, the
 18 department of economic security shall submit the intended use of the monies
 19 for review by the joint legislative budget committee.

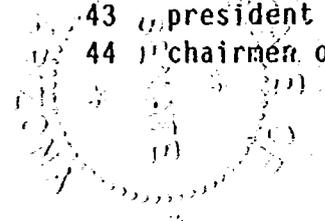
20	Agencywide general fund		
21	lump sum reduction	- 0 -	(14,948,600)
22	Agencywide general fund		
23	operating budget lump sum		
24	reduction	(1,573,800)	(1,573,800)

25 By July 1, 1999, the department of economic security shall report to
 26 the joint legislative budget committee its plan for implementing the
 27 \$1,573,800 lump sum reduction to the operating budget in fiscal year
 28 1999-2000. The department of economic security shall make a similar report
 29 for fiscal year 2000-2001 by July 1, 2000.

30			
31	Total appropriation - department of		
32	economic security	\$812,378,000	\$816,292,800
33	Fund sources:		
34	State general fund	\$431,742,500	\$428,906,400
35	Other appropriated funds	380,635,500	387,386,400

36 The above appropriation is in addition to funds granted to the state
 37 by the federal government for the same purposes but shall be deemed to
 38 include the sums deposited in the state treasury to the credit of the
 39 department of economic security, pursuant to section 42-5029, Arizona Revised
 40 Statutes.

41 A monthly report comparing total expenditures for the month and
 42 year-to-date as compared to prior year totals shall be forwarded to the
 43 president of the senate, the speaker of the house of representatives, the
 44 chairman of the senate and house appropriations committees and the director



1 of the joint legislative budget committee by the twenty-fifth of the
2 following month. The report shall include an estimate of (1) potential
3 shortfalls in entitlement programs, (2) potential federal and other funds,
4 such as the statewide assessment for indirect costs, and any projected
5 surplus in state supported programs that may be available to offset these
6 shortfalls, and a plan, if necessary, for eliminating any shortfall without
7 a supplemental appropriation, (3) shortfalls resulting from new leases or
8 renegotiation of current leases and associated costs, and (4) total
9 expenditure authority of the child support enforcement program for the month
10 and year-to-date as compared to prior year totals.

11 The department of economic security shall report the receipt and
12 intended use of all current and prior year reversions from nonappropriated
13 sources to the joint legislative budget committee.

14 For each appropriation containing federal temporary assistance for
15 needy families block grant monies, the appropriations shall be reduced in
16 fiscal year 1999-2000 by two per cent of the temporary assistance for needy
17 families block grant portion of the appropriations if the federal fiscal year
18 1999-2000 federal budget maintains temporary assistance for needy families
19 supplemental grant funding at federal fiscal year 1998-1999 levels. For each
20 appropriation containing federal temporary assistance for needy families
21 block grant monies, the appropriations shall be reduced in fiscal year
22 2000-2001 by two per cent of the temporary assistance for needy families
23 block grant portion of the appropriations if the federal fiscal year
24 2000-2001 federal budget maintains temporary assistance for needy families
25 supplemental grant funding at federal fiscal year 1998-1999 levels.

26 Notwithstanding any other requirements of this section, up to
27 \$2,374,400 of the monies appropriated to the department of economic security
28 for fiscal year 1999-2000 may be used to pay outstanding claims for the
29 long-term care system fund for fiscal year 1998-1999. The total expenditure
30 authority for fiscal year 1999-2000 shall be increased by the amount of the
31 expenditures made.

32 The department of economic security shall apply to the federal
33 government for a revised, higher capitation rate for long-term care services
34 provided by the department for federal fiscal year 1998-1999. The Arizona
35 health care cost containment system shall assist the department of economic
36 security in its efforts to secure a revised, higher capitation rate based on
37 claims data experience. By July 1, 2000, the department of economic security
38 shall report to the directors of the joint legislative budget committee staff
39 and the governor's office of strategic planning and budgeting on its efforts
40 to increase the capitation rate received from the federal government for
41 long-term care services for federal fiscal year 1998-1999.

