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ABOUT THIS PUBLICATION

The paper copy of the Administrative Register (A.A.R.) is the official publication for rules and rulemaking activity in the state of Arizona.

Rulemaking is defined in Arizona Revised Statues known as the Arizona Administrative Procedure Act (APA), A.R.S. Title 41, Chapter 6, Articles 1 through 10.

The Office of the Secretary of State does not interpret or enforce rules published in the Arizona Administrative Register or Code. Questions should be directed to the state agency responsible for the promulgation of the rule as provided in its published filing.

The Register is cited by volume and page number. Volumes are published by calendar year with issues published weekly. Page numbering continues in each weekly issue.

In addition, the Register contains the full text of the Governor’s Executive Orders and Proclamations of general applicability, summaries of Attorney General opinions, notices of rules terminated by the agency, and the Governor’s appointments of state officials and members of state boards and commissions.

ABOUT RULES

Rules can be: made (all new text); amended (rules on file, changing text); repealed (removing text); or renumbered (moving rules to a different Section number). Rules activity published in the Register includes: proposed, final, emergency, expedited, and exempt rules as defined in the APA.

Rulemakings initiated under the APA as effective on and after January 1, 1995, include the full text of the rule in the Register. New rules in this publication (whether proposed or made) are denoted with underlining; repealed text is stricken.

WHERE IS A “CLEAN” COPY OF THE FINAL OR EXEMPT RULE PUBLISHED IN THE REGISTER?

The Arizona Administrative Code (A.A.C) contains the codified text of rules. The A.A.C. contains rules promulgated and filed by state agencies that have been approved by the Attorney General or the Governor’s Regulatory Review Council. The Code also contains rules exempt from the rulemaking process.

The printed Code is the official publication of a rule in the A.A.C., and is prima facie evidence of the making, amendment, or repeal of that rule as provided by A.R.S. § 41-1012. Paper copies of rules are available by full Chapter or by subscription. The Code is posted online for free.

LEGAL CITATIONS AND FILING NUMBERS

On the cover: Each agency is assigned a Chapter in the Arizona Administrative Code under a specific Title. Titles represent broad subject areas. The Title number is listed first; with the acronym A.A.C., which stands for the Arizona Administrative Code; following the Chapter number and Agency name, then program name. For example, the Secretary of State has rules on rulemaking in Title 1, Chapter 1 of the Arizona Administrative Code. The citation for this chapter is 1 A.A.C. 1, Secretary of State, Rules and Rulemaking.

Every document filed in the office is assigned a file number. This number, enclosed in brackets, is located at the top right of the published documents in the Register. The original filed document is available for 10 cents a page.
**Participate in the Process**

**Look for the Agency Notice**
Review (inspect) notices published in the *Arizona Administrative Register*. Many agencies maintain stakeholder lists and would be glad to inform you when they proposed changes to rules. Check an agency’s website and its newsletters for news about notices and meetings.

Feel like a change should be made to a rule and an agency has not proposed changes? You can petition an agency to make, amend, or repeal a rule. The agency must respond to the petition. (See A.R.S. § 41-1033)

**Attend a public hearing/meeting**
Attend a public meeting that is being conducted by the agency on a Notice of Proposed Rulemaking. Public meetings may be listed in the Preamble of a Notice of Proposed Rulemaking or they may be published separately in the *Register*. Be prepared to speak, attend the meeting, and make an oral comment.

An agency may not have a public meeting scheduled on the Notice of Proposed Rulemaking. If not, you may request that the agency schedule a proceeding. This request must be put in writing within 30 days after the published Notice of Proposed Rulemaking.

**Write the agency**
Put your comments in writing to the agency. In order for the agency to consider your comments, the agency must receive them by the close of record. The comment must be received within the 30-day comment timeframe following the *Register* publication of the Notice of Proposed Rulemaking.

You can also submit to the Governor’s Regulatory Review Council written comments that are relevant to the Council’s power to review a given rule (A.R.S. § 41-1052). The Council reviews the rule at the end of the rulemaking process and before the rules are filed with the Secretary of State.

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**Arizona Regular Rulemaking Process**

**START HERE**
APA, statute or ballot proposition is passed. It gives an agency authority to make rules.

It may give an agency an exemption to the process or portions thereof.

**Agency opens a docket.**
Agency files a Notice of Rulemaking Docket Opening; it is published in the *Register*. Often an agency will file the docket with the proposed rulemaking.

**Agency drafts proposed rule and Economic Impact Statement (EIS); informal public review/comment.**

**Agency files Notice of Proposed Rulemaking.**
Notice is published in the *Register*. Notice of meetings may be published in the *Register* or included in Preamble of Proposed Rulemaking.

Agency opens comment period.

**Agency decides not to proceed and does not file final rule with G.R.R.C. within one year after proposed rule is published. A.R.S. § 41-1021(A)(4).**

**Agency decides not to proceed and files Notice of Termination of Rulemaking for publication in the *Register*. A.R.S. § 41-1021(A)(2).**

**Agency files Notice of Supplemental Proposed Rulemaking. Notice published in *Register*.**

**Oral proceeding and close of record.** Comment period must last at least 30 days after publication of notice. Oral proceeding (hearing) is held no sooner than 30 days after publication of notice of hearing.

**Substantial change?**
If no change then

**Rule must be submitted for review or terminated within 120 days after the close of the record.**

**A final rulemaking package is submitted to G.R.R.C. or A.G. for review. Contains final preamble, rules, and Economic Impact Statement.**

**G.R.R.C. has 90 days to review and approve or return the rule package, in whole or in part; A.G. has 60 days.**

**After approval by G.R.R.C. or A.G., the rule becomes effective 60 days after filing with the Secretary of State (unless otherwise indicated).**

**Final rule is published in the *Register* and the quarterly *Code Supplement*.**
Definitions


**Arizona Administrative Register (A.A.R.):** The official publication that includes filed documents pertaining to Arizona rulemaking. Available online at www.azsos.gov.

**Administrative Procedure Act (APA):** A.R.S. Title 41, Chapter 6, Articles 1 through 10. Available online at www.azleg.gov.

**Arizona Revised Statutes (A.R.S.):** The statutes are made by the Arizona State Legislature during a legislative session. They are compiled by Legislative Council, with the official publication codified by Thomson West. Citations to statutes include Titles which represent broad subject areas. The Title number is followed by the Section number. For example, A.R.S. § 41-1001 is the definitions Section of Title 41 of the Arizona Administrative Procedures Act. The “§” symbol simply means “section.” Available online at www.azleg.gov.

**Chapter:** A division in the codification of the Code designating a state agency or, for a large agency, a major program.

**Close of Record:** The close of the public record for a proposed rulemaking is the date an agency chooses as the last date it will accept public comments, either written or oral.


**Docket:** A public file for each rulemaking containing materials related to the proceedings of that rulemaking. The docket file is established and maintained by an agency from the time it begins to consider making a rule until the rulemaking is finished. The agency provides public notice of the docket by filing a Notice of Rulemaking Docket Opening with the Office for publication in the Register.

**Economic, Small Business, and Consumer Impact Statement (EIS):** The EIS identifies the impact of the rule on private and public employment, on small businesses, and on consumers. It includes an analysis of the probable costs and benefits of the rule. An agency includes a brief summary of the EIS in its preamble. The EIS is not published in the Register but is available from the agency promulgating the rule. The EIS is also filed with the rulemaking package.

**Governor’s Regulatory Review (G.R.R.C.):** Reviews and approves rules to ensure that they are necessary and to avoid unnecessary duplication and adverse impact on the public. G.R.R.C. also assesses whether the rules are clear, concise, understandable, legal, consistent with legislative intent, and whether the benefits of a rule outweigh the cost.

**Incorporated by Reference:** An agency may incorporate by reference standards or other publications. These standards are available from the state agency with references on where to order the standard or review it online.

**Federal Register (FR):** The Federal Register is a legal newspaper published every business day by the National Archives and Records Administration (NARA). It contains federal agency regulations; proposed rules and notices; and executive orders, proclamations, and other presidential documents.

**Session Laws or “Laws”:** When an agency references a law that has not yet been codified into the Arizona Revised Statutes, use the word “Laws” is followed by the year the law was passed by the Legislature, followed by the Chapter number using the abbreviation “Ch.”, and the specific Section number using the Section symbol (§). For example, Laws 1995, Ch. 6, § 2. Session laws are available at www.azleg.gov.

**United States Code (U.S.C.):** The Code is a consolidation and codification by subject matter of the general and permanent laws of the United States. The Code does not include regulations issued by executive branch agencies, decisions of the federal courts, treaties, or laws enacted by state or local governments.

**Acronyms**

| A.A.C. | Arizona Administrative Code |
| A.A.R. | Arizona Administrative Register |
| APA | Administrative Procedure Act |
| A.R.S. | Arizona Revised Statutes |
| CFR | Code of Federal Regulations |
| EIS | Economic, Small Business, and Consumer Impact Statement |
| FR | Federal Register |
| G.R.R.C. | Governor’s Regulatory Review Council |

**About Preambles**

The Preamble is the part of a rulemaking package that contains information about the rulemaking and provides agency justification and regulatory intent. It includes reference to the specific statutes authorizing the agency to make the rule, an explanation of the rule, reasons for proposing the rule, and the preliminary Economic Impact Statement.

The information in the Preamble differs between rulemaking notices used and the stage of the rulemaking.
## Notices of Proposed Rulemaking

This section of the *Arizona Administrative Register* contains Notices of Proposed Rulemaking. A proposed rulemaking is filed by an agency upon completion and submittal of a Notice of Rulemaking Docket Opening. Often these two documents are filed at the same time and published in the same Register issue. When an agency files a Notice of Proposed Rulemaking under the *Administrative Procedure Act* (APA), the notice is published in the Register within three weeks of filing. See the publication schedule in the back of each issue of the *Register* for more information.

