



STATE OF ARIZONA
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY
GOVERNOR

EXECUTIVE OFFICE

March 28, 2020

The Honorable Katie Hobbs
Secretary of State
1700 W. Washington, 7th Floor
Phoenix, AZ 85007

Dear Secretary Hobbs:

I am transmitting to you the following bills from the Fifty-fourth Legislature, 2nd Regular Session, which I signed on March 28th, 2020:

- H.B. 2902 K-12 education; budget reconciliation; 2020-2021 (Bowers)
- H.B. 2903 higher education; budget reconciliation; 2020-2021 (Bowers)
- S.B. 1683 criminal justice; budget reconciliation; 2020-2021. (Fann)
- S.B. 1684 revenue; budget reconciliation; 2020-2021. (Fann)
- S.B. 1687 human services; budget reconciliation; 2020-2021. (Fann)
- S.B. 1688 health; budget reconciliation; 2020-2021. (Fann)
- S.B. 1689 environment; budget reconciliation; 2020-2021. (Fann)
- S.B. 1690 budget procedures; budget reconciliation; 2020-2021. (Fann)
- S.B. 1691 capital outlay; appropriations; 2020-2021. (Fann)
- S.B. 1692 general appropriations act; 2020-2021. (Fann)

Sincerely,

A handwritten signature in black ink that reads "Douglas A. Ducey".

Douglas A. Ducey
Governor
State of Arizona

cc: Senate Secretary
Chief Clerk of the House of Representatives
Arizona News Service

Senate Engrossed
FILED
KATIE HOBBS
SECRETARY OF STATE

State of Arizona
Senate
Fifty-fourth Legislature
Second Regular Session
2020

CHAPTER 54
SENATE BILL 1688

AN ACT

APPROPRIATING MONIES; RELATING TO HEALTH BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. ALTCs; county contributions; fiscal year 2020-2021

3 A. Notwithstanding section 11-292, Arizona Revised Statutes, county
4 contributions for the Arizona long-term care system for fiscal year
5 2020-2021 are as follows:

6	1. Apache	\$ 696,200
7	2. Cochise	\$ 5,181,000
8	3. Coconino	\$ 2,090,300
9	4. Gila	\$ 2,519,200
10	5. Graham	\$ 1,745,100
11	6. Greenlee	\$ 3,900
12	7. La Paz	\$ 716,100
13	8. Maricopa	\$196,891,500
14	9. Mohave	\$ 9,763,200
15	10. Navajo	\$ 2,881,800
16	11. Pima	\$ 47,415,800
17	12. Pinal	\$ 14,431,100
18	13. Santa Cruz	\$ 2,402,000
19	14. Yavapai	\$ 9,074,300
20	15. Yuma	\$ 10,060,500

21 B. If the overall cost for the Arizona long-term care system
22 exceeds the amount specified in the general appropriations act for fiscal
23 year 2020-2021, the state treasurer shall collect from the counties the
24 difference between the amount specified in subsection A of this section
25 and the counties' share of the state's actual contribution. The counties'
26 share of the state's contribution must comply with any federal maintenance
27 of effort requirements. The director of the Arizona health care cost
28 containment system administration shall notify the state treasurer of the
29 counties' share of the state's contribution and report the amount to the
30 director of the joint legislative budget committee. The state treasurer
31 shall withhold from any other monies payable to a county from whatever
32 state funding source is available an amount necessary to fulfill that
33 county's requirement specified in this subsection. The state treasurer
34 may not withhold distributions from the Arizona highway user revenue fund
35 pursuant to title 28, chapter 18, article 2, Arizona Revised Statutes.
36 The state treasurer shall deposit the amounts withheld pursuant to this
37 subsection and amounts paid pursuant to subsection A of this section in
38 the long-term care system fund established by section 36-2913, Arizona
39 Revised Statutes.

40 Sec. 2. AHCCCS; disproportionate share payments; fiscal year
41 2020-2021

42 A. Disproportionate share payments for fiscal year 2020-2021 made
43 pursuant to section 36-2903.01, subsection 0, Arizona Revised Statutes,
44 include:

1 1. \$113,818,500 for a qualifying nonstate operated public hospital.
2 The Maricopa county special health care district shall provide a certified
3 public expense form for the amount of qualifying disproportionate share
4 hospital expenditures made on behalf of this state to the Arizona health
5 care cost containment system administration on or before May 1, 2021 for
6 all state plan years as required by the Arizona health care cost
7 containment system section 1115 waiver standard terms and conditions. The
8 administration shall assist the district in determining the amount of
9 qualifying disproportionate share hospital expenditures. Once the
10 administration files a claim with the federal government and receives
11 federal financial participation based on the amount certified by the
12 Maricopa county special health care district, if the certification is
13 equal to or less than \$113,818,500 and the administration determines that
14 the revised amount is correct pursuant to the methodology used by the
15 administration pursuant to section 36-2903.01, Arizona Revised Statutes,
16 the administration shall notify the governor, the president of the senate
17 and the speaker of the house of representatives, shall distribute
18 \$4,202,300 to the Maricopa county special health care district and shall
19 deposit the balance of the federal financial participation in the state
20 general fund. If the certification provided is for an amount less than
21 \$113,818,500 and the administration determines that the revised amount is
22 not correct pursuant to the methodology used by the administration
23 pursuant to section 36-2903.01, Arizona Revised Statutes, the
24 administration shall notify the governor, the president of the senate and
25 the speaker of the house of representatives and shall deposit the total
26 amount of the federal financial participation in the state general fund.
27 If the certification provided is for an amount greater than \$113,818,500,
28 the administration shall distribute \$4,202,300 to the Maricopa county
29 special health care district and shall deposit \$75,812,100 of the federal
30 financial participation in the state general fund. The administration may
31 make additional disproportionate share hospital payments to the Maricopa
32 county special health care district pursuant to section 36-2903.01,
33 subsection P, Arizona Revised Statutes, and subsection B of this section.

34 2. \$28,474,900 for the Arizona state hospital. The Arizona state
35 hospital shall provide a certified public expense form for the amount of
36 qualifying disproportionate share hospital expenditures made on behalf of
37 this state to the administration on or before March 31, 2021. The
38 administration shall assist the Arizona state hospital in determining the
39 amount of qualifying disproportionate share hospital expenditures. Once
40 the administration files a claim with the federal government and receives
41 federal financial participation based on the amount certified by the
42 Arizona state hospital, the administration shall deposit the entire amount
43 of federal financial participation in the state general fund. If the
44 certification provided is for an amount less than \$28,474,900, the
45 administration shall notify the governor, the president of the senate and

1 the speaker of the house of representatives and shall deposit the entire
2 amount of federal financial participation in the state general fund. The
3 certified public expense form provided by the Arizona state hospital must
4 contain both the total amount of qualifying disproportionate share
5 hospital expenditures and the amount limited by section 1923(g) of the
6 social security act.

7 3. \$884,800 for private qualifying disproportionate share
8 hospitals. The Arizona health care cost containment system administration
9 shall make payments to hospitals consistent with this appropriation and
10 the terms of the section 1115 waiver, but payments are limited to those
11 hospitals that either:

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

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

16 B. After the distributions made pursuant to subsection A of this
17 section, the allocations of disproportionate share hospital payments made
18 pursuant to section 36-2903.01, subsection P, Arizona Revised Statutes,
19 shall be made available first to qualifying private hospitals located
20 outside the Phoenix metropolitan statistical area and the Tucson
21 metropolitan statistical area before being made available to qualifying
22 hospitals within the Phoenix metropolitan statistical area and the Tucson
23 metropolitan statistical area.

24 Sec. 3. AHCCCS transfer; counties; federal monies; fiscal
25 year 2020-2021

26 On or before December 31, 2021, notwithstanding any other law, for
27 fiscal year 2020-2021 the Arizona health care cost containment system
28 administration shall transfer to the counties the portion, if any, as may
29 be necessary to comply with section 10201(c)(6) of the patient protection
30 and affordable care act (P.L. 111-148), regarding the counties'
31 proportional share of this state's contribution.

32 Sec. 4. County acute care contributions; fiscal year 2020-2021

33 A. Notwithstanding section 11-292, Arizona Revised Statutes, for
34 fiscal year 2020-2021 for the provision of hospitalization and medical
35 care, the counties shall contribute the following amounts:

36	1. Apache	\$ 268,800
37	2. Cochise	\$ 2,214,800
38	3. Coconino	\$ 742,900
39	4. Gila	\$ 1,413,200
40	5. Graham	\$ 536,200
41	6. Greenlee	\$ 190,700
42	7. La Paz	\$ 212,100
43	8. Maricopa	\$17,788,700
44	9. Mohave	\$ 1,237,700
45	10. Navajo	\$ 310,800

1	11. Pima	\$14,951,800
2	12. Pinal	\$ 2,715,600
3	13. Santa Cruz	\$ 482,800
4	14. Yavapai	\$ 1,427,800
5	15. Yuma	\$ 1,325,100

6 B. If a county does not provide funding as specified in subsection
7 A of this section, the state treasurer shall subtract the amount owed by
8 the county to the Arizona health care cost containment system fund and the
9 long-term care system fund established by section 36-2913, Arizona Revised
10 Statutes, from any payments required to be made by the state treasurer to
11 that county pursuant to section 42-5029, subsection D, paragraph 2,
12 Arizona Revised Statutes, plus interest on that amount pursuant to section
13 44-1201, Arizona Revised Statutes, retroactive to the first day the
14 funding was due. If the monies the state treasurer withholds are
15 insufficient to meet that county's funding requirements as specified in
16 subsection A of this section, the state treasurer shall withhold from any
17 other monies payable to that county from whatever state funding source is
18 available an amount necessary to fulfill that county's requirement. The
19 state treasurer may not withhold distributions from the Arizona highway
20 user revenue fund pursuant to title 28, chapter 18, article 2, Arizona
21 Revised Statutes.

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

28 D. The state treasurer shall deposit the amounts paid pursuant to
29 subsection C of this section and amounts withheld pursuant to subsection B
30 of this section in the Arizona health care cost containment system fund
31 and the long-term care system fund established by section 36-2913, Arizona
32 Revised Statutes.

33 E. If payments made pursuant to subsection C of this section exceed
34 the amount required to meet the costs incurred by the Arizona health care
35 cost containment system for the hospitalization and medical care of those
36 persons defined as an eligible person pursuant to section 36-2901,
37 paragraph 6, subdivisions (a), (b) and (c), Arizona Revised Statutes, the
38 director of the Arizona health care cost containment system administration
39 may instruct the state treasurer either to reduce remaining payments to be
40 paid pursuant to this section by a specified amount or to provide to the
41 counties specified amounts from the Arizona health care cost containment
42 system fund and the long-term care system fund established by section
43 36-2913, Arizona Revised Statutes.

44 F. The legislature intends that the Maricopa county contribution
45 pursuant to subsection A of this section be reduced in each subsequent

1 year according to the changes in the GDP price deflator. For the purposes
2 of this subsection, "GDP price deflator" has the same meaning prescribed
3 in section 41-563, Arizona Revised Statutes.

4 Sec. 5. Proposition 204 administration; exclusion; county
5 expenditure limitations

6 County contributions for the administrative costs of implementing
7 sections 36-2901.01 and 36-2901.04, Arizona Revised Statutes, that are
8 made pursuant to section 11-292, subsection 0, Arizona Revised Statutes,
9 are excluded from the county expenditure limitations.

10 Sec. 6. Competency restoration; exclusion; county expenditure
11 limitation

12 County contributions made pursuant to section 13-4512, Arizona
13 Revised Statutes, are excluded from the county expenditure limitations.

14 Sec. 7. AHCCCS; risk contingency rate setting

15 Notwithstanding any other law, for the contract year beginning
16 October 1, 2020 and ending September 30, 2021, the Arizona health care
17 cost containment system administration may continue the risk contingency
18 rate setting for all managed care organizations and the funding for all
19 managed care organizations administrative funding levels that were
20 imposed for the contract year beginning October 1, 2010 and ending
21 September 30, 2011.

22 Sec. 8. Department of health services; fees; increase;
23 intent; rulemaking exemption

24 A. Notwithstanding any other law, the director of the department of
25 health services may increase fees in fiscal year 2020-2021 for services
26 provided by the bureau of radiation control in fiscal year 2020-2021.

27 B. The legislature intends that the revenue generated by the fees
28 collected pursuant to subsection A of this section not exceed \$1,900,000.

29 C. The department of health services shall deposit monies received
30 from any fees increased pursuant to subsection A of this section in the
31 health services licensing fund established by section 36-414, Arizona
32 Revised Statutes.

33 D. The department of health services is exempt from the rulemaking
34 requirements of title 41, chapter 6, Arizona Revised Statutes, until
35 July 1, 2021 for the purpose of increasing fees pursuant to this section.

36 Sec. 9. Health services lottery monies fund; use; fiscal year
37 2020-2021

38 Notwithstanding sections 5-572 and 36-108.01, Arizona Revised
39 Statutes, monies in the health services lottery monies fund established by
40 section 36-108.01, Arizona Revised Statutes, may be used for the purposes
41 specified in the fiscal year 2020-2021 general appropriations act.

42 Sec. 10. Intent; implementation of program

43 The legislature intends that for fiscal year 2020-2021 the Arizona
44 health care cost containment system administration implement a program
45 within the available appropriation.

Passed the House March 23, 2020

Passed the Senate March 19, 2020

by the following vote: 32 Ayes,

by the following vote: 16 Ayes,

28 Nays, 0 Not Voting

14 Nays, 0 Not Voting

W. R. Boyce
Speaker of the House
Pro Tempore

Karen Farn
President of the Senate

Jim Drake
Chief Clerk of the House

Susan Owens
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

23rd day of March, 2020,

at 1:32 o'clock P M.

[Signature]
Secretary to the Governor

Approved this 28th day of

March, 2020,

at 12:41 o'clock P M.

Douglas H. Ducey
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 28th day of March, 2020,

at 2:00 o'clock P. M.

[Signature]
Secretary of State

S.B. 1688