1 Sec. 19. Laws 2001, chapter 273, section 1 is amended to read:

2 Section 1. Appropriation; purpose; exemption

3 A. Notwithstanding section 36-2922, Arizona Revised Statutes, the sum
4 of \$2,500,000 is appropriated from the medical services stabilization fund
5 established pursuant to section 36-2922, Arizona Revised Statutes, in each
6 of the fiscal years YEAR 2001-2002 and 2002-2003 to the department of health
7 services for dollar-for-dollar matching grants from the private sector for
8 starting costs for establishment of the Arizona mental health research
9 institute as a state of the art, multi-disciplinary and multi-institutional
10 research institute to improve mental health services, research and education
11 in this state.

12 B. Applicants for grants shall apply to the director of the department
13 of health services. The department shall only consider applicants that are
14 established as nonprofit entities and have agreements with public
15 universities and research centers that are located in this state.

16 C. Due to the matching monies requirement, expenditure of monies
17 appropriated pursuant to subsection A of this section is exempt from the
18 provisions of title 41, chapter 23, Arizona Revised Statutes, relating to
19 procurement procedures.

20 D. Each grant recipient shall commission an independent audit to
21 evaluate the expenditure of the grant monies. The grant recipient shall
22 submit a copy of the audit and a report of the recipient's progress on
23 raising monies to the department of health services on or before July 1,
24 2005.

25 E. The ~~appropriations~~ APPROPRIATION made in subsection A of this
26 section ~~are~~ IS exempt from the provisions of section 35-190, Arizona Revised
27 Statutes, relating to lapsing of appropriations, except that monies remaining
28 unexpended and unencumbered on June 30, 2005 revert to the medical services
29 stabilization fund.

30 Sec. 20. Laws 2001, chapter 344, section 100 is amended to read:

31 Sec. 100. County uncompensated care contribution

32 A. Notwithstanding any law to the contrary, in fiscal year 2001-2002,
33 beginning with the second monthly distribution of transaction privilege tax
34 revenues, the state treasurer shall withhold the following amounts from state
35 transaction privilege revenues otherwise distributable, after any amounts
36 withheld for the county long-term care contribution or the county
37 administration contribution pursuant to section 11-292, subsection P, Arizona
38 Revised Statutes, for deposit in the Arizona health care cost containment
39 system fund established by section 36-2913, Arizona Revised Statutes, and
40 allocated to hospitals for uncompensated care:

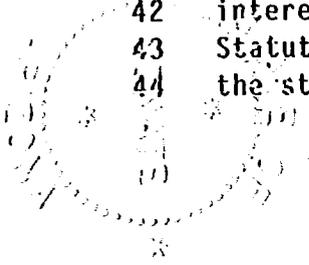
- 41 1. Apache, \$47,000.
42 2. Cochise, \$87,700.
43 3. Coconino, \$86,500.
44 4. Gila, \$35,500.

- 1 5. Graham, \$25,200.
- 2 6. Greenlee, \$6,500.
- 3 7. La Paz, \$13,400.
- 4 8. Maricopa, \$2,076,400.
- 5 9. Mohave, \$100,900.
- 6 10. Navajo, \$66,100.
- 7 11. Pima, \$601,200.
- 8 12. Pinal, \$117,600.
- 9 13. Santa Cruz, \$27,800.
- 10 14. Yavapai, \$111,100.
- 11 15. Yuma, \$99,100.

12 B. Notwithstanding any law to the contrary, for fiscal year 2002-2003,
13 beginning with the second monthly distribution of transaction privilege tax
14 revenues, the state treasurer shall withhold the following amounts from state
15 transaction privilege revenues otherwise distributable, after any amounts
16 withheld for the county long-term care contribution or the county
17 administration contribution pursuant to section 11-292, subsection P, Arizona
18 Revised Statutes, for deposit in the Arizona health care cost containment
19 system fund established by section 36-2913, Arizona Revised Statutes, and
20 ~~allocated to hospitals for uncompensated care~~ FOR THE PROVISION OF
21 HOSPITALIZATION AND MEDICAL CARE:

- 22 1. Apache, \$87,300.
- 23 2. Cochise, \$162,700.
- 24 3. Coconino, \$160,500.
- 25 4. Gila, \$65,900.
- 26 5. Graham, \$46,800.
- 27 6. Greenlee, \$12,000.
- 28 7. La Paz, \$24,900.
- 29 8. Maricopa, \$3,853,800.
- 30 9. Mohave, \$187,400.
- 31 10. Navajo, \$122,800.
- 32 11. Pima, \$1,115,900.
- 33 12. Pinal, \$218,300.
- 34 13. Santa Cruz, \$51,600.
- 35 14. Yavapai, \$206,200.
- 36 15. Yuma, \$183,900.

37 C. If a county does not provide funding as specified in subsection A
38 or B of this section, the state treasurer shall subtract the amount owed to
39 the Arizona health care cost containment system fund by the county from any
40 payments required to be made by the state treasurer to that county pursuant
41 to section 42-5029, subsection D, paragraph 2, Arizona Revised Statutes, plus
42 interest on that amount pursuant to section 44-1201, Arizona Revised
43 Statutes, retroactive to the first day the funding was due. If the monies
44 the state treasurer withholds are insufficient to meet that county's funding



1 requirement as specified in subsection A of this section, the state treasurer
2 shall withhold from any other monies payable to that county from whatever
3 state funding source is available an amount necessary to fulfill that
4 county's requirement. The state treasurer shall not withhold distributions
5 from the highway user revenue fund pursuant to title 28, chapter 18, article
6 2, Arizona Revised Statutes.

7 D. Payment of an amount equal to one-twelfth of the total monies
8 prescribed pursuant to subsection A or B of this section shall be made to the
9 state treasurer on or before the fifth day of each month. On request from
10 the director of the Arizona health care cost containment system
11 administration, the state treasurer shall require that up to three months'
12 payments be made in advance, if necessary.

13 E. The state treasurer shall deposit the monies paid pursuant to
14 subsection D of this section in the Arizona health care cost containment
15 system fund established by section 36-2913, Arizona Revised Statutes.

16 ~~F. Subject to legislative appropriation, in fiscal years 2001-2002 and~~
17 ~~2002-2003, the Arizona health care cost containment system administration~~
18 ~~shall distribute the amounts withheld pursuant to subsection A or B of this~~
19 ~~section to each private hospital based on the private hospital's relative~~
20 ~~share of the total amount the administration paid for nonobstetric adult~~
21 ~~hospital emergency care based on the most current year for which this~~
22 ~~information is available.~~

23 F. IN FISCAL YEAR 2002-2003, THE SUM OF \$6,500,000 WITHHELD PURSUANT
24 TO SUBSECTION B OF THIS SECTION IS ALLOCATED FOR THE COUNTY ACUTE CARE
25 CONTRIBUTION FOR THE PROVISION OF HOSPITALIZATION AND MEDICAL CARE SERVICES
26 ADMINISTERED BY THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
27 ADMINISTRATION.

28 Sec. 21. Repeal

29 The following are repealed:

- 30 1. Laws 2001, chapter 344, section 123.
- 31 2. Laws 2001, chapter 344, section 124.
- 32 3. Laws 2001, first special session, chapter 1, section 11.
- 33 4. Laws 2001, first special session, chapter 1, section 12.
- 34 5. Laws 2001, second special session, chapter 7, section 22.
- 35 6. Laws 2001, second special session, chapter 7, section 24.

36 Sec. 22. Withholding state shared revenues; fiscal year
37 2002-2003

38 A. Based on the distribution of disproportionate share funding to
39 county operated hospitals made pursuant to section 36-2903.01, subsection P,
40 Arizona Revised Statutes, for fiscal year 2002-2003, the staff director of
41 the joint legislative budget committee shall compute amounts to be withheld
42 from transaction privilege tax revenues for counties with a population of at
43 least five hundred thousand persons in accordance with subsection B of this
44 section.

1 B. Notwithstanding section 42-5029, subsection C, paragraph 2, Arizona
2 Revised Statutes, beginning with the first monthly distribution of
3 transaction privilege tax revenues and at the direction of the governor, the
4 state treasurer shall withhold an amount totaling \$125,179,900 from state
5 transaction privilege tax revenues otherwise distributable, after any amounts
6 withheld for the county long-term care contribution for fiscal year 2002-2003
7 from counties with a population of at least five hundred thousand persons.
8 Amounts withheld from individual counties under this subsection shall be
9 determined pursuant to subsection A of this section.

10 C. In addition to the amount specified in subsection B of this
11 section, the state treasurer may also withhold transaction privilege tax
12 revenues in fiscal year 2003-2004 if amounts withheld pursuant to subsection
13 B of this section for fiscal year 2002-2003 were insufficient.

14 D. If changes in federal policies regarding the disproportionate share
15 funding to county operated hospitals reduces payment levels below the amount
16 specified in the fiscal year 2002-2003 general appropriations act, the
17 governor, after consultation with chairpersons of the house and senate
18 appropriations committees, may direct the state treasurer to suspend
19 withholdings of transaction privilege tax revenues specified in subsection
20 B of this section to accommodate the federal policy change.

21 Sec. 23. County expenditure limitations; disproportionate
22 share; fiscal year 2002-2003 adjustment formula

23 A. As a result of the transfer of funding for disproportionate share
24 health services, as provided in this act, from the counties to the state and
25 federal governments for fiscal year 1991-1992 through fiscal year 2002-2003
26 the economic estimates commission shall decrease the base limit of each
27 county in which the county hospital receives state and federal
28 disproportionate share payments in fiscal year 2002-2003 as follows:

29 1. Divide the amount of the state and federal disproportionate share
30 payments received by the county hospital in fiscal year 2002-2003 by the GDP
31 price deflator, as defined in section 41-563, Arizona Revised Statutes, for
32 the same fiscal year used to calculate expenditure limitations for fiscal
33 year 2002-2003 and multiply the resulting quotient by the GDP price deflator
34 determined for fiscal year 1979-1980.

35 2. Divide the amount determined in paragraph 1 for fiscal year
36 2002-2003 by the population of the county, as defined in article IX, section
37 20, subsection (3), paragraph (f), Constitution of Arizona, for the same
38 fiscal year used to calculate expenditure limitations for fiscal year
39 2002-2003 and multiply the resulting quotient by the population of the county
40 for fiscal year 1979-1980.



1 B. The economic estimates commission shall adjust the county
2 expenditure limitations for fiscal year 2002-2003 based on this section. The
3 calculation shall use the same base limit of \$156,635,737 for Maricopa county
4 and \$93,755,872 for Pima county for the purpose of determining the
5 adjustment.

6 Sec. 24. County expenditure limitations; disproportionate
7 share; fiscal year 2003-2004

8 As a result of the elimination of the transfer of funding for
9 disproportionate share hospital services from the counties to the state and
10 federal governments beginning with fiscal year 2003-2004, the county
11 expenditure limitations shall be adjusted beginning with fiscal year
12 2003-2004. The economic estimates commission shall increase the base limit
13 of each county by the amount the base limit was decreased for fiscal year
14 2002-2003 pursuant to this act.

15 Sec. 25. Telecommunications and poison control funding;
16 2002-2003 fiscal year tax rates

17 Notwithstanding section 36-1947 and section 42-5252, subsection A,
18 paragraph 4, Arizona Revised Statutes, and notwithstanding any other tax
19 rate, for fiscal year 2002-2003, the tax rate levied under section 42-5252,
20 subsection A, paragraph 4, Arizona Revised Statutes, is one and one-tenth per
21 cent, of which eight-tenths of one per cent shall be deposited in the
22 telecommunications fund for the deaf established by section 36-1947, Arizona
23 Revised Statutes, and three-tenths of one per cent shall be deposited in the
24 poison control fund administered by the department of health services,
25 subject to legislative appropriation.

26 Sec. 26. Competency restoration treatment; reimbursement of
27 costs

28 A. If the state pays the costs of a defendant's inpatient competency
29 restoration treatment pursuant to section 13-4512, Arizona Revised Statutes,
30 the state shall require the county or city, as appropriate, to reimburse the
31 department of health services for eighty-six per cent of these costs for
32 fiscal year 2002-2003. The department shall deposit, pursuant to sections
33 35-146 and 35-147, Arizona Revised Statutes, the monies in the Arizona state
34 hospital fund established by section 36-545.08, Arizona Revised Statutes.

35 B. The county or city shall make the reimbursement for costs pursuant
36 to subsection A of this section within thirty days after a request. If the
37 county or city does not make the reimbursement, the superintendent of the
38 Arizona state hospital shall notify the state treasurer of the amount owed
39 and the treasurer shall withhold the amount, including any additional amount
40 as provided in section 42-1123, Arizona Revised Statutes, from any
41 transaction privilege tax distributions to the county or city. The treasurer
42 shall deposit, pursuant to sections 35-146 and 35-147, Arizona Revised
43 Statutes, the withholdings in the Arizona state hospital fund established by
44 section 36-545.08, Arizona Revised Statutes.

1 Sec. 27. Mental illness services monies; use; behavioral health

2 Notwithstanding section 36-503.02, Arizona Revised Statutes, in fiscal
3 year 2002-2003, the sum of \$2,000,000 from the serious mental illness
4 services fund shall be used for behavioral health in the department of health
5 services.

6 Sec. 28. Department of veterans' services; use of monies;
7 southern Arizona veterans' cemetery

8 Notwithstanding section 41-608.02, Arizona Revised Statutes, for fiscal
9 year 2002-2003, the Arizona department of veterans' services may use, as
10 necessary, an amount of not to exceed \$214,200 from the state veterans'
11 cemetery fund for the purposes of the opening and first year operations of
12 the Southern Arizona veterans' cemetery.

13 Sec. 29. Transfer of monies; medically needy account

14 Notwithstanding section 36-772, Arizona Revised Statutes, for fiscal
15 year 2002-2003, \$5,000,000 is transferred from the health education account
16 of the tobacco tax and health care fund to the medically needy account of the
17 tobacco tax and health care fund.

18 Sec. 30. AHCCCS withdrawals; purposes; transfer

19 Notwithstanding any other law, for fiscal year 2002-2003, the Arizona
20 health care cost containment system administration shall withdraw, as
21 necessary, the sum of \$97,689,300 from the medically needy account of the
22 tobacco tax and health care fund established by section 36-774, Arizona
23 Revised Statutes, subject to the availability of monies in the account for
24 the following purposes and the withdrawals shall be made before the
25 withdrawals for those purposes prescribed in section 36-2921, Arizona Revised
26 Statutes:

27 1. \$10,000,000 for state matching monies for private hospital
28 reimbursement.

29 2. \$4,552,400 to provide coverage for an extended maternity length of
30 stay of no less than forty-eight hours after a normal delivery or ninety-six
31 hours after a caesarean section.

32 3. \$1,349,600 to fund the cost of HIV/AIDS drug treatment and the
33 medical costs associated with the administration and monitoring of the
34 treatment.

35 4. \$31,445,300 for state matching monies for the Arizona health care
36 cost containment system acute care program.

37 5. \$5,000,000 to provide reinsurance for persons eligible for services
38 pursuant to section 36-2912, Arizona Revised Statutes.

39 6. \$500,000 for the purposes of expanding coverage under the Arizona
40 health care cost containment system and long-term care system for persons
41 with disabilities.

42 7. Up to \$32,025,000 to be deposited in the children's health
43 insurance program fund established by section 36-2995, Arizona Revised
44 Statutes, for state matching monies for the children's health insurance

1 program. Before the withdrawal of these monies, the administration shall
2 expend any medically needy account monies remaining in the children's health
3 insurance program fund from prior year appropriations.

4 8. \$1,000,000 to be transferred to the department of health services
5 for AIDS medications provided through the Arizona drug assistance program.

6 9. \$10,790,000 to be transferred to the department of health services
7 for psychotropic medications for seriously mentally ill persons who are not
8 eligible for title XIX. Of this amount, up to \$2,000,000 may be used for
9 nonseriously mentally ill services to non-title XIX clients.

10 10. \$477,000 to be transferred to the department of health services for
11 the Arizona statewide immunization information system.

12 11. \$350,000 to be transferred to the department of health services for
13 hepatitis C disease surveillance.

14 12. \$200,000 to be transferred to the department of health services to
15 reimburse local health departments pursuant to section 36-189, Arizona
16 Revised Statutes.

17 Sec. 31. Long-term care services; fiscal year 2002-2003

18 A. Notwithstanding section 11-292, subsection C, Arizona Revised
19 Statutes, for fiscal year 2002-2003, the state shall not pay fifty per cent
20 of the increase from the prior year in the total amount that is specified in
21 the annual appropriation as the nonfederal portion of the cost of providing
22 long-term care services, excluding services to the developmentally disabled,
23 for counties with a population of five hundred thousand persons or more.

24 B. For fiscal year 2002-2003, counties with a population of greater
25 than five hundred thousand persons shall pay one hundred per cent of that
26 county's portion of the increase in the nonfederal portion of the cost of
27 providing long-term care services, excluding services to the developmentally
28 disabled, as specified in subsection C of this section.

29 C. For fiscal year 2002-2003, the amount that counties with a
30 population of greater than five hundred thousand persons shall pay is equal
31 to the proportion that each county's net nonfederal expenditures for
32 long-term care services, excluding services to the developmentally disabled,
33 bears to the total nonfederal expenditure for all counties two fiscal years
34 earlier.

35 D. For fiscal year 2002-2003, for counties with a population of less
36 than five hundred thousand persons, the state shall pay fifty per cent of the
37 increase, as specified in section 11-292, subsection C, Arizona Revised
38 Statutes.

39 Sec. 32. Transfer of premium sharing enrollees

40 A. On or before September 30, 2002, the Arizona health care cost
41 containment system administration shall transfer any person who is enrolled
42 in the premium sharing program established by section 36-2923.01, Arizona
43 Revised Statutes, into a federally funded program authorized under title 36,
44 chapter 29, Arizona Revised Statutes, if the person is eligible for a

1 federally funded program. A person who was enrolled in the premium sharing
2 program and who is not eligible for a federally funded program may retain
3 eligibility if the person is enrolled in the premium sharing program before
4 October 1, 2002 and meets the following conditions:

5 1. Has gross household income of not more than two hundred fifty per
6 cent of the federal poverty guidelines or gross household income between two
7 hundred fifty per cent and four hundred per cent of the federal poverty
8 guidelines for persons who have a chronic condition as defined by the Arizona
9 health care cost containment system administration.

10 2. Pays the premiums and copayments as required by the Arizona health
11 care cost containment system administration.

12 3. Meets all of the other requirements prescribed under section
13 36-2923.01, Arizona Revised Statutes.

14 B. A redetermination of eligibility for any person who was transferred
15 pursuant to subsection A of this section shall be done at least annually and
16 shall be based on the requirements of section 36-2923.01, Arizona Revised
17 Statutes, except that income levels can be up to two hundred fifty per cent
18 of the federal poverty guidelines or between two hundred fifty per cent and
19 four hundred per cent of federal poverty guidelines for persons who have a
20 chronic condition.

21 C. If a person voluntarily loses eligibility pursuant to subsection
22 A of this section, the person cannot apply for coverage under section
23 36-2923.01, Arizona Revised Statutes, for at least twelve months after the
24 date of disenrollment or be considered for a renewal of eligibility pursuant
25 to this section. A person who involuntarily loses coverage pursuant to
26 this section may apply for eligibility pursuant to section 36-2923.01,
27 Arizona Revised Statutes, without a twelve month waiting period.

28 Sec. 33. Developmental disabilities published rate
29 implementation

30 A. Subject to the availability of funds, the department of economic
31 security shall implement a published rate system for community service
32 providers and independent service agreement providers contracting with the
33 division of developmental disabilities. Subject to the availability of
34 funds, the department shall phase in this system over a three-year period by
35 either raising or lowering provider rates, or both, and fully implement this
36 system by fiscal year 2004-2005.

37 B. If the department must renew contracts or establish new contracts
38 with existing providers with or during the implementation of a rate schedule
39 permitted by section 36-557, subsection K, Arizona Revised Statutes, the
40 department may consider the existing rates paid to those existing providers
41 in order to continue or begin implementation of the rate structure.

42 Sec. 34. Title XIX eligibility; appropriation

43 A. If the population defined in section 36-2901, paragraph 6,
44 subdivision (a), item (ii), Arizona Revised Statutes, exceeds the population

1 cap contained in the federal health insurance flexibility and accountability
2 demonstration initiative waiver, notwithstanding section 36-2901, paragraph
3 6, subdivision (a), item (ii), Arizona Revised Statutes, eligibility for
4 title XIX of the social security act for pregnant women shall be defined as
5 family income that does not exceed one hundred forty per cent of the federal
6 poverty guidelines.

7 B. The sum of \$233,300 is appropriated from the general fund and
8 \$466,700 in federal expenditure authority is appropriated to the Arizona
9 health care cost containment system in fiscal year 2002-2003 for the purposes
10 set forth in subsection A of this section.

11 Sec. 35. Exemption from rule making

12 A. The Arizona health care cost containment system administration is
13 exempt from the rule making requirements of title 41, chapter 6, Arizona
14 Revised Statutes, for one year from the effective date of this act to enact
15 the requirements of sections 36-2901, 36-2907, 36-2912, 36-2924, 36-2929,
16 36-2950 and 36-2983, Arizona Revised Statutes, as amended by this act, and
17 sections 36-2923, 36-2923.01, 36-2923.02 and 36-2981.01, Arizona Revised
18 Statutes, as added by this act.

19 B. The department of economic security is exempt from the rule making
20 requirements of title 41, chapter 6, Arizona Revised Statutes, for one year
21 from the effective date of this act to enact the requirements of section
22 46-233, Arizona Revised Statutes, as amended by this act.

23 C. The department of economic security is exempt from the rule making
24 requirements of title 41, chapter 6, Arizona Revised Statutes, for two years
25 after the effective date of this act to implement the provisions of Laws
26 2001, chapter 385, section 1, relating to procurement and Laws 2001, chapter
27 385, section 8 and the provisions of section 33 of this act relating to the
28 published rate system.

29 D. Before adopting a proposed rule, the administration and the
30 department shall each hold at least one public meeting in a county with a
31 population of five hundred thousand persons or more and at least one public
32 meeting in a county with a population of less than five hundred thousand
33 persons. The department shall hold a separate set of public hearings for
34 modifying the general assistance program and implementing the published rate
35 system.

36 Sec. 36. Effective date

37 Sections 36-2923, 36-2923.01, 36-2923.02 and 36-2923.03, Arizona
38 Revised Statutes, as added by this act, and section 36-2924, Arizona Revised
39 Statutes, as amended by this act, are effective from and after September 30,
40 2002.

~~THIS BILL HAVING REMAINED WITH THE GOVERNOR TEN DAYS, SUNDAYS EXCLUDED,
AFTER FINAL ADJOURNMENT OF THE LEGISLATURE, AND NOT HAVING BEEN FILED
WITH HIS OBJECTIONS, HAS BECOME A LAW THIS 4 DAY OF JUNE, 2002.~~

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 4, 2002.

Passed the House May 9, 2002

Passed the Senate May 22, 2002

by the following vote: 35 Ayes,

by the following vote: 18 Ayes,

22 Nays, 3 Not Voting

10 Nays, 2 Not Voting

[Signature]
Speaker of the House

[Signature]
President of the Senate

[Signature]
Assistant Chief Clerk of the House

[Signature]
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

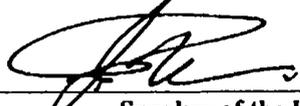
H.B. 2709

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

May 23, 2002,

by the following vote: 39 Ayes,

13 Nays, 8 Not Voting



Speaker of the House



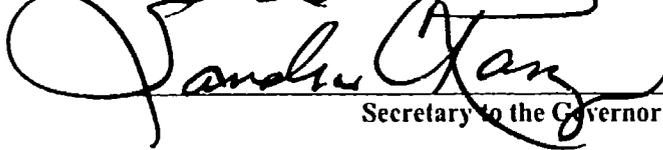
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

23 day of May, 2002

at 5:28 o'clock P M.



Secretary to the Governor

Approved this _____ day of

_____, 20____,

at _____ o'clock _____ M.

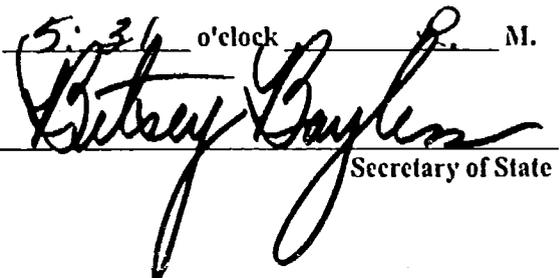
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 4 day of June, 2002

at 5:34 o'clock _____ M.



Secretary of State

H.B.2709