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FILED

**KEN BENNETT
SECRETARY OF STATE**

State of Arizona
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Second Regular Session
2012

CHAPTER 299

SENATE BILL 1528

AN ACT

AMENDING SECTIONS 35-142.01, 36-694, 36-2239 AND 36-2901.05, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 34, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-3415; AMENDING LAWS 2011, CHAPTER 31, SECTION 23; REPEALING LAWS 2011, CHAPTER 31, SECTION 34; MAKING A TRANSFER; RELATING TO HEALTH AND WELFARE 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 35-142.01, Arizona Revised Statutes, is amended to
3 read:

4 35-142.01. Reimbursement of appropriated funds; receipt and
5 deposit; prohibition

6 A. EXCEPT AS PROVIDED IN SUBSECTION B OF THIS SECTION, when monies are
7 appropriated to a budget unit for a specific program or purpose ~~which~~ THAT is
8 subject to reimbursement in whole or in part from federal monies or any other
9 source, and ~~which~~ THAT is so noted in the appropriation bill, the budget
10 unit, upon receipt of such reimbursement, shall deposit the monies, pursuant
11 to sections 35-146 and 35-147, in the state general fund or the fund from
12 which the appropriation was originally made. If the reimbursement is not
13 noted in the appropriation bill, it may be credited to the account out of
14 which the expenditure was incurred if the director of the budget unit
15 determines that reimbursement within the fiscal year is necessary for
16 operation of the budget unit and was not specifically considered and rejected
17 by the legislature at the time of appropriating monies to the budget unit.
18 The director of the budget unit shall notify the joint legislative budget
19 committee, the governor's office of strategic planning and budgeting and the
20 state comptroller in writing of determinations made pursuant to this section.

21 B. WHEN MONIES ARE APPROPRIATED TO THE ARIZONA HEALTH CARE COST
22 CONTAINMENT SYSTEM ADMINISTRATION OR THE DEPARTMENT OF HEALTH SERVICES AND
23 THE SPECIFIC PROGRAM OR PURPOSE FOR WHICH THE MONIES ARE APPROPRIATED IS
24 SUBJECT TO REIMBURSEMENT FOR RECONCILIATION PAYMENTS FROM OR PENALTIES
25 AGAINST PROGRAM CONTRACTORS OR HEALTH PLANS, THE DEPARTMENT OR
26 ADMINISTRATION, ON RECEIPT OF SUCH REIMBURSEMENT, SHALL DEPOSIT THE MONIES,
27 PURSUANT TO SECTIONS 35-146 AND 35-147, IN THE STATE GENERAL FUND OR THE FUND
28 FROM WHICH THE APPROPRIATION WAS ORIGINALLY MADE. THE ARIZONA HEALTH CARE
29 COST CONTAINMENT SYSTEM ADMINISTRATION AND THE DEPARTMENT OF HEALTH SERVICES
30 ARE PROHIBITED FROM ALLOWING RECONCILIATION PAYMENTS FROM OR PENALTIES
31 AGAINST PROGRAM CONTRACTORS OR HEALTH PLANS TO BE CREDITED AGAINST FUTURE
32 PAYMENTS TO THE PROGRAM CONTRACTOR OR HEALTH PLAN.

33 Sec. 2. Section 36-694, Arizona Revised Statutes, is amended to read:

34 36-694. Report of blood tests; newborn screening program;
35 committee; fee; definitions

36 A. When a birth or stillbirth is reported, the attending physician or
37 other person required to make a report of the birth shall state on the
38 certificate whether a blood test for syphilis was made on a specimen of blood
39 taken from the woman who bore the child or from the umbilical cord at
40 delivery, as required by section 36-693, and the approximate date when the
41 specimen was taken.

42 B. When a birth is reported the attending physician or person who is
43 required to make a report on the birth shall order or cause to be ordered
44 tests for certain congenital disorders. The results of tests for these
45 disorders must be reported to the department of health services. The

1 department of health services shall specify in rule the disorders, the
2 process for collecting and submitting specimens and the reporting
3 requirements for test results.

4 C. When a hearing test is performed on a newborn, the initial hearing
5 test results and any subsequent hearing test results must be reported to the
6 department of health services as prescribed by department rules.

7 D. The director of the department of health services shall establish a
8 newborn screening program within the department to ensure that the testing
9 for congenital disorders and the reporting of hearing test results required
10 by this section are conducted in an effective and efficient manner. The
11 newborn screening program shall include an education program for the general
12 public, the medical community, parents and professional groups. The director
13 shall designate the state laboratory as the only testing facility for the
14 program.

15 E. The newborn screening program shall establish and maintain a
16 central database of newborns and infants who are tested for hearing loss and
17 congenital disorders that includes information required in rule. Test
18 results are confidential subject to the disclosure provisions of sections
19 12-2801 and 12-2802.

20 F. If tests conducted pursuant to this section indicate that a
21 newborn or infant may have a hearing loss or a congenital disorder, the
22 screening program shall provide follow-up services to encourage the child's
23 family to access evaluation services, specialty care and early intervention
24 services.

25 G. The director shall establish a committee to provide recommendations
26 and advice to the department on at least an annual basis regarding tests that
27 the committee believes should be included in the newborn screening program.
28 Any recommendation by the committee that a test be added to the newborn
29 screening program shall be accompanied by a cost-benefit analysis.

30 H. The committee shall include the following members who are appointed
31 by the director and who serve without compensation or reimbursement of
32 expenses at the pleasure of the director:

33 1. Seven physicians who are licensed pursuant to title 32, chapter 13
34 or 17 and who represent the medical specialties of endocrinology, pediatrics,
35 neonatology, family practice, otology and obstetrics.

36 2. A neonatal nurse practitioner who is licensed and certified
37 pursuant to title 32, chapter 15.

38 3. An audiologist who is licensed pursuant to chapter 17, article 4 of
39 this title.

40 4. A representative of an agency that provides services under part C
41 of the individuals with disabilities education act.

42 5. At least one parent of a child with a hearing loss or a congenital
43 disorder.

44 6. A representative from the insurance industry familiar with health
45 care reimbursement issues.

1 7. The director of the Arizona health care cost containment system
2 ADMINISTRATION or the director's designee.

3 8. A representative of the hospital or health care industry.

4 I. The director may establish by rule a fee that the department may
5 collect for operation of the newborn screening program, including contracting
6 for the testing pursuant to this section. The fee for the first specimen and
7 hearing test shall not exceed thirty dollars. ~~The fee for the second
8 specimen and hearing test shall not exceed forty dollars.~~

9 J. For the purposes of this section:

10 1. "Infant" means a child who is twenty-nine days of age to two years
11 of age.

12 2. "Newborn" means a child who is not more than twenty-eight days of
13 age.

14 Sec. 3. Section 36-2239, Arizona Revised Statutes, is amended to read:
15 36-2239. Rates or charges of ambulance service

16 A. An ambulance service that applies for an adjustment in its rates or
17 charges shall automatically be granted a rate increase equal to the amount
18 determined under section 36-2234, subsection E, if the ambulance service is
19 so entitled. An automatic rate adjustment that is granted pursuant to this
20 subsection and that is filed on or before April 1 is effective June 1 of that
21 year. The department shall notify the applicant and each health care
22 services organization as defined in section 20-1051 of the rate adjustment on
23 or before May 1 of that year.

24 B. Notwithstanding subsection E of this section, if the department
25 does not hold a hearing within ninety days after an ambulance service submits
26 an application to the department for an adjustment of its rates or charges,
27 the ambulance service may adjust its rates or charges to an amount not to
28 exceed the amount sought by the ambulance service in its application to the
29 department. An ambulance service shall not apply for an adjustment of its
30 rates or charges more than once every six months.

31 C. At the time it holds a hearing on the rates or charges of an
32 ambulance service pursuant to section 36-2234, the department may adjust the
33 rates or charges adjusted by the ambulance service pursuant to subsection B
34 of this section, but the adjustment shall not be retroactive.

35 D. Except as provided in subsection H of this section, an ambulance
36 service shall not charge, demand or collect any remuneration for any service
37 greater or less than or different from the rate or charge determined and
38 fixed by the department as the rate or charge for that service. An ambulance
39 service may charge for disposable supplies, medical supplies and medication
40 and oxygen related costs if the charges do not exceed the manufacturer's
41 suggested retail price, are uniform throughout the ambulance service's
42 certificated area and are filed with the director. An ambulance service
43 shall not refund or limit in any manner or by any device any portion of the
44 rates or charges for a service which the department has determined and fixed
45 or ordered as the rate or charge for that service.

1 E. The department shall determine and render its decision regarding
2 all rates or charges within ninety days after commencement of the applicant's
3 hearing for an adjustment of rates or charges. If the department does not
4 render its decision as required by this subsection, the ambulance service may
5 adjust its rates and charges to an amount that does not exceed the amounts
6 sought by the ambulance service in its application to the department. If the
7 department renders a decision to adjust the rates or charges to an amount
8 less than that requested in the application and the ambulance service has
9 made an adjustment to its rates and charges that is higher than the
10 adjustment approved by the department, within thirty days after the
11 department's decision the ambulance service shall refund to the appropriate
12 ratepayer the difference between the ambulance service's adjusted rates and
13 charges and the rates and charges ordered by the department. The ambulance
14 service shall provide evidence to the department that the refund has been
15 made. If the ambulance service fails to comply with this subsection, the
16 director may impose a civil penalty subject to the limitations provided in
17 section 36-2245.

18 F. An ambulance service shall charge the advanced life support base
19 rate as prescribed by the director under any of the following circumstances:

20 1. A person requests an ambulance by dialing telephone number 911, or
21 a similarly designated telephone number for emergency calls, and the
22 ambulance service meets the following:

23 (a) The ambulance is staffed with at least one ambulance attendant.

24 (b) The ambulance is equipped with all required advanced life support
25 medical equipment and supplies for the advanced life support attendants in
26 the ambulance.

27 (c) The patient receives advanced life support services or is
28 transported by the advanced life support unit.

29 2. Advanced life support is requested by a medical authority or by the
30 patient.

31 3. The ambulance attendants administer one or more specialized
32 treatment activities or procedures as prescribed by the department by rule.

33 G. An ambulance service shall charge the basic life support base rate
34 as prescribed by the director under any of the following circumstances:

35 1. A person requests an ambulance by dialing telephone number 911, or
36 a similarly designated telephone number for emergency calls, and the
37 ambulance service meets the following:

38 (a) The ambulance is staffed with two ambulance attendants certified
39 by this state.

40 (b) The ambulance is equipped with all required basic life support
41 medical equipment and supplies for the basic life support medical attendants
42 in the ambulance.

43 (c) The patient receives basic life support services or is transported
44 by the basic life support unit.

1 2. Basic life support transportation or service is requested by a
2 medical authority or by the patient, unless any provision of subsection F of
3 this section applies, in which case the advanced life support rate shall
4 apply.

5 ~~H. For each contract year, the Arizona health care cost containment~~
6 ~~system administration and its contractors and subcontractors shall provide~~
7 ~~remuneration for ambulance services for persons who are enrolled in or~~
8 ~~covered by the Arizona health care cost containment system in an amount equal~~
9 ~~to eighty per cent of the amounts as prescribed by the department as of~~
10 ~~July 1 of each year for services specified in subsections F and G of this~~
11 ~~section and eighty per cent of the mileage charges as determined by the~~
12 ~~department as of July 1 of each year pursuant to section 36-2232. The~~
13 ~~Arizona health care cost containment system administration shall make annual~~
14 ~~adjustments to the Arizona health care cost containment system fee schedule~~
15 ~~according to the department's approved ambulance service rate in effect as of~~
16 ~~July 1 of each year. The rate adjustments made pursuant to this subsection~~
17 ~~are effective beginning October 1 of each year.~~

18 H. THIS SECTION DOES NOT APPLY TO REIMBURSEMENT BY THE ARIZONA HEALTH
19 CARE COST CONTAINMENT SYSTEM ADMINISTRATION OR ITS CONTRACTORS OR
20 SUBCONTRACTORS. THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
21 ADMINISTRATION OR ITS CONTRACTORS OR SUBCONTRACTORS SHALL PROVIDE
22 REIMBURSEMENT FOR AMBULANCE SERVICES UNDER CHAPTER 29, ARTICLE 1 OF THIS
23 TITLE.

24 I. In establishing rates and charges the director shall consider the
25 following factors:

26 1. The transportation needs assessment of the medical response system
27 in a political subdivision.

28 2. The medical care consumer price index of the United States
29 department of labor, bureau of labor statistics.

30 3. Whether a review is made by a local emergency medical services
31 coordinating system in regions where that system is designated as to the
32 appropriateness of the proposed service level.

33 4. The rate of return on gross revenue.

34 5. Response times pursuant to section 36-2232, subsection A,
35 paragraph 2.

36 J. Notwithstanding section 36-2234, an ambulance service may charge an
37 amount for medical assessment, equipment or treatment that exceeds the
38 requirements of section 36-2205 if requested or required by a medical
39 provider or patient.

40 K. Notwithstanding subsections D, F and G of this section, an
41 ambulance service may provide gratuitous services if an ambulance is
42 dispatched and the patient subsequently declines to be treated or
43 transported.

1 Sec. 6. Laws 2011, chapter 31, section 23 is amended to read:

2 Sec. 23. AHCCCS: disproportionate share payments; retroactivity

3 A. Disproportionate share payments for fiscal year 2011-2012 made
4 pursuant to section 36-2903.01, subsection P, Arizona Revised Statutes,
5 include:

6 1. \$55,507,900 for a qualifying nonstate operated public hospital.
7 The Maricopa county special health care district shall provide a certified
8 public expense form for the amount of qualifying disproportionate share
9 hospital expenditures made on behalf of this state to the administration on
10 or before May 1, 2012 for all state plan years as required by the Arizona
11 health care cost containment system 1115 waiver standard terms and
12 conditions. The administration shall assist the district in determining the
13 amount of qualifying disproportionate share hospital expenditures. Once the
14 administration files a claim with the federal government and receives federal
15 funds participation based on the amount certified by the Maricopa county
16 special health care district, if the certification is equal to or greater
17 than \$55,507,900, SUBJECT TO THE LIMIT SPECIFIED IN THIS PARAGRAPH, the
18 administration shall distribute \$4,202,300 to the Maricopa county special
19 health care district, DEPOSIT \$8,541,500 IN THE DEPARTMENT OF ECONOMIC
20 SECURITY LONG-TERM CARE SYSTEM FUND ESTABLISHED PURSUANT TO SECTION 36-2953,
21 ARIZONA REVISED STATUTES, and deposit the balance of the federal funds
22 participation in the state general fund. If the certification provided is
23 for an amount less than \$55,507,900, and the administration determines that
24 the revised amount is correct pursuant to the methodology used by the
25 administration pursuant to section 36-2903.01, Arizona Revised Statutes, the
26 administration shall notify the governor, the president of the senate and the
27 speaker of the house of representatives, shall distribute \$4,202,300 to the
28 Maricopa county special health care district and shall deposit the balance of
29 the federal funds participation in the state general fund. If the
30 certification provided is for an amount less than \$55,507,900 and the
31 administration determines that the revised amount is not correct pursuant to
32 the methodology used by the administration pursuant to section 36-2903.01,
33 Arizona Revised Statutes, the administration shall notify the governor, the
34 president of the senate and the speaker of the house of representatives and
35 shall deposit the total amount of the federal funds participation in the
36 state general fund. THE DISPROPORTIONATE SHARE HOSPITAL PAYMENT ATTRIBUTED
37 TO THE MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT SHALL NOT EXCEED
38 \$89,877,700.

39 2. \$28,474,900 for the Arizona state hospital. The Arizona state
40 hospital shall provide a certified public expense form for the amount of
41 qualifying disproportionate share hospital expenditures made on behalf of the
42 state to the administration on or before March 31, 2012. The administration
43 shall assist the Arizona state hospital in determining the amount of
44 qualifying disproportionate share hospital expenditures. Once the
45 administration files a claim with the federal government and receives federal

1 funds participation based on the amount certified by the Arizona state
2 hospital, the administration shall distribute the entire amount of federal
3 financial participation to the state general fund. If the certification
4 provided is for an amount less than \$28,474,900, the administration shall
5 notify the governor, the president of the senate and the speaker of the house
6 of representatives and shall distribute the entire amount of federal
7 financial participation to the state general fund. The certified public
8 expense form provided by the Arizona state hospital shall contain both the
9 total amount of qualifying disproportionate share hospital expenditures and
10 the amount limited by section 1923(g) of the social security act.

11 3. \$9,284,800 for private qualifying disproportionate share hospitals.
12 The Arizona health care cost containment system administration shall make
13 payments to hospitals consistent with this appropriation and the terms of the
14 section 1115 waiver, however, payments shall be limited to those hospitals
15 that either:

16 (a) Meet the mandatory definition of disproportionate share qualifying
17 hospitals under section 1923 of the social security act.

18 (b) Are located in Yuma county and contain at least three hundred
19 beds.

20 B. Disproportionate share payments in fiscal years 2010-2011 and
21 2011-2012 made pursuant to section 36-2903.01, subsection D, Arizona Revised
22 Statutes, include amounts for disproportionate share hospitals designated by
23 political subdivisions of this state, tribal governments and any university
24 under the jurisdiction of the Arizona board of regents. Contingent on
25 approval by the administration and the centers for medicare and Medicaid
26 services any amount of federal funding allotted to this state pursuant to
27 section 1923(f) of the social security act and not otherwise expended under
28 subsection A, paragraph 1, 2 or 3 of this section shall be made available for
29 distribution pursuant to this subsection. Political subdivisions of this
30 state, tribal governments and any university under the jurisdiction of the
31 Arizona board of regents may designate hospitals eligible to receive
32 disproportionate share funds in an amount up to the limit prescribed in
33 section 1923(g) of the social security act if those political subdivisions,
34 tribal governments or universities provide sufficient monies to qualify for
35 the matching federal monies for the disproportionate share payments.

36 C. THIS SECTION, AS AMENDED BY THIS ACT, APPLIES RETROACTIVELY TO FROM
37 AND AFTER MAY 31, 2012.

38 Sec. 7. Repeal

39 Laws 2011, chapter 31, section 34 is repealed.

40 Sec. 8. AHCCCS; rules; continuation

41 Any rules adopted by the Arizona health care cost containment system
42 administration implementing program changes pursuant to Laws 2011, chapter
43 31, section 34 shall continue in effect through December 31, 2013. After
44 December 31, 2013, the administration may not continue any program changes

1 made pursuant to Laws 2011, chapter 31, section 34 without specific statutory
2 authorization.

3 Sec. 9. ALTCS; county contributions; fiscal year 2012-2013

4 A. Notwithstanding section 11-292, Arizona Revised Statutes, county
5 contributions for the Arizona long-term care system for fiscal year 2012-2013
6 are as follows:

7	1. Apache	\$ 611,200
8	2. Cochise	\$ 5,266,800
9	3. Coconino	\$ 1,834,500
10	4. Gila	\$ 2,146,400
11	5. Graham	\$ 1,434,200
12	6. Greenlee	\$ 192,800
13	7. La Paz	\$ 625,200
14	8. Maricopa	\$148,533,600
15	9. Mohave	\$ 8,000,100
16	10. Navajo	\$ 2,529,300
17	11. Pima	\$ 39,316,400
18	12. Pinal	\$ 15,081,500
19	13. Santa Cruz	\$ 1,904,900
20	14. Yavapai	\$ 8,450,900
21	15. Yuma	\$ 7,292,700

22 B. If the overall cost for the Arizona long-term care system exceeds
23 the amount specified in the general appropriations act for fiscal year
24 2012-2013, the state treasurer shall collect from the counties the difference
25 between the amount specified in subsection A of this section and the
26 counties' share of the state's actual contribution. The counties' share of
27 the state contribution shall be in compliance with any federal maintenance of
28 effort requirements. The director of the Arizona health care cost
29 containment system administration shall notify the state treasurer of the
30 counties' share of the state's contribution and report the amount to the
31 director of the joint legislative budget committee. The state treasurer
32 shall withhold from any other monies payable to that county from whatever
33 state funding source is available an amount necessary to fulfill that
34 county's requirement specified in this subsection. The state treasurer shall
35 not withhold distributions from the highway user revenue fund pursuant to
36 title 28, chapter 18, article 2, Arizona Revised Statutes. The state
37 treasurer shall deposit the amounts withheld pursuant to this subsection and
38 amounts paid pursuant to subsection A of this section in the long-term care
39 system fund established by section 36-2913, Arizona Revised Statutes.

40 Sec. 10. Sexually violent persons; county reimbursement; fiscal
41 year 2012-2013; deposit; tax withholding

42 A. Notwithstanding any other law, if this state pays the costs of a
43 commitment of an individual determined to be sexually violent by the court,
44 the county shall reimburse the department of health services for fifty per
45 cent of these costs for fiscal year 2012-2013.

1 B. The department of health services shall deposit the reimbursements,
2 pursuant to sections 35-146 and 35-147, Arizona Revised Statutes, in the
3 Arizona state hospital fund established by section 36-545.08, Arizona Revised
4 Statutes.

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

15 D. Notwithstanding any other law, a county may meet any statutory
16 funding requirements of this section from any source of county revenue
17 designated by the county, including funds of any countywide special taxing
18 district in which the board of supervisors serves as the board of directors.

19 E. County contributions made pursuant to this section are excluded
20 from the county expenditure limitations.

21 Sec. 11. Competency restoration treatment; city and county
22 reimbursement; fiscal year 2012-2013; deposit; tax
23 withholding

24 A. Notwithstanding section 13-4512, Arizona Revised Statutes, if this
25 state pays the costs of a defendant's inpatient competency restoration
26 treatment pursuant to section 13-4512, Arizona Revised Statutes, the city or
27 county shall reimburse the department of health services for one hundred per
28 cent of these costs for fiscal year 2012-2013.

29 B. The department of health services shall deposit the reimbursements,
30 pursuant to sections 35-146 and 35-147, Arizona Revised Statutes, in the
31 Arizona state hospital fund established by section 36-545.08, Arizona Revised
32 Statutes.

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

44 D. Notwithstanding any other law, a county may meet any statutory
45 funding requirements of this section from any source of county revenue

1 designated by the county, including funds of any countywide special taxing
2 district in which the board of supervisors serves as the board of directors.

3 E. County contributions made pursuant to this section are excluded
4 from the county expenditure limitations.

5 Sec. 12. State employee health benefits

6 For fiscal year 2012-2013, the department of administration shall not
7 implement a differentiated health insurance premium based on the integrated
8 or nonintegrated status of a health insurance provider available through the
9 state employee health insurance program.

10 Sec. 13. AHCCCS: disproportionate share payments

11 A. Disproportionate share payments for fiscal year 2012-2013 made
12 pursuant to section 36-2903.01, subsection 0, Arizona Revised Statutes,
13 include:

14 1. \$89,877,700 for a qualifying nonstate operated public hospital.
15 The Maricopa county special health care district shall provide a certified
16 public expense form for the amount of qualifying disproportionate share
17 hospital expenditures made on behalf of this state to the administration on
18 or before May 1, 2013 for all state plan years as required by the Arizona
19 health care cost containment system 1115 waiver standard terms and
20 conditions. The administration shall assist the district in determining the
21 amount of qualifying disproportionate share hospital expenditures. Once the
22 administration files a claim with the federal government and receives federal
23 funds participation based on the amount certified by the Maricopa county
24 special health care district, if the certification is equal to or less than
25 \$89,877,700, and the administration determines that the revised amount is
26 correct pursuant to the methodology used by the administration pursuant to
27 section 36-2903.01, Arizona Revised Statutes, the administration shall notify
28 the governor, the president of the senate and the speaker of the house of
29 representatives, shall distribute \$4,202,300 to the Maricopa county special
30 health care district and shall deposit the balance of the federal funds
31 participation in the state general fund. If the certification provided is
32 for an amount less than \$89,877,700 and the administration determines that
33 the revised amount is not correct pursuant to the methodology used by the
34 administration pursuant to section 36-2903.01, Arizona Revised Statutes, the
35 administration shall notify the governor, the president of the senate and the
36 speaker of the house of representatives and shall deposit the total amount of
37 the federal funds participation in the state general fund. The
38 disproportionate share hospital payment attributed to the Maricopa county
39 special health care district shall not exceed \$89,877,700.

40 2. \$28,474,900 for the Arizona state hospital. The Arizona state
41 hospital shall provide a certified public expense form for the amount of
42 qualifying disproportionate share hospital expenditures made on behalf of the
43 state to the administration on or before March 31, 2013. The administration
44 shall assist the Arizona state hospital in determining the amount of
45 qualifying disproportionate share hospital expenditures. Once the

1 administration files a claim with the federal government and receives federal
2 funds participation based on the amount certified by the Arizona state
3 hospital, the administration shall distribute the entire amount of federal
4 financial participation to the state general fund. If the certification
5 provided is for an amount less than \$28,474,900, the administration shall
6 notify the governor, the president of the senate and the speaker of the house
7 of representatives and shall distribute the entire amount of federal
8 financial participation to the state general fund. The certified public
9 expense form provided by the Arizona state hospital shall contain both the
10 total amount of qualifying disproportionate share hospital expenditures and
11 the amount limited by section 1923(g) of the social security act.

12 3. \$9,284,800 for private qualifying disproportionate share hospitals.
13 The Arizona health care cost containment system administration shall make
14 payments to hospitals consistent with this appropriation and the terms of the
15 section 1115 waiver, however, payments shall be limited to those hospitals
16 that either:

17 (a) Meet the mandatory definition of disproportionate share qualifying
18 hospitals under section 1923 of the social security act.

19 (b) Are located in Yuma county and contain at least three hundred
20 beds.

21 B. Disproportionate share payments in fiscal year 2012-2013 made
22 pursuant to section 36-2903.01, subsection D, Arizona Revised Statutes,
23 include amounts for disproportionate share hospitals designated by political
24 subdivisions of this state, tribal governments and any university under the
25 jurisdiction of the Arizona board of regents. Contingent on approval by the
26 administration and the centers for medicare and medicaid services, any amount
27 of federal funding allotted to this state pursuant to section 1923(f) of the
28 social security act and not otherwise expended under subsection A, paragraph
29 1, 2 or 3 of this section shall be made available for distribution pursuant
30 to this subsection. Political subdivisions of this state, tribal governments
31 and any university under the jurisdiction of the Arizona board of regents may
32 designate hospitals eligible to receive disproportionate share funds in an
33 amount up to the limit prescribed in section 1923(g) of the social security
34 act if those political subdivisions, tribal governments or universities
35 provide sufficient monies to qualify for the matching federal monies for the
36 disproportionate share payments.

37 Sec. 14. AHCCCS transfer; counties; federal monies

38 On or before December 31, 2013, notwithstanding any other law, for
39 fiscal year 2012-2013 the Arizona health care cost containment system
40 administration shall transfer to the counties such portion, if any, as may be
41 necessary to comply with section 10201(c)(6) of the patient protection and
42 affordable care act (P.L. 111-148), regarding the counties' proportional
43 share of the state's contribution.

1 Sec. 15. County acute care contribution; fiscal year 2012-2013

2 A. Notwithstanding section 11-292, Arizona Revised Statutes, for
3 fiscal year 2012-2013 for the provision of hospitalization and medical care,
4 the counties shall contribute the following amounts:

5	1. Apache	\$ 268,800
6	2. Cochise	\$ 2,214,800
7	3. Coconino	\$ 742,900
8	4. Gila	\$ 1,413,200
9	5. Graham	\$ 536,200
10	6. Greenlee	\$ 190,700
11	7. La Paz	\$ 212,100
12	8. Maricopa	\$20,225,200
13	9. Mohave	\$ 1,237,700
14	10. Navajo	\$ 310,800
15	11. Pima	\$14,951,800
16	12. Pinal	\$ 2,715,600
17	13. Santa Cruz	\$ 482,800
18	14. Yavapai	\$ 1,427,800
19	15. Yuma	\$ 1,325,100

20 B. If a county does not provide funding as specified in subsection A
21 of this section, the state treasurer shall subtract the amount owed by the
22 county to the Arizona health care cost containment system fund and the
23 long-term care system fund established by section 36-2913, Arizona Revised
24 Statutes, from any payments required to be made by the state treasurer to
25 that county pursuant to section 42-5029, subsection D, paragraph 2, Arizona
26 Revised Statutes, plus interest on that amount pursuant to section 44-1201,
27 Arizona Revised Statutes, retroactive to the first day the funding was due.
28 If the monies the state treasurer withholds are insufficient to meet that
29 county's funding requirements as specified in subsection A of this section,
30 the state treasurer shall withhold from any other monies payable to that
31 county from whatever state funding source is available an amount necessary to
32 fulfill that county's requirement. The state treasurer shall not withhold
33 distributions from the highway user revenue fund pursuant to title 28,
34 chapter 18, article 2, Arizona Revised Statutes.

35 C. Payment of an amount equal to one-twelfth of the total amount
36 determined pursuant to subsection A of this section shall be made to the
37 state treasurer on or before the fifth day of each month. On request from
38 the director of the Arizona health care cost containment system
39 administration, the state treasurer shall require that up to three months'
40 payments be made in advance, if necessary.

41 D. The state treasurer shall deposit the amounts paid pursuant to
42 subsection C of this section and amounts withheld pursuant to subsection B of
43 this section in the Arizona health care cost containment system fund and the
44 long-term care system fund established by section 36-2913, Arizona Revised
45 Statutes.

1 E. If payments made pursuant to subsection C of this section exceed
 2 the amount required to meet the costs incurred by the Arizona health care
 3 cost containment system for the hospitalization and medical care of those
 4 persons defined as an eligible person pursuant to section 36-2901, paragraph
 5 6, subdivisions (a), (b) and (c), Arizona Revised Statutes, the director of
 6 the Arizona health care cost containment system administration may instruct
 7 the state treasurer either to reduce remaining payments to be paid pursuant
 8 to this section by a specified amount or to provide to the counties specified
 9 amounts from the Arizona health care cost containment system fund and the
 10 long-term care system fund.

11 F. It is the intent of the legislature that the Maricopa county
 12 contribution pursuant to subsection A of this section be reduced in each
 13 subsequent year according to the changes in the GDP price deflator. For the
 14 purposes of this subsection, "GDP price deflator" has the same meaning
 15 prescribed in section 41-563, Arizona Revised Statutes.

16 Sec. 16. Hospitalization and medical care contribution; fiscal
 17 year 2012-2013

18 A. Notwithstanding any other law, for fiscal year 2012-2013, beginning
 19 with the second monthly distribution of transaction privilege tax revenues,
 20 the state treasurer shall withhold one-eleventh of the following amounts from
 21 state transaction privilege tax revenues otherwise distributable, after any
 22 amounts withheld for the county long-term care contribution or the county
 23 administration contribution pursuant to section 11-292, subsection O, Arizona
 24 Revised Statutes, for deposit in the Arizona health care cost containment
 25 system fund established by section 36-2913, Arizona Revised Statutes, for the
 26 provision of hospitalization and medical care:

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

41 B. If the monies the state treasurer withholds are insufficient to
 42 meet that county's funding requirement as specified in subsection A of this
 43 section, the state treasurer shall withhold from any other monies payable to
 44 that county from whatever state funding source is available an amount
 45 necessary to fulfill that county's requirement. The state treasurer shall

1 not withhold distributions from the highway user revenue fund pursuant to
2 title 28, chapter 18, article 2, Arizona Revised Statutes.

3 C. On request from the director of the Arizona health care cost
4 containment system administration, the state treasurer shall require that up
5 to three months' payments be made in advance.

6 D. In fiscal year 2012-2013, the sum of \$2,646,200 withheld pursuant
7 to subsection A of this section is allocated for the county acute care
8 contribution for the provision of hospitalization and medical care services
9 administered by the Arizona health care cost containment system
10 administration.

11 E. County contributions made pursuant to this section are excluded
12 from the county expenditure limitations.

13 Sec. 17. Proposition 204 administration; county expenditure
14 limitation

15 County contributions for the administrative costs of implementing
16 sections 36-2901.01 and 36-2901.04, Arizona Revised Statutes, that are made
17 pursuant to section 11-292, subsection O, Arizona Revised Statutes, are
18 excluded from the county expenditure limitations.

19 Sec. 18. AHCCCS; ambulance services; reimbursement

20 Notwithstanding section 36-2239, subsection H, Arizona Revised
21 Statutes, for dates of service on and after October 1, 2012 through September
22 30, 2013, the Arizona health care cost containment system administration and
23 its contractors shall reimburse ambulance service providers in an amount
24 equal to 68.59 per cent of the amounts prescribed by the department of health
25 services.

26 Sec. 19. AHCCCS; hospital reimbursement inflation adjustment
27 freeze

28 For the contract year beginning October 1, 2012, notwithstanding
29 section 36-2903.01, subsection G, paragraph 3, Arizona Revised Statutes, and
30 any rules adopted to implement that provision, the Arizona health care cost
31 containment system administration may elect to not adjust outpatient hospital
32 fee schedule rates by any inflation index.

33 Sec. 20. AHCCCS; reimbursement rates; reduction authority

34 Notwithstanding any other law, for rates effective October 1, 2012
35 through September 30, 2013, the Arizona health care cost containment system
36 administration may continue the five per cent reduction in payments for
37 institutional and noninstitutional services that was in effect on October
38 1, 2011.

39 Sec. 21. AHCCCS; risk contingency rate setting

40 Notwithstanding any other law, for the contract year beginning
41 October 1, 2012 and ending September 30, 2013, the Arizona health care cost
42 containment system administration may continue the risk contingency rate
43 setting for all managed care organizations and the funding for all managed
44 care organizations administrative funding levels that was imposed for the
45 contract year beginning October 1, 2010 and ending September 30, 2011.

1 Sec. 22. AHCCCS; social security administration; medicare
2 liability waiver

3 The Arizona health care cost containment system may participate in any
4 special disability workload 1115 demonstration waiver offered by the centers
5 for medicare and medicaid services. Any credits provided by the 1115
6 demonstration waiver process are to be used in the fiscal year when such
7 credits are made available to fund the state share of any medical assistance
8 expenditures that qualify for federal financial participation under the
9 medicaid program. The Arizona health care cost containment system
10 administration shall report the receipt of any credits to the director of the
11 joint legislative budget committee by December 31, 2012 and June 30, 2013.

12 Sec. 23. AHCCCS; federal funding; hospitals; rule making
13 exemption

14 A. The Arizona health care cost containment system administration is
15 authorized to apply for and receive from the centers for medicare and
16 medicaid services additional federal financial participation monies for
17 trauma centers, emergency departments and rural hospitals in this state until
18 January 1, 2014.

19 B. The Arizona health care cost containment system administration is
20 exempt from the rule making requirements of title 41, chapter 6, Arizona
21 Revised Statutes, until October 1, 2012, for the implementation of this
22 section.

23 Sec. 24. AHCCCS; community health centers; prescription drugs;
24 rule making exemption

25 The Arizona health care cost containment system administration is
26 exempt from the rule making requirements of title 41, chapter 6, Arizona
27 Revised Statutes, until October 1, 2012, for the revision of the
28 reimbursement methodology for community health center prescription drug
29 costs.

30 Sec. 25. AHCCCS; ambulance rates; rule making exemption

31 The Arizona health care cost containment system administration is
32 exempt from the rule making requirements of title 41, chapter 6, Arizona
33 Revised Statutes, until December 31, 2012, for the revision of ambulance
34 provider rates.

35 Sec. 26. Department of health services; health research
36 account; Alzheimer's disease research

37 Notwithstanding section 36-773, Arizona Revised Statutes, the
38 department of health services may use monies in the health research account
39 established by section 36-773, Arizona Revised Statutes, in an amount
40 specified in the general appropriations act for Alzheimer's disease research.

41 Sec. 27. Department of economic security; long-term care system
42 fund; fiscal year 2012-2013

43 Notwithstanding section 36-2953, Arizona Revised Statutes, the
44 department of economic security may use monies in the long-term care system

1 fund established pursuant to section 36-2953, Arizona Revised Statutes, for
2 any operational or programmatic expenses in fiscal year 2012-2013.

3 Sec. 28. Child care assistance eligibility; notification

4 Notwithstanding section 46-803, Arizona Revised Statutes, for fiscal
5 year 2012-2013, the department of economic security may reduce maximum income
6 eligibility levels for child care assistance in order to manage within
7 appropriated and available monies. The department of economic security shall
8 notify the joint legislative budget committee of any change in maximum income
9 eligibility levels for child care within fifteen days after implementing the
10 change.

11 Sec. 29. Department of economic security; drug testing; TANF
12 cash benefits recipients

13 During fiscal year 2012-2013, the department of economic security shall
14 screen and test each adult recipient who is otherwise eligible for temporary
15 assistance for needy families cash benefits and who the department has
16 reasonable cause to believe engages in the illegal use of controlled
17 substances. Any recipient who is found to have tested positive for the use
18 of a controlled substance that was not prescribed for the recipient by a
19 licensed health care provider is ineligible to receive benefits for a period
20 of one year.

21 Sec. 30. Dental self-insurance; review

22 For fiscal year 2012-2013, prior to self-insuring a dental plan as
23 authorized by section 38-651, Arizona Revised Statutes, the department of
24 administration shall submit a plan for dental self-insurance to the joint
25 legislative budget committee for review. The plan shall include an analysis
26 of the costs and benefits associated with switching to self-insurance
27 compared to other insurance options, including the options in place at the
28 time of the change.

29 Sec. 31. AHCCCS; dental contractor compliance

30 The Arizona health care cost containment system administration shall
31 monitor contractor compliance and performance requirements in the provision
32 of covered dental services to eligible members.

33 Sec. 32. Intent; implementation of program

34 It is the intent of the legislature that for fiscal year 2012-2013 the
35 Arizona health care cost containment system administration implement a
36 program within the available appropriation.

37 Sec. 33. Intent; false claims act; savings

38 It is the intent of the legislature that the Arizona health care cost
39 containment system administration comply with the federal false claims act
40 and maximize savings in, and continue to consider best available technologies
41 in detecting fraud in, the administration's programs.

42 Sec. 34. Intent; outpatient hospital fee schedule rates

43 It is the intent of the legislature that the Arizona health care cost
44 containment system administration revise its rules to eliminate automatic
45 adjustments to outpatient hospital fee schedule rates by any inflation index.

1 Sec. 35. Intent: capitation rate increases

2 It is the intent of the legislature that the Arizona health care cost
3 containment system administration capitation rate increases not exceed three
4 per cent in fiscal years 2013-2014 and 2014-2015.

APPROVED BY THE GOVERNOR MAY 7, 2012.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 8, 2012.

Passed the House May 1, 20 12,

by the following vote: 41 Ayes,
19 Nays, 0 Not Voting

[Signature]
Speaker of the House

Cheryl Laube
Chief Clerk of the House

Passed the Senate May 1, 20 12,

by the following vote: 20 Ayes,
10 Nays, 0 Not Voting

[Signature]
President of the Senate

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this
1 day of May, 20 12,
at 7:15 o'clock P M.

[Signature]
Secretary to the Governor

Approved this 7th day of
May, 20 12,

at 3:55 o'clock P. M.

[Signature]
Governor of Arizona

S.B. 1528

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this 8th day of May, 20 12

at 8:25 o'clock A M.
[Signature]
Secretary of State