### NOTICE OF PROPOSED RULEMAKING

**TITLE 9. HEALTH SERVICES**<br>**CHAPTER 22. ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM (AHCCCS) ADMINISTRATION**

**PREAMBLE**

1. **Article, Part, or Section Affected (as applicable)**<br>   **Rulemaking Action**
   - R9-22-202  Amend
   - R9-22-303  Repeal
   - R9-22-703  Amend
   - R9-22-1202 Amend
   - R9-22-1501 Amend
   - R9-22-1910 Repeal

2. **Citations to the agency’s statutory rulemaking authority to include the authorizing statute (general) and the implementing statute (specific):**
   - Authorizing statutes: A.R.S. §§ 36-2903, 36-2903.01, 36-2932
   - Implementing statutes: A.R.S. §§ 36-2904, 36-2933

3. **Citations to all related notices published in the Register as specified in R1-1-409(A) that pertain to the record of the proposed rule:**
   - Notice of Rulemaking Docket Opening: 24 A.A.R. 353, February 16, 2018 *(in this issue)*

4. **The agency’s contact person who can answer questions about the rulemaking:**
   - **Name:** Nicole Fries
   - **Address:** AHCCCS, Office of Administrative Legal Services 701 E. Jefferson, Mail Drop 6200 Phoenix, AZ 85034
   - **Telephone:** (602) 417-4232
   - **Fax:** (602) 253-9115
   - **E-mail:** AHCCCSRules@azahcccs.gov
   - **Web site:** www.azahcccs.gov

5. **An agency’s justification and reason why a rule should be made, amended, repealed or renumbered, to include an explanation about the rulemaking:**
   - The Administration is in the process of requesting a waiver from the federal prior quarter coverage eligibility requirement. On the assumption that the waiver will be approved, AHCCCS is requesting authorization to initiate the process of repealing and amending rules regarding prior quarter coverage so that the change can be implemented expeditiously upon federal approval. Failure to amend and repeal these rules to conform to an approved waiver will result in continued expenditures by AHCCCS for the substantial administrative and operational costs associated with implementation of the prior quarter coverage eligibility process for the low percentage of AHCCCS members who qualify for prior quarter coverage eligibility. Because the prior quarter coverage eligibility process is resource-intensive, repealing prior quarter coverage eligibility will allow the Agency to utilize resources more effectively and efficiently.

   More specifically, 42 CFR 435.915 requires the Administration to provide Prior Quarter (PQ) eligibility. Prior quarter eligibility is when a person who applies for AHCCCS may also qualify for Title XIX eligibility in any one of the three previous months prior to application. While A.R.S. § 36-2903(A) provides that the system’s reimbursement responsibility is prospective from the date of
the eligibility determination, AHCCCS has implemented prior quarter coverage to ensure federal financial participation for Arizona’s Medicaid Program. Although AHCCCS had previously obtained federal approval waiving compliance from prior quarter coverage eligibility, as of January 1, 2014, AHCCCS was required by CMS to implement prior quarter eligibility. However, the Administration is seeking a new waiver from CMS so that the Administration is not required to provide Title XIX eligibility for any of the three previous months prior to the month of application.

6. **A reference to any study relevant to the rule that the agency reviewed and proposes either to rely on or not to rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**

A study was not referenced or relied upon when revising these regulations.

7. **A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:**

Not applicable.

8. **The preliminary summary of the economic, small business, and consumer impact:**

In fiscal year 2017, AHCCCS reimbursed providers for member expenses that met the qualification of prior quarter coverage to the cost of $21,347,700. A large portion of those funds come from the federal government, however $1,983,800 was from the State General Fund. If the rulemaking changes are made then that amount, or more, in savings would be returned to the state, as well additional savings for other political subdivisions that contribute to these funds, such as CMS and counties in Arizona.

9. **The agency’s contact person who can answer questions about the economic, small business and consumer impact statement:**

Name: Nicole Fries
Address: Office of Administrative Legal Services
701 E. Jefferson, Mail Drop 6200
Phoenix, AZ 85034
Telephone: (602) 417-4232
Fax: (602) 253-9115
E-mail: AHCCCSRules@azahcccs.gov
Web site: www.azahcccs.gov

10. **The time, place, and nature of the proceedings to make, amend, repeal, or renumber the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:**

Proposed rule language will be available on the AHCCCS website www.azahcccs.gov the week of January 29, 2018. Please send written or email comments to the above address by the close of the comment period, 5:00 p.m., March 16, 2018.

Date: March 16, 2018
Time: 2:00 p.m.
Location: AHCCCS
701 E. Jefferson
Phoenix, AZ 85034
Nature: Public Hearing

Date: March 16, 2018
Time: 2:00 p.m.
Location: ALTCS: Arizona Long-Term Care System
1010 N. Finance Center Dr., Suite 201
Tucson, AZ 85710
Nature: Public Hearing

Date: March 16, 2018
Time: 2:00 p.m.
Location: 2717 N. 4th St., Suite 130
Flagstaff, AZ 86004
Nature: Public Hearing

11. **All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:**

No other matters have been prescribed.

a. **Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:**

The rule does not require a permit.

b. **Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:**

The rule is not more stringent that the federal law, 42 CFR 435.915 because waivers to exempt the Administration from the federal law are allowable, the Administration has held such a waiver before, and the proposed rule would be less stringent than the federal law.

c. **Whether a person submitted an analysis to the agency that compares the rule’s impact of the competitiveness of business in this state to the impact on business in other states:**

Not applicable.
12. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rules:
Not applicable

13. The full text of the rules follows:

TITLE 9. HEALTH SERVICES
CHAPTER 22. ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM (AHCCCS) ADMINISTRATION

ARTICLE 2. SCOPE OF SERVICE

Section R9-22-202. General Requirements

ARTICLE 3. GENERAL ELIGIBILITY REQUIREMENTS

Section R9-22-303. Prior Quarter Eligibility

ARTICLE 7. STANDARD FOR PAYMENTS

Section R9-22-703. Payments by the Administration

ARTICLE 12. BEHAVIORAL HEALTH SERVICES

Section R9-22-1202. ADHS, Contractor, Administration and CRS Responsibilities

ARTICLE 15. AHCCCS MEDICAL COVERAGE FOR PEOPLE WHO ARE AGED, BLIND, OR DISABLED

Section R9-22-1501. General Information

ARTICLE 19. FREEDOM TO WORK

Section R9-22-1910. Prior Quarter Eligibility

ARTICLE 2. SCOPE OF SERVICE

R9-22-202. General Requirements

A. For the purposes of this Article, the following definitions apply:
   1. “Authorization” means written, verbal, or electronic authorization by:
      a. The Administration for services rendered to a fee-for-service member, or
      b. The contractor for services rendered to a prepaid capitated member.
   2. Use of the phrase “attending physician” applies only to the fee-for-service population.

B. In addition to other requirements and limitations specified in this Chapter, the following general requirements apply:
   1. Only medically necessary, cost effective, and federally reimbursable and state-reimbursable services are covered services.
   2. Covered services for the federal emergency services program (FESP) are under R9-22-217.
   3. The Administration or a contractor may waive the covered services referral requirements of this Article.
   4. Except as authorized by the Administration or a contractor, a primary care provider, attending physician, practitioner, or a dentist shall provide or direct the member’s covered services. Delegation of the provision of care to a practitioner does not diminish the role or responsibility of the primary care provider.
   5. A contractor shall offer a female member direct access to preventive and routine services from gynecology providers within the contractor’s network without a referral from a primary care provider.
   6. A member may receive physical and behavioral health services as specified in Articles 2 and 12.
   7. The Administration or a contractor shall provide services under the Section 1115 Waiver as defined in A.R.S. § 36-2901.
   8. An AHCCCS registered provider shall provide covered services within the provider’s scope of practice.
   9. In addition to the specific exclusions and limitations otherwise specified under this Article, the following are not covered:
      a. A service that is determined by the AHCCCS Chief Medical Officer to be experimental or provided primarily for the purpose of research;
      b. Services or items furnished gratuitously, and
      c. Personal care items except as specified under R9-22-212.
   10. Medical or behavioral health services are not covered services if provided to:
       a. An inmate of a public institution;
       b. A person who is in residence at an institution for the treatment of tuberculosis.

C. The Administration or a contractor may deny payment of non-emergency services if prior authorization is not obtained as specified in this Article and Article 7 of this Chapter. The Administration or a contractor shall not provide prior authorization for services unless the provider submits documentation of the medical necessity of the treatment along with the prior authorization request.

D. Services under A.R.S. § 36-2908 provided during the prior period coverage do not require prior authorization.
E. Prior authorization is not required for services necessary to evaluate and stabilize an emergency medical condition. The Administration or a contractor shall not reimburse services that require prior authorization unless the provider documents the diagnosis and treatment.

F. A service is not a covered service if provided outside the GSA unless one of the following applies:
   1. A member is referred by a primary care provider for medical specialty care outside the GSA. If a member is referred outside the GSA to receive an authorized medically necessary service, the contractor shall also provide all other medically necessary covered services for the member;
   2. There is a net savings in service delivery costs as a result of going outside the GSA that does not require undue travel time or hardship for a member or the member’s family;
   3. The contractor authorizes placement in a nursing facility located out of the GSA; or
   4. Services are provided during prior period coverage or during the prior quarter coverage.

G. If a member is traveling or temporarily residing outside of the GSA, covered services are restricted to emergency care services, unless otherwise authorized by the contractor.

H. A contractor shall provide at a minimum, directly or through subcontracts, the covered services specified in this Chapter and in contract.

I. The Administration shall determine the circumstances under which a FFS member may receive services, other than emergency services, from service providers outside the member’s county of residence or outside the state. Criteria considered by the Administration in making this determination shall include availability and accessibility of appropriate care and cost effectiveness.

J. The restrictions, limitations, and exclusions in this Article do not apply to a contractor electing to provide noncovered services.
   1. The Administration shall not consider the costs of providing a noncovered service to a member in the development or negotiation of a capitation rate.
   2. A contractor shall pay for noncovered services from administrative revenue or other contractor funds that are unrelated to the provision of services under this Chapter.
   3. If a member requests a service that is not covered or is not authorized by a contractor, or the Administration, an AHCCCS-registered service provider may provide the service according to R9-22-702.

K. Subject to CMS approval, the restrictions, limitations, and exclusions specified in the following subsections do not apply to American Indians receiving services through IHS or a tribal health program operating under P.L. 93-638 when those services are eligible for 100 percent federal financial participation:
   1. R9-22-205(A)(8),
   2. R9-22-206,
   3. R9-22-207,
   4. R9-22-212(C),
   5. R9-22-212(D),
   6. R9-22-212(E)(8),
   7. R9-22-215(C)(5), (C)(6), and

ARTICLE 3. GENERAL ELIGIBILITY REQUIREMENTS

R9-22-303. Prior Quarter Eligibility Repealed

A. Prior Quarter eligibility shall be effective no earlier than January 1, 2011. An applicant may be eligible during any of the three months prior to application if the applicant:
   1. Received one or more covered services described in 9 A.A.C. 22, Article 2 and Article 12, and 9 A.A.C. 28, Article 2 during the month; and
   2. Would have qualified for Medicaid at the time services were received if the person had applied regardless of whether the person is alive when the application is made.

B. The Prior Quarter requirements do not apply to:
   1. Qualified Medicare Beneficiaries
   2. KidsCare

ARTICLE 7. STANDARD FOR PAYMENTS

R9-22-703. Payments by the Administration

A. General requirements. A provider shall enter into a provider agreement with the Administration that meets the requirements of A.R.S. § 36-2904 and 42 CFR 431.107(b) as of October 1, 2012, which is incorporated by reference and on file with the Administration, and available from the U.S. Government Printing Office, Mail Stop: IDCC, 732 N. Capitol Street, NW, Washington, DC, 20401. This incorporation by reference contains no future editions or amendments.

B. Timely submission of claims.
   1. Under A.R.S. § 36-2904, the Administration shall deem a paper or electronic claim to be submitted on the date that it is received by the Administration. The Administration shall do one or more of the following for each claim it receives:
      a. Place a date stamp on the face of the claim,
      b. Assign a system-generated claim reference number, or
      c. Assign a system-generated date-specific number.
   2. Unless a shorter time period is specified in contract, the Administration shall not pay a claim for a covered service unless the claim is initially submitted within one of the following time limits, whichever is later:
      a. Six months from the date of service or for an inpatient hospital claim, six months from the date of discharge; or
      b. Six months from the date of eligibility posting.
3. Unless a shorter time period is specified in contract, the Administration shall not pay a clean claim for a covered service unless the claim is submitted within one of the following time limits, whichever is later:
   a. Twelve months from the date of service or for an inpatient hospital claim, 12 months from the date of discharge; or
   b. Twelve months from the date of eligibility posting.

4. Unless a shorter time period is specified in contract, the Administration shall not pay a claim submitted by an HIS or tribal facility for a covered service unless the claim is initially submitted within 12 months from the date of service, date of discharge, or eligibility posting, whichever is later.

C. Claims processing.
1. The Administration shall notify the AHCCCS-registered provider with a remittance advice when a claim is processed for payment.
2. The Administration shall reimburse a hospital for inpatient hospital admissions and outpatient hospital services rendered on or after March 1, 1993, as follows and in the manner and at the rate described in A.R.S. § 36-2903.01:
   a. If the hospital bill is paid within 30 days from the date of receipt, the claim is paid at 99 percent of the rate.
   b. If the hospital bill is paid between 30 and 60 days from the date of receipt, the claim is paid at 100 percent of the rate.
   c. If the hospital bill is paid after 60 days from the date of receipt, the claim is paid at 100 percent of the rate plus a fee of one percent per month for each month or portion of a month following the 60th day of receipt of the bill until date of payment.
3. A claim is paid on the date indicated on the disbursement check.
4. A claim is denied as of the date of the remittance advice.
5. The Administration shall process a hospital claim under this Article.

D. Prior authorization.
1. An AHCCCS-registered provider shall:
   a. Obtain prior authorization from the Administration for non-emergency hospital admissions, covered services as specified in Articles 2 and 12 of this Chapter, and for administrative days as described in R9-22-712.75,
   b. Notify the Administration of hospital admissions under Article 2 of this Chapter, and
   c. Make records available for review by the Administration upon request.
2. The Administration may deny a claim if the provider fails to comply with subsection (D)(1).
3. If the Administration issues prior authorization for an inpatient hospital admission, a specific service, or level of care but subsequent medical review indicates that the admission, the service, or level of care was not medically appropriate, the Administration shall adjust the claim payment.

E. Review of claims and coverage for hospital supplies.
1. The Administration may conduct prepayment and postpayment review of any claims, including but not limited to hospital claims.
2. Personal care items supplied by a hospital, including but not limited to the following, are not covered services:
   a. Patient care kit,
   b. Toothbrush,
   c. Toothpaste,
   d. Petroleum jelly,
   e. Deodorant,
   f. Septi soap,
   g. Razor or disposable razor,
   h. Shaving cream,
   i. Slippers,
   j. Mouthwash,
   k. Shampoo,
   l. Powder,
   m. Lotion,
   n. Comb, and
   o. Patient gown.
3. The following hospital supplies and equipment, if medically necessary and used by the member, are covered services:
   a. Arm board,
   b. Diaper,
   c. Underpad,
   d. Special mattress and special bed,
   e. Gloves,
   f. Wrist restraint,
   g. Limb holder,
   h. Disposable item used instead of a durable item,
   i. Universal precaution,
   j. Stat charge, and
   k. Portable charge.
4. The Administration shall determine in a hospital claims review whether services rendered were:
   a. Covered services as defined in Article 2;
   b. Medically necessary;
   c. Provided in the most appropriate, cost-effective, and least restrictive setting; and
   d. For claims with dates of admission on and after March 1, 1993, substantiated by the minimum documentation specified in A.R.S. § 36-2903.01.
Prior quarter reimbursement. A provider shall:

1. Accept payment received by the Administration as payment in full.
2. Bill the Administration for services provided during a prior quarter eligibility period upon verification of eligibility or upon notification from a member of AHCCCS eligibility.
3. Reimburse a member when payment has been received from the Administration for covered services during a prior quarter eligibility period. All funds paid by the member shall be reimbursed.
4. An AHCCCS-registered provider may file a claim dispute under 9 A.A.C. 34 if the AHCCCS-registered provider disagrees with a recoupment action.

For services subject to limitations or exclusions such as the number of hours, days, or visits covered as described in Article 2 of this Chapter, once the limit is reached the Administration will not reimburse the services.

Prior quarter reimbursement. A provider shall:

1. Bill the Administration for services provided during a prior quarter eligibility period upon verification of eligibility or upon notification from a member of AHCCCS eligibility.
2. Reimburse a member when payment has been received from the Administration for covered services during a prior quarter eligibility period. All funds paid by the member shall be reimbursed.
3. Accept payment received by the Administration as payment in full.

Payment for in-state inpatient hospital services for claims with discharge dates on or before September 30, 2014. The Administration shall reimburse an in-state provider of inpatient hospital services rendered with a discharge date on or before September 30, 2014, the prospective tiered-per diem amount in A.R.S. § 36-2903.01 and this Article.

Payment for out-of-state inpatient hospital services for claims with discharge dates on or before September 30, 2014. The Administration shall reimburse an out-of-state provider of inpatient hospital services rendered with a discharge date on or before September 30, 2014, for covered inpatient services by multiplying covered charges by the most recent statewide urban cost-to-charge ratio as determined in R9-22-712.01(6)(b).

Payment for inpatient hospital services for claims with discharge dates on and after October 1, 2014 regardless of admission date. The Administration shall reimburse a provider of inpatient hospital services rendered with a discharge date on or after October 1, 2014, the DRG rate established by the Administration.

The Administration may enter into contracts for the provisions of transplant services.

ARTICLE 12. BEHAVIORAL HEALTH SERVICES

R9-22-1202. ADHS, Contractor, Administration and CRS Responsibilities

A. ADHS responsibilities. ADHS is responsible for payment of behavioral health services provided to members, except as specified under subsection (D). ADHS’ responsibility for payment of behavioral health services includes claims for inpatient hospital services, which may include physical health services, when the principal diagnosis on the hospital claim is a behavioral health diagnosis. Behavioral health diagnoses are identified as “mental disorders” in the latest International Classification of Diseases (ICD) code set as required by AHCCCS claims and encounters.

B. ADHS/DBHS may contract with a TRBHA for the provision of behavioral health services for American Indian members. American Indian members may receive covered behavioral health services:

1. From an IHS or tribally operated 638 facility,
2. From a TRBHA, or
3. From a RBHA.

C. Contractor responsibilities. A contractor shall:

1. Refer a member to a RBHA under the contract terms;
2. Provide EPSDT developmental and behavioral health screening as specified in R9-22-213;
3. Coordinate a member’s transition of care and medical records; and
4. Be responsible for providing covered inpatient hospital services, which may include behavioral health inpatient hospital services, when the principal diagnosis on the hospital claim is not a behavioral health diagnosis.

D. Administration and CRS responsibilities.

1. The Administration shall be responsible for payment of behavioral health services provided to an ALTCS FFS or an FES member and for behavioral health services provided by IHS and tribally operated 638 facilities. The Administration is also responsible for payment of behavioral health services provided to these members during prior quarter coverage.
2. CRS shall be responsible for payment of behavioral health services provided to members enrolled with CRS.

ARTICLE 15. AHCCCS MEDICAL COVERAGE FOR PEOPLE WHO ARE AGED, BLIND, OR DISABLED

R9-22-1501. General Information

A. General. The Administration shall determine eligibility for AHCCCS medical coverage for the following applicants or members using the eligibility criteria and requirements in this Article:

1. A person who is aged, blind, or disabled and does not receive SSI cash; and
2. A person terminated from the SSI cash program under R9-22-1505.

B. Definitions. In addition to definitions contained in A.R.S. § 36-2901, the words and phrases in this Chapter have the following meanings unless the context explicitly requires another meaning:

“Aged” means a person who is 65 years of age or older as specified in 42 U.S.C. 1382c(a)(1)(A).
“Blind” means a person who has been determined blind by the Department of Economic Security, Disability Determination Services Administration, under 42 U.S.C. 1382c(a)(2).
“Disabled” means a person who has been determined disabled by the Department of Economic Security, Disability Determination Services Administration, under 42 U.S.C. 1382c(a)(3)(A) through (E).
C. Confidentiality. The Administration shall maintain the confidentiality of an applicant’s or member’s records and limit the release of safeguarded information under R9-22-512.

D. Application process.  
1. A person may apply for AHCCCS medical coverage by submitting a signed application to any Administration office or outstation location under R9-22-1406.
2. The provisions in R9-22-1406(B), (C), and (E) apply to this Section.
3. The application date is the date a signed application is received at any Administration office or outstation location approved by the Director.
4. An applicant who files an application may withdraw the application, either orally or in writing. If an applicant withdraws an application, the Administration shall send the applicant a denial notice under subsection (G).
5. Except as provided in 42 CFR 435.911, the Administration shall determine eligibility within 90 days for an applicant applying on the basis of disability and 45 days for all other applicants.
6. If an applicant dies while an application is pending, the Administration shall complete an eligibility determination for the deceased applicant.
7. The Administration shall complete an eligibility determination on an application filed on behalf of a deceased applicant, if the application is filed in the month of the applicant’s death.

E. Redetermination of eligibility for a person terminated from the SSI cash program.  
1. Continuation of AHCCCS medical coverage. The Administration shall continue AHCCCS medical coverage for a person terminated from the SSI cash program until a redetermination of eligibility under subsection (E)(2) is completed.
2. Coverage group screening. The Administration shall screen a person for eligibility under any coverage group under A.R.S. §§ 36-2901(6)(a)(i), (ii), (iii), (iv), and (v) and 36-2934.
   a. If a person files an application for Arizona Long Term Care System (ALTCS) coverage, the Administration shall determine eligibility under 9 A.A.C. 28, Article 4.
   b. If an applicant or member is aged, blind, or disabled, but not in need of long-term care services, the Administration shall determine eligibility under this Article.
   c. For all other persons, the Administration shall refer the applicant's case to the Department for an eligibility decision under Article 14.
3. Eligibility decision.
   a. If a person is eligible under this Article or 9 A.A.C. 28, Article 4, the Administration shall send a notice as under subsection (G) informing the applicant that AHCCCS medical coverage is approved.
   b. If a person is ineligible, the Administration shall send a notice as under subsection (G) to deny AHCCCS medical coverage.

F. Eligibility effective date. Eligibility is effective on the first day of the month that all eligibility requirements are met, including the period described under R9-22-203.

G. Notice for approval or denial. The Administration shall send an applicant a written notice of the decision regarding the application. This notice shall include a statement of the intended action, and:
1. If approved, the notice shall contain the effective date of eligibility.
2. If approved under FESP, the notice shall also contain:
   a. The emergency services certification end date,
   b. A statement detailing the reason for the denial of full services,
   c. The legal authority supporting the decision,
   d. Where the legal authority supporting the decision can be found,
   e. An explanation of the right to request a hearing, and
   f. The date by which a request for hearing shall be received by the Administration.
3. If denied, the notice shall contain:
   a. The effective date of the denial;
   b. The reason for the denial, including specific financial calculations and the financial eligibility standard, if applicable;
   c. Legal authority supporting the decision;
   d. Where the legal authority supporting the decision can be found;
   e. An explanation of the right to request a hearing; and
   f. The date by which a request for hearing shall be received by the Administration.

H. Reporting and verifying changes.  
1. An applicant or a member shall report to the Administration the following changes for the applicant or member, the applicant’s or member’s spouse, and the applicant or member’s dependent children:
   a. Change of address;
   b. Change in the household’s members;
   c. Change in income;
   d. Death;
   e. Change in marital status;
   f. Change in school attendance;
   g. Change in Arizona state residency; and
   h. Any other change that may affect the member’s or applicant’s eligibility.
2. A member shall report to the Administration the following changes:
   a. Admission to a penal institution,
   b. Change in U.S. citizenship or immigrant status,
   c. Receipt of a Social Security number, and
   d. Change in first- or third-party liability that may contribute to the payment of all or a portion of the person’s medical costs.
3. A person other than a member or an applicant who reports a change to the Administration either orally or in writing shall include the:
   a. Name of the affected applicant or member;
   b. Description of the change;
   c. Date the change occurred;
   d. Name of the person reporting the change; and
   e. Social Security or case number of the applicant or member, if known.
4. An applicant or a member shall provide verification of changes if requested by the Administration.
5. An applicant or a member shall report anticipated changes in eligibility to the Administration as soon as the person knows that the change will occur.
6. An applicant or a member shall report an unanticipated change to the Administration within 10 days following the date the change occurred.

I. Processing of changes and redeterminations. If a member receives AHCCCS medical coverage under subsection (A), the Administration shall redetermine the member’s eligibility at least once every 12 months or more frequently when changes occur that may affect eligibility.

J. Actions that may result from a redetermination or change. In processing a redetermination or change, the Administration shall determine whether there should be:
   1. No change in eligibility,
   2. Discontinuance of eligibility if a condition of eligibility is no longer met, or
   3. A change in the program under which a person receives AHCCCS medical coverage.

K. Notice of discontinuance.
   1. Contents of notice. The Administration shall issue a notice when it takes action to discontinue a member’s eligibility. The notice shall contain the following information:
      a. A statement of the action that is being taken;
      b. The effective date of the action;
      c. The reason for the discontinuance, including specific financial calculations and the financial eligibility standard if applicable;
      d. The legal authority that supports the action proposed by the Administration;
      e. Where the legal authority supporting the decision can be found;
      f. An explanation of the right to request a hearing; and
      g. The date by which a hearing request shall be received by the Administration and the right to continue medical coverage pending appeal.
    2. Advance notice of changes in eligibility. Advance notice means a notice of proposed action that is issued to the member at least 10 days before the effective date of the proposed action. Except under subsection (K)(3), the Administration shall issue an advance notice when an adverse action is taken to suspend, reduce or discontinue eligibility.
    3. Exceptions from advance notice. The Administration shall issue a notice to a member to discontinue eligibility no later than the effective date of the action if:
       a. The member provides to the Administration a clearly written statement, signed by that member, that:
          i. Services are no longer wanted; or
          ii. Gives information that requires a discontinuance or reduction of services and indicates that the member understands that this is the result of supplying the information;
       b. The member provides information to the Administration that requires a discontinuance of eligibility and a member signs a written statement waiving advance notice;
       c. The member cannot be located and mail sent to the member’s last known address has been returned as undeliverable under 42 CFR 431.213(d) subject to reinstatement of discontinued eligibility;
       d. The member has been admitted to a public institution where a member is ineligible for coverage;
       e. The member has been approved for Medicaid in another state; or
       f. The Administration receives information confirming the death of the member.

L. Request for hearing. An applicant or member may request a hearing under Chapter 34 for any of the following adverse actions:
   1. Complete or partial denial of eligibility,
   2. Discontinuance or reduction of AHCCCS medical coverage, or
   3. Delay in the eligibility determination beyond the timeframes listed in R9-22-1501(D).

M. Assignment of rights. A person determined eligible assigns rights to all types of medical benefits to which the person is entitled under operation of law under A.R.S. § 36-2903.

ARTICLE 19. FREEDOM TO WORK

R9-22-1910. Prior Quarter Eligibility
Repealed

A person may be made eligible during a prior quarter period when applying for the Freedom to Work program, as described under Article 3.
NOTICE OF PROPOSED RULEMAKING
TITLE 9. HEALTH SERVICES
CHAPTER 22. ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM (AHCCCS) ADMINISTRATION

PREAMBLE

1. Article, Part, or Section Affected (as applicable) | Rulemaking Action
R9-22-718 | Amend

2. Citations to the agency’s statutory rulemaking authority to include the authorizing statute (general) and the implementing statute (specific):
   Authorizing statute: A.R.S. § 36-2903.01
   Implementing statutes: A.R.S. § 36-2905.01

3. Citations to all related notices published in the Register as specified in R1-1-409(A) that pertain to the record of the proposed rule:
   Notice of Rulemaking Docket Opening: 24 A.A.R. 354, February 16, 2018 (in this issue)

4. The agency’s contact person who can answer questions about the rulemaking:
   Name: Nicole Fries
   Address: AHCCCS
   Office of Administrative Legal Services
   701 E. Jefferson, Mail Drop 6200
   Phoenix, AZ 85034
   Telephone: (602) 417-4232
   Fax: (602) 253-9115
   E-mail: AHCCCSRules@azahcccs.gov
   Web site: www.azahcccs.gov

5. An agency’s justification and reason why a rule should be made, amended, repealed or renumbered, to include an explanation about the rulemaking:
   The proposed rulemaking will amend and clarify rules to provide a wider breadth of providers who may be reimbursed under the Urban Hospital Inpatient Reimbursement Program. In particular, this rulemaking is requested to allow AHCCCS to remove the exceptions for Tribal Regional Behavioral Health Authorities (TRBHA’s) and the Arizona Department of Health Services, Division of Behavioral Health Services (ADHS/BHS), currently interpreted as extending to Regional Behavioral Health Authorities (RBHA’s) as well because RBHA’s were subcontractors of ADHS/DBHS at the time the rule was last amended. Since the transfer of ADHS/DBHS duties and responsibilities to AHCCCS (Arizona Laws 2015, Chapter 195), RBHA’s and TRBHA’s contract directly with AHCCCS, and therefore, the provisions of the rule will be revised to include them in the definition of contractor for purposes of the Urban Hospital Reimbursement Program. In addition, the requirement for the Contractor to be an Urban Contractor no longer achieves the objectives AHCCCS intended. Instead, AHCCCS intends to encourage contracting between providers and all contractors to best serve AHCCCS members who require inpatient stays, regardless of whether the Contractor is urban or rural. Therefore the Urban Contractor requirement will also be removed from the rule. Also, the rule will explicitly authorize inpatient psychiatric hospitals to be included in the Urban Hospital Reimbursement Program subject to the 95% discount. The amended rule will encourage competition among hospitals and Contractors, expand provider networks, promote administrative efficiencies, and authorize AHCCCS to more efficiently and effectively reimburse hospitals for inpatient stays. Current federal and state statutory provisions do not prohibit such a change. The proposed rulemaking will also limit AHCCCS Program expenditures to hospitals in this State by extending applicability of the 95% reimbursement to all AHCCCS Contractors responsible for payments to non-contracted urban hospitals. As a result, the rulemaking supports payments to hospitals that are consistent with efficiency, economy, and quality of care, promoting the fiscal health of the State.

6. A reference to any study relevant to the rule that the agency reviewed and proposes either to rely on or not to rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:
   A study was not referenced or relied upon when revising these regulations.

7. A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:
   Not applicable

8. The preliminary summary of the economic, small business, and consumer impact:
   This rulemaking creates greater opportunities for contracts between contractors and urban hospitals. Based on these changes, the economic impact of this rulemaking will be a savings due to paying 95% of the reimbursement rate for inpatient urban hospitals stays if they are non-contracting hospitals. Since this rulemaking extends the types of hospitals that may be paid 95% when non-contracted, there is a potential savings of over $2 million less per year, paid in reimbursements to non-contracting hospitals for member inpatient stays. This is because non-contracted inpatient stays were 40% of those stays AHCCCS reimbursed in FY2017. Each 1% discount of the reimbursement value is equal to $440,830; therefore 5% would equal $2,204,105. Since the rulemaking may incentivize urban hospitals to contract at a greater rate, exact savings going forward cannot be predicted; however, it is estimated to be over $2 million less per year.
9. The agency’s contact person who can answer questions about the economic, small business and consumer impact statement:
   Name: Nicole Fries
   Address: AHCCCS
   Office of Administrative Legal Services
   701 E. Jefferson, Mail Drop 6200
   Phoenix, AZ 85034
   Telephone: (602) 417-4232
   Fax: (602) 253-9115
   E-mail: AHCCCSRules@azahcccs.gov
   Web site: www.azahcccs.gov

10. The time, place, and nature of the proceedings to make, amend, repeal, or renumber the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:
    Proposed rule language will be available on the AHCCCS website www.azahcccs.gov the week of January 29, 2018. Please send written or email comments to the above address by the close of the comment period, 5:00 p.m., March 16, 2018.
    Date: March 16, 2018
    Time: 2:00 p.m.
    Location: AHCCCS
    701 E. Jefferson
    Phoenix, AZ 85034
    Nature: Public Hearing

11. All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:
    No other matters have been prescribed.
    a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:
       The rule does not require a permit.
    b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:
       The rule is not more stringent than the federal law, 42 CFR 435.915 because waivers to exempt the Administration from the federal law are allowable, the Administration has held such a waiver before, and the proposed rule would be less stringent than the federal law.
    c. Whether a person submitted an analysis to the agency that compares the rule’s impact of the competitiveness of business in this state to the impact on business in other states:
       Not applicable

12. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rules:
    Not applicable

13. The full text of the rules follows:

   TITLE 9. HEALTH SERVICES

   CHAPTER 22. ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM (AHCCCS)

   ADMINISTRATION

   ARTICLE 7. STANDARD FOR PAYMENTS

   Section
   R9-22-718. Urban Hospital Inpatient Reimbursement Program
1. “Noncontracted Hospital” means an urban hospital, including psychiatric hospitals, which does not have a contract under this Section with an urban contractor in the same county.

2. “Rural Contractor” means a contractor or program contractor as defined in A.R.S. Title 36, Chapter 29 that does not provide services to members residing in either Maricopa or Pima County. “Contractor” has the same meaning as set forth in Arizona Revised Statutes, section 36-2901, and includes all contractors regardless of whether the GSA’s served by the contractor includes urban or rural counties.

3. “Urban Contractor” means a contractor or program contractor as defined in A.R.S. Title 36, Chapter 29, that provides services to members residing in Maricopa or Pima County and may also provide services to members who reside in other counties. An urban contractor does not include ADHS/BHS, or a TRBHA.

4. “Rural Hospital” means a hospital, that is physically located in Arizona but in a county other than Maricopa and Pima County.

5. “Urban Hospital” means a hospital that is not a rural hospital, as defined in R9-22-712.07, and that is physically located in Maricopa or Pima County.

B. General Provisions.

1. This Section applies to an urban hospital who receives payment for inpatient hospital services under A.R.S. §§ 36-2903.01 and 36-2904.

2. AHCCCS shall operate an inpatient hospital reimbursement program under A.R.S. § 36-2905.01 and this Section.

3. Residency of the member receiving inpatient AHCCCS covered services is not a factor in determining which hospitals are required to contract with which contractors.

4. An urban contractor shall enter into a contract for reimbursement for inpatient AHCCCS covered services with one or more urban hospitals located in the same county as the urban contractor.

5. A noncontracted urban hospital shall be reimbursed for inpatient services by an urban contractor at 95% of the amount calculated as defined in A.R.S. § 36-2903.01 and this Article, unless otherwise negotiated by both parties.

C. Contract Begin Date. A contract under this Article shall cover inpatient acute care hospital services for members with hospital admissions on and after October 1, 2003.

D. Outpatient urban hospital services. Outpatient urban hospital services, including observation days and emergency room treatments that do not result in an admission, shall be reimbursed either through an urban hospital contract negotiated between a contractor and an urban hospital, or the reimbursement rates set forth in A.R.S. § 36-2903.01. Outpatient services in an urban hospital that result in an admission shall be paid as inpatient services in accordance with this Section.

E. Urban Hospital Contract.

1. Provisions of an urban hospital contracts. The urban hospital contract shall contain but is not limited to the following provisions:
   a. Required provisions as described in the Request for Proposals (RFP);
   b. Dispute settlement procedures. If the AHCCCS Grievance System prescribed in A.R.S. § 36-2903.01(B) and rule is not used, then arbitration shall be used;
   c. Arbitration procedure. If arbitration is used, the urban hospital contract shall identify:
      i. The parties’ agreement on arbitrating claims arising from the contract,
      ii. Whether arbitration is nonbinding or binding,
      iii. Timeliness of arbitration,
      iv. What contract provisions may be appealed,
      v. What rules will govern arbitrations,
      vi. The number of arbitrators that shall be used,
      vii. How arbitrators shall be selected, and
      viii. How arbitrators shall be compensated.
   d. Timeliness of claims submission and payment;
   e. Prior authorization;
   f. Concurrent review;
   g. Electronic submission of claims;
   h. Claims review criteria;
      i. Payment of discounts or penalties such as quick-pay and slow-pay provisions;
      j. Payment of outliers;
   k. Claim documentation specifications under A.R.S. § 36-2904.
   l. Treatment and payment of emergency room services; and
   m. Provisions for rate changes and adjustments.

2. AHCCCS review and approval of urban hospital contracts:
   a. AHCCCS may review, approve, or disapprove the hospital contract rates, terms, conditions, and amendments to the contract;
      i. The AHCCCS evaluation of each urban hospital contract shall include but not be limited to the following areas:
         ii. Availability and accessibility of services to members,
         iii. Related party interests,
         iv. Inclusion of required terms pursuant to this Section, and
      iv. Reasonableness of the rates.
   b. Quick-Pay/Slow-Pay. A payment made by an urban contractor to a noncontracted hospital shall be subject to quick-pay discounts and slow-pay penalties under A.R.S. § 36-2904.
NOTICE OF PROPOSED RULEMAKING

TITLE 9. HEALTH SERVICES
CHAPTER 28. ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM (AHCCCS)
ARIZONA LONG-TERM CARE SYSTEM

PREAMBLE

1. Article, Part, or Section Affected (as applicable) Rulemaking Action
   R9-28-401.01 Amend

2. Citations to the agency’s statutory rulemaking authority to include the authorizing statute (general) and the implementing statute (specific):
   Authorizing statute: A.R.S. § 36-2932(G)
   Implementing statutes: A.R.S. §§ 36-2933, 36-2934

3. Citations to all related notices published in the Register as specified in R1-1-409(A) that pertain to the record of the proposed rule:
   Notice of Rulemaking Docket Opening: 24 A.A.R. 354, February 16, 2018 (in this issue)

4. The agency’s contact person who can answer questions about the rulemaking:
   Name: Nicole Fries
   Address: AHCCCS
   Office of Administrative Legal Services
   701 E. Jefferson, Mail Drop 6200
   Phoenix, AZ 85034
   Telephone: (602) 417-4232
   Fax: (602) 253-9115
   E-mail: AHCCCSRules@azahcccs.gov
   Web site: www.azahcccs.gov

5. An agency’s justification and reason why a rule should be made, amended, repealed or renumbered, to include an explanation about the rulemaking:
   The Administration is in the process of requesting a waiver from the federal prior quarter coverage eligibility requirement. On the assumption that the waiver will be approved, AHCCCS is requesting authorization to initiate the process of repealing and amending rules regarding prior quarter coverage so that the change can be implemented expeditiously upon federal approval. Failure to amend and repeal these rules to conform to an approved waiver will result in continued expenditures by AHCCCS for the substantial administrative and operational costs associated with implementation of the prior quarter coverage eligibility process for the low percentage of AHCCCS members who qualify for prior quarter coverage eligibility. Because the prior quarter coverage eligibility process is resource-intensive, repealing prior quarter coverage eligibility will allow the Agency to utilize resources more effectively and efficiently.

   More specifically, 42 CFR 435.915 requires the Administration to provide Prior Quarter (PQ) eligibility. Prior quarter eligibility is when a person who applies for AHCCCS may also qualify for Title XIX eligibility in any one of the three previous months prior to application. While A.R.S. § 36-2903(A) provides that the system’s reimbursement responsibility is prospective from the date of the eligibility determination, AHCCCS has implemented prior quarter coverage to ensure federal financial participation for Arizona’s Medicaid Program. Although AHCCCS had previously obtained federal approval waiving compliance from prior quarter coverage eligibility, as of January 1, 2014, AHCCCS was required by CMS to implement prior quarter eligibility. However, the Administration is seeking a new waiver from CMS so that the Administration is not required to provide Title XIX eligibility for any of the three previous months prior to the month of application.

6. A reference to any study relevant to the rule that the agency reviewed and proposes either to rely on or not to rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:
   A study was not referenced or relied upon when revising these regulations.

7. A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:
   Not applicable

8. The preliminary summary of the economic, small business, and consumer impact:
   In fiscal year 2017, AHCCCS reimbursed providers for member expenses that met the qualification of prior quarter coverage to the cost of $21,347,700. A large portion of those funds come from the federal government, however $1,983,800 was from the State General Fund. If the rulemaking changes are made then that amount, or more, in savings would be returned to the state, as well additional savings for other political subdivisions that contribute to these funds, such as CMS and counties in Arizona.

9. The agency’s contact person who can answer questions about the economic, small business and consumer impact statement:
   Name: Nicole Fries
   Address: AHCCCS
   Office of Administrative Legal Services
10. The time, place, and nature of the proceedings to make, amend, repeal, or renumber the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:

Proposed rule language will be available on the AHCCCS website www.azahcccs.gov the week of January 29, 2018. Please send written or email comments to the above address by the close of the comment period, 5:00 p.m., March 16, 2018.

Date: March 16, 2018
Time: 2:00 p.m.
Location: AHCCCS
701 E. Jefferson
Phoenix, AZ 85034
Nature: Public Hearing

Date: March 16, 2018
Time: 2:00 p.m.
Location: ALTCS: Arizona Long-Term Care System
1010 N. Finance Center Dr., Suite 201
Tucson, AZ 85710
Nature: Public Hearing

Date: March 16, 2018
Time: 2:00 p.m.
Location: 2717 N. 4th St., Suite 130
Flagstaff, AZ 86004
Nature: Public Hearing

11. All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:

No other matters have been prescribed.

a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:
The rule does not require a permit.

b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:
The rule is not more stringent than the federal law, 42 CFR 435.915 because waivers to exempt the Administration from the federal law are allowable, the Administration has held such a waiver before, and the proposed rule would be less stringent than the federal law.

c. Whether a person submitted an analysis to the agency that compares the rule's impact of the competitiveness of business in this state to the impact on business in other states:
Not applicable

12. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rules:
Not applicable

13. The full text of the rules follows:

TITLE 9. HEALTH SERVICES
CHAPTER 28. ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM (AHCCCS)
ARIZONA LONG-TERM CARE SYSTEM

ARTICLE 4. ELIGIBILITY AND ENROLLMENT

Section R9-28-401.01. General

ARTICLE 4. ELIGIBILITY AND ENROLLMENT

R9-28-401.01. General

A. Application for ALTCS coverage.
1. The Administration shall provide a person the opportunity to apply for ALTCS as described under Chapter 22, Article 3, unless specified otherwise in this Section.
2. To apply for ALTCS, a person shall submit an application to an ALTCS eligibility office.
   a. The application shall contain the applicant's name and address.
   b. Before the application is approved, a person listed in A.A.C. R9-22-302(2) shall sign the application.
c. A witness shall also sign the application if an applicant signs the application with a mark.
d. The date of application is the date the application is received by the Administration or its designee as described in R9-22-302.
3. Except as provided in R9-22-306, the Administration shall determine eligibility within 45 days from the date of application.
4. An applicant or representative who files an ALTCS application may withdraw the application for ALTCS coverage either orally or in writing to the ALTCS eligibility office where the application was filed. The Administration shall provide the applicant with a denial notice under subsection (E).
5. If an applicant dies while an application is pending, the Administration shall complete an eligibility determination for the deceased applicant.
6. If a person dies before an application is filed, the Administration shall complete an eligibility determination on an application filed on behalf of the deceased applicant, if the application is filed in the month of the person's death.

B. Conditions of ALTCS eligibility. Except for persons identified in subsection (C), the Administration shall approve a person for ALTCS if all conditions of eligibility are met. The conditions of eligibility are:
1. Citizenship and alien status under Chapter 22, Article 3;
2. SSN under Chapter 22, Article 3;
3. Living arrangements under R9-28-406;
4. Resources under R9-28-407;
5. Income under R9-28-408;
6. Transfers under R9-28-409;
7. A legally authorized person shall assign rights to the Administration for medical support and for payment of medical care from any first- and third-parties as described under R9-22-311;
8. A person shall take all necessary steps to obtain annuity, pension, retirement, and disability benefits for which a person may be entitled;
9. State residency under R9-22-305;
10. Medical eligibility as specified in Chapter 28, Article 3; and
11. Providing information and verification as specified under Chapter 22, Article 3.

C. Persons eligible for Title IV-E or Title XVI are only required to meet the conditions under subsection (B)(6), (B)(10), (B)(11) and with respect to trusts, A.R.S. § 36-2934.01.

D. Eligibility effective date.
1. Eligibility is effective on the first day of the month that all eligibility requirements are met, including the period described under R9-22-303.
2. The effective date of eligibility for an applicant who moves into Arizona is no sooner than the date Arizona residency is established.
3. The effective date of eligibility for an inmate applying for medical coverage is the date the applicant no longer meets the definition of an inmate of a public institution.

E. Notice. The Administration shall send a person a notice of the decision regarding the person's application. The notice shall include a statement of the action and an explanation of the person's hearing rights as specified in 9 A.A.C. 34 and:
1. Approval. If the applicant meets all the eligibility requirements and conditions of eligibility of this Article, the Administration or its designee shall approve the application and provide the applicant with an approval notice. The approval notice shall contain:
   a. The name of each approved applicant,
   b. The effective date of eligibility for each approved applicant,
   c. The amount of share of cost, and
   d. The applicant's right to appeal the decision.
2. Denial. If an applicant fails to meet the eligibility requirements or conditions of eligibility of this Article, the Administration or its designee shall deny the application and provide the applicant with a denial notice. The denial notice shall contain:
   a. The name of each ineligible applicant,
   b. The specific reason why the applicant is ineligible,
   c. The income and resource calculations for the applicant compared to the income or resource standards for eligibility when the reason for the denial is due to the applicant's income or resources exceeding the applicable standard,
   d. The legal citations supporting the reason for the ineligibility,
   e. The location where the applicant can review the legal citations, and
   f. The applicant's right to appeal the decision and request a hearing.

F. Confidentiality. The Administration shall maintain the confidentiality of a person's record under A.A.C. R9-22-512.
NOTICE OF PROPOSED RULEMAKING
TITLE 9. HEALTH SERVICES
CHAPTER 29. ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM (AHCCCS)
MEDICARE COST SHARING PROGRAM

PREAMBLE

1. Article, Part, or Section Affected (as applicable) | Rulemaking Action
R9-29-210 | Amend

2. Citations to the agency's statutory rulemaking authority to include the authorizing statute (general) and the implementing statute (specific):
Authorizing statutes: A.R.S. § 36-2972
Implementing statutes: A.R.S. §§ 36-2972, 36-2973, 36-2974

3. Citations to all related notices published in the Register as specified in R1-1-409(A) that pertain to the record of the proposed rule:
Notice of Rulemaking Docket Opening: 24 A.A.R. 355, February 16, 2018 (in this issue)

4. The agency's contact person who can answer questions about the rulemaking:
Name: Nicole Fries
Address: AHCCCS
Office of Administrative Legal Services
701 E. Jefferson, Mail Drop 6200
Phoenix, AZ 85034
Telephone: (602) 417-4232
Fax: (602) 253-9115
E-mail: AHCCCSRules@azahcccs.gov
Web site: www.azahcccs.gov

5. An agency's justification and reason why a rule should be made, amended, repealed or renumbered, to include an explanation about the rulemaking:
The Administration is in the process of requesting a waiver from the federal prior quarter coverage eligibility requirement. On the assumption that the waiver will be approved, AHCCCS is requesting authorization to initiate the process of repealing and amending rules regarding prior quarter coverage so that the change can be implemented expeditiously upon federal approval. Failure to amend and repeal these rules to conform to an approved waiver will result in continued expenditures by AHCCCS for the substantial administrative and operational costs associated with implementation of the prior quarter coverage eligibility process for the low percentage of AHCCCS members who qualify for prior quarter coverage eligibility. Because the prior quarter coverage eligibility process is resource-intensive, repealing prior quarter coverage eligibility will allow the Agency to utilize resources more effectively and efficiently.

More specifically, 42 CFR 435.915 requires the Administration to provide Prior Quarter (PQ) eligibility. Prior quarter eligibility is when a person who applies for AHCCCS may also qualify for Title XIX eligibility in any one of the three previous months prior to application. While A.R.S. § 36-2903(A) provides that the system’s reimbursement responsibility is prospective from the date of the eligibility determination, AHCCCS has implemented prior quarter coverage to ensure federal financial participation for Arizona’s Medicaid Program. Although AHCCCS had previously obtained federal approval waiving compliance from prior quarter coverage eligibility, as of January 1, 2014, AHCCCS was required by CMS to implement prior quarter eligibility. However, the Administration is seeking a new waiver from CMS so that the Administration is not required to provide Title XIX eligibility for any of the three previous months prior to the month of application.

6. A reference to any study relevant to the rule that the agency reviewed and proposes either to rely on or not to rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:
A study was not referenced or relied upon when revising these regulations.

7. A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:
Not applicable

8. The preliminary summary of the economic, small business, and consumer impact:
In fiscal year 2017, AHCCCS reimbursed providers for member expenses that met the qualification of prior quarter coverage to the cost of $21,347,700. A large portion of those funds come from the federal government, however $1,983,800 was from the State General Fund. If the rulemaking changes are made then that amount, or more, in savings would be returned to the state, as well additional savings for other political subdivisions that contribute to these funds, such as CMS and counties in Arizona.

9. The agency's contact person who can answer questions about the economic, small business and consumer impact statement:
Name: Nicole Fries
Address: AHCCCS
Office of Administrative Legal Services
10. The time, place, and nature of the proceedings to make, amend, repeal, or renumber the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:

Proposed rule language will be available on the AHCCCS website www.azahcccs.gov the week of January 29, 2018. Please send written or email comments to the above address by the close of the comment period, 5:00 p.m., March 16, 2018.

Date: March 16, 2018
Time: 2:00 p.m.
Location: AHCCCS
701 E. Jefferson
Phoenix, AZ 85034
Nature: Public Hearing

Date: March 16, 2018
Time: 2:00 p.m.
Location: ALTCS: Arizona Long-Term Care System
1010 N. Finance Center Dr., Suite 201
Tucson, AZ 85710
Nature: Public Hearing

Date: March 16, 2018
Time: 2:00 p.m.
Location: 2717 N. 4th St., Suite 130
Flagstaff, AZ 86004
Nature: Public Hearing

11. All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:

No other matters have been prescribed.

a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:
   The rule does not require a permit.

b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:
   The rule is not more stringent than the federal law, 42 CFR 435.915 because waivers to exempt the Administration from the federal law are allowable, the Administration has held such a waiver before, and the proposed rule would be less stringent than the federal law.

c. Whether a person submitted an analysis to the agency that compares the rule’s impact of the competitiveness of business in this state to the impact on business in other states:
   Not applicable

12. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rules:
   Not applicable

13. The full text of the rules follows:

TITLE 9. HEALTH SERVICES

CHAPTER 29. ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM (AHCCCS)
MEDICARE COST SHARING PROGRAM

ARTICLE 2. ELIGIBILITY

Section R9-29-210. Effective Date of Eligibility

ARTICLE 2. ELIGIBILITY

R9-29-210. Effective Date of Eligibility
A. QMB. The effective date of eligibility is the first day of the month following the month in which AHCCCS makes the eligibility decision.
B. SLMB. Eligibility is effective on the first day of the month that all eligibility requirements are met, including the prior quarter period.
C. QI-1. Eligibility is effective on the first day of the month that all eligibility requirements are met, including the prior quarter period and no earlier than the first day of the current calendar year. QI-1 members are entitled to receive cost sharing assistance through the end of the calendar year in which they qualified for the program.
NOTICES OF RULEMAKING DOCKET OPENING

This section of the Arizona Administrative Register contains Notices of Rulemaking Docket Opening. A docket opening is the first part of the administrative rulemaking process. It is an “announcement” that the agency intends to work on its rules. When an agency opens a rulemaking docket to consider rulemaking, the Administrative Procedure Act (APA) requires the publication of the Notice of Rulemaking Docket Opening.

Under the APA effective January 1, 1995, agencies must submit a Notice of Rulemaking Docket Opening before beginning the formal rulemaking process. Many times an agency may file the Notice of Rulemaking Docket Opening with the Notice of Proposed Rulemaking.

The Office of the Secretary of State is the filing office and publisher of these notices. Questions about the interpretation of this information should be directed to the agency contact person listed in item #4 of this notice.

NOTICE OF RULEMAKING DOCKET OPENING
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM (AHCCCS) ADMINISTRATION

[R18-22]

1. Title and its heading: 9, Health Services
Chapter and its heading: 22, Arizona Health Care Cost Containment System - Administration
Article and its heading: 2, Scope of Service
3, General Eligibility Requirements
7, Standard for Payments
12, Behavioral Health Services
15, AHCCCS Medical Coverage for People Who Are Aged, Blind, or Disabled
19, Freedom to Work

Section numbers: R9-22-202; R9-22-303; R9-22-703; R9-22-1202; R9-22-1501; R9-22-1910 (As part of this rulemaking, the Administration may add, delete, or modify sections as necessary.)

2. The subject matter of the proposed rule:
The Administration is in the process of requesting a waiver from the federal prior quarter coverage eligibility requirement. On the assumption that the waiver will be approved, AHCCCS is requesting authorization to initiate the process of repealing and amending rules regarding prior quarter coverage so that the change can be implemented expeditiously upon federal approval. Prior quarter eligibility is when a person who applies for AHCCCS may also qualify for Title XIX eligibility in any one of the three previous months prior to application. While A.R.S. § 36-2903(A) provides that the system’s reimbursement responsibility is prospective from the date of the eligibility determination, AHCCCS has implemented prior quarter coverage to ensure federal financial participation for Arizona’s Medicaid Program.

3. A citation to all published notices relating to the proceeding:
Notice of Proposed Rulemaking: 24 A.A.R. 337, February 16, 2018 (in this issue)

4. The name and address of agency personnel with whom persons may communicate regarding the rule:
Name: Nicole Fries
Address: AHCCCS
Office of Administrative Legal Services
701 E. Jefferson, Mail Drop 6200
Phoenix, AZ 85034
Telephone: (602) 417-4232
Fax: (602) 253-9115
E-mail: AHCCCSrules@azahcccs.gov

5. The time which the agency will accept written comments and the time and place where oral comments may be made:
The Administration will accept written comments Monday through Friday, 8 a.m. to 5 p.m., at the address indicated in question #4. Public hearings will be scheduled later to provide a forum for interactive discussion with interested parties. E-mail comments will be accepted.

6. A timetable for agency decisions or other action on the proceeding, if known:
The Administration has initiated this rulemaking within the 60-day time period as stated under A.R.S. § 41-1033. The Notice of Proposed Rulemaking is published along with this notice.

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NOTICE OF RULEMAKING DOCKET OPENING
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM (AHCCCS)
ADMINISTRATION

1. Title and its heading: 9, Health Services
Chapter and its heading: 22, Arizona Health Care Cost Containment System - Administration
Article and its heading: 7, Urban Hospital Inpatient Reimbursement Program
Section numbers: R9-22-718 (As part of this rulemaking, the Administration may add, delete, or modify sections as necessary.)

2. The subject matter of the proposed rule:
The proposed rulemaking will amend and clarify rules to provide a wider breadth of providers who may be reimbursed under the Urban Hospital Inpatient Reimbursement Program. In particular, this rulemaking is requested to allow AHCCCS to remove the exceptions for TRBHA's and ADHS/BHS, currently interpreted as extending to RBHA's as well. RBHA's and TRBHA's are considered contractors, and therefore, the provisions of the rule will be revised to include them in the definition of contractor. In addition, the requirement for the Contractor to be an Urban Contractor no longer achieves the objectives AHCCCS intended. Instead, AHCCCS intends to encourage contracting between providers and contractors to best serve AHCCCS members who require inpatient stays, regardless of whether the Contractor is urban or rural. Therefore the Urban Contractor requirement will also be removed from the rule. Also, the rule will explicitly authorize inpatient psychiatric hospitals to be included in the Urban Hospital Reimbursement Program subject to the 95% discount.

3. A citation to all published notices relating to the proceeding:
Notice of Proposed Rulemaking: 24 A.A.R. 345, February 16, 2018 (in this issue)

4. The name and address of agency personnel with whom persons may communicate regarding the rule:
Name: Nicole Fries
Address: AHCCCS
Office of Administrative Legal Services
701 E. Jefferson, Mail Drop 6200
Phoenix, AZ 85034
Telephone: (602) 417-4232
Fax: (602) 253-9115
E-mail: AHCCCSrules@azahcccs.gov

5. The time which the agency will accept written comments and the time and place where oral comments may be made:
The Administration will accept written comments Monday through Friday, 8 a.m. to 5 p.m., at the address indicated in question #4. Public hearings will be scheduled later to provide a forum for interactive discussion with interested parties. E-mail comments will be accepted.

6. A timetable for agency decisions or other action on the proceeding, if known:
The Administration has initiated this rulemaking within the 60-day time period as stated under A.R.S. § 41-1033. The Notice of Proposed Rulemaking is published along with this notice.

NOTICE OF RULEMAKING DOCKET OPENING
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM (AHCCCS)
ARIZONA LONG-TERM CARE SYSTEM

1. Title and its heading: 9, Health Services
Chapter and its heading: 28, Arizona Health Care Cost Containment System - Arizona Long-term Care System
Article and its heading: 4, Eligibility and Enrollment
Section numbers: R9-28-401.01 (As part of this rulemaking, the Administration may add, delete, or modify sections as necessary.)

2. The subject matter of the proposed rule:
The Administration is in the process of requesting a waiver from the federal prior quarter coverage eligibility requirement. On the assumption that the waiver will be approved, AHCCCS is requesting authorization to initiate the process of repealing and amending rules regarding prior quarter coverage so that the change can be implemented expeditiously upon federal approval. Prior quarter eligibility is when a person who applies for AHCCCS may also qualify for Title XIX eligibility in any one of the three previous months prior to application. While A.R.S. § 36-2903(A) provides that the system’s reimbursement responsibility is prospective from the date of the eligibility determination, AHCCCS has implemented prior quarter coverage to ensure federal financial participation for Arizona’s Medicaid Program.

3. A citation to all published notices relating to the proceeding:
Notice of Proposed Rulemaking: 24 A.A.R. 348, February 16, 2018 (in this issue)
4. The name and address of agency personnel with whom persons may communicate regarding the rule:
   Name: Nicole Fries
   Address: AHCCCS
   Office of Administrative Legal Services
   701 E. Jefferson, Mail Drop 6200
   Phoenix, AZ 85034
   Telephone: (602) 417-4232
   Fax: (602) 253-9115
   E-mail: AHCCCSrules@azahcccs.gov

5. The time which the agency will accept written comments and the time and place where oral comments may be made:
The Administration will accept written comments Monday through Friday, 8 a.m. to 5 p.m., at the address indicated in question #4. Public hearings will be scheduled later to provide a forum for interactive discussion with interested parties. E-mail comments will be accepted.

6. A timetable for agency decisions or other action on the proceeding, if known:
The Administration has initiated this rulemaking within the 60-day time period as stated under A.R.S. § 41-1033. The Notice of Proposed Rulemaking is published along with this notice.

NOTICE OF RULEMAKING DOCKET OPENING
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM (AHCCCS)
MEDICARE COST SHARING PROGRAM

[18-25]

1. Title and its heading:
   9, Health Services

2. Chapter and its heading:
   29, Arizona Health Care Cost Containment System - Medicare Cost Sharing Program

3. Article and its heading:
   2, Eligibility

4. Section numbers:
   R9-29-210 (As part of this rulemaking, the Administration may add, delete, or modify sections as necessary.)

2. The subject matter of the proposed rule:
The Administration is in the process of requesting a waiver from the federal prior quarter coverage eligibility requirement. On the assumption that the waiver will be approved, AHCCCS is requesting authorization to initiate the process of repealing and amending rules regarding prior quarter coverage so that the change can be implemented expeditiously upon federal approval. Prior quarter eligibility is when a person who applies for AHCCCS may also qualify for Title XIX eligibility in any one of the three previous months prior to application. While A.R.S. § 36-2903(A) provides that the system’s reimbursement responsibility is prospective from the date of the eligibility determination, AHCCCS has implemented prior quarter coverage to ensure federal financial participation for Arizona’s Medicaid Program.

3. A citation to all published notices relating to the proceeding:
   Notice of Proposed Rulemaking: 24 A.A.R. 351, February 16, 2018 (in this issue)

4. The name and address of agency personnel with whom persons may communicate regarding the rule:
   Name: Nicole Fries
   Address: AHCCCS
   Office of Administrative Legal Services
   701 E. Jefferson, Mail Drop 6200
   Phoenix, AZ 85034
   Telephone: (602) 417-4232
   Fax: (602) 253-9115
   E-mail: AHCCCSrules@azahcccs.gov

5. The time which the agency will accept written comments and the time and place where oral comments may be made:
The Administration will accept written comments Monday through Friday, 8 a.m. to 5 p.m., at the address indicated in question #4. Public hearings will be scheduled later to provide a forum for interactive discussion with interested parties. E-mail comments will be accepted.

6. A timetable for agency decisions or other action on the proceeding, if known:
The Administration has initiated this rulemaking within the 60-day time period as stated under A.R.S. § 41-1033. The Notice of Proposed Rulemaking is published along with this notice.

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NOTICE OF PROPOSED DELEGATION AGREEMENT

DEPARTMENT OF ENVIRONMENTAL QUALITY

[M18-21]

1. Name of the agency proposing the delegation agreement:
   Arizona Department of Environmental Quality

2. The name of the political subdivision to which functions, powers and duties of the agency are proposed to be delegated:
   Fort Mojave Mesa Fire District, 2230 Joy Ln., Fort Mojave, AZ 86426

3. The name, address, and telephone number of agency personnel to whom persons may direct questions or comments:
   Name: Balaji Vaidyanathan, Manager, Facilities Emissions Control Section
   Address: Department of Environmental Quality, Air Quality Division
            1110 W. Washington St.
            Phoenix, AZ 85007
   Phone: (602) 771-4527
   E-mail: bvl1@azdeq.gov

4. A summary of the delegation agreement and the subjects and issues involved:
   Pursuant to A.R.S. §§ 49-107 & 49-501(E), the Arizona Department of Environmental Quality proposes to delegate authority to Fort Mojave Mesa Fire District, the Local Agency (“LA”), the program elements listed below, subject to certain conditions and limitations described in the delegation agreement. The proposed delegated program elements include:
   The Functions and Duties delegated to the LA by this Agreement are identified by A.R.S. § 49-501 and A.A.C. R18-2-602 pertaining to issuing permits for open burning.

5. Copies of the proposed delegation agreement may be obtained from the agency as follows:
   A copy of the proposed Agreement may be obtained by request to the ADEQ Central Office for public records pertaining to the delegation of the issuance of open burn permits.
   Or contact: Edwin Slade, Administrative Counsel
   Department of Environmental Quality
   Office of Administrative Counsel
   1110 W. Washington St.
   Phoenix, AZ 85007
   Telephone: (602) 771-2242
   E-mail: es10@azdeq.gov

6. The schedule of public hearings on the proposed delegation agreement:
   Where there is sufficient public interest, ADEQ will hold a public hearing to receive public comments, in accordance with A.R.S. § 41-1081. The time, place, and location of the hearings will be provided in the corresponding Notice of Public Hearing pursuant to A.A.C. R18-1-401 and R18-1-402.
   ADEQ accepts written statements, arguments, data, and views on the proposed delegation agreement that are received within 30 days after the date of the publication of this notice in the Register by 5:00 p.m. or postmarked not later than that date.
   After the conclusion of the public comment period and hearing, if any, the agency shall prepare a written summary responding to the comments received, whether oral or written. The agency shall consider the comments received from the public in determining whether to enter into the proposed delegation agreement. The agency shall give written notice to those persons who submitted comments of the agency’s decision on whether to enter into the proposed delegation agreement.
   ADEQ is committed to complying with the Americans with Disabilities Act. If any individual with a disability needs any type of accommodation, please contact ADEQ at least 72 hours before the hearing at (602) 771-2300 or TDD (602) 771-4829 or contact us via the web at azdeq.gov.
   ADEQ tomará medidas razonables para proveer acceso a los servicios del departamento para personas con capacidad limitada para
NOTICE OF PROPOSED DELEGATION AGREEMENT

DEPARTMENT OF ENVIRONMENTAL QUALITY

1. **Name of the agency proposing the delegation agreement:**
   Arizona Department of Environmental Quality

2. **The name of the political subdivision to which functions, powers, and duties of the agency are proposed to be delegated:**
   Mormon Lake Fire District, 1067 Mormon Lake Rd., Mormon Lake, AZ 86038

3. **The name, address, and telephone number of agency personnel to whom persons may direct questions or comments:**
   Name: Balaji Vaidyanathan, Manager, Facilities Emissions Control Section
   Address: Department of Environmental Quality, Air Quality Division
   1110 W. Washington St.
   Phoenix, AZ 85007
   Phone: (602) 771-4527
   E-mail: bv1@azdeq.gov

4. **A summary of the delegation agreement and the subjects and issues involved:**
   Pursuant to A.R.S. §§ 49-107 & 49-501(D), the Arizona Department of Environmental Quality proposes to delegate authority to Mormon Lake Fire District, the Local Agency (“LA”), the program elements listed below, subject to certain conditions and limitations described in the delegation agreement. The proposed delegated program elements include:
   The Functions and Duties delegated to the LA by this Agreement are identified by A.R.S. § 49-501 and A.A.C. R18-2-602 pertaining to issuing permits for open burning.

5. **Copies of the proposed delegation agreement may be obtained from the agency as follows:**
   A copy of the proposed Agreement may be obtained by request to the ADEQ Central Office for public records pertaining to the delegation of the issuance of open burn permits.
   Or contact: Edwin Slade, Administrative Counsel
   Department of Environmental Quality
   Office of Administrative Counsel
   1110 W. Washington St.
   Phoenix, AZ 85007
   Telephone: (602) 771-2242
   E-mail: es10@azdeq.gov

6. **The schedule of public hearings on the proposed delegation agreement:**
   Where there is sufficient public interest, ADEQ will hold a public hearing to receive public comments, in accordance with A.R.S. § 41-1081. The time, place, and location of the hearings will be provided in the corresponding Notice of Public Hearing pursuant to A.A.C. R18-1-401 and R18-1-402.
   ADEQ accepts written statements, arguments, data, and views on the proposed delegation agreement that are received within 30 days after the date of the publication of this notice in the Register by 5:00 p.m. or postmarked not later than that date.
   After the conclusion of the public comment period and hearing, if any, the agency shall prepare a written summary responding to the comments received, whether oral or written. The agency shall consider the comments received from the public in determining whether to enter into the proposed delegation agreement. The agency shall give written notice to those persons who submitted comments of the agency’s decision on whether to enter into the proposed delegation agreement.
   ADEQ is committed to complying with the Americans with Disabilities Act. If any individual with a disability needs any type of accommodation, please contact ADEQ at least 72 hours before the hearing at (602) 771-2300 or TDD (602) 771-4829 or contact us via the web at azdeq.gov.
   ADEQ tomará medidas razonables para proveer acceso a los servicios del departamento para personas con capacidad limitada para hablar, escribir o entender Inglés y / o para las personas con discapacidad. Las solicitudes de servicios de interpretación del lenguaje o de alojamiento de discapacidad deben hacerse por lo menos 48 horas de antelación poniéndose en contacto con Ian Birmingham, Title VI Nondiscrimination Coordinator al (602) 771-4322 o idb@azdeq.gov.
# NOTICE OF PUBLIC INFORMATION

**ARIZONA GAME AND FISH DEPARTMENT**

**DIRECTOR’S ORDER – APPROVED HUNTER EDUCATION COURSES**

**EFFECTIVE – JANUARY 1, 2018**

[M18-29]

Effective January 1, 2018 the Arizona Game and Fish Department, under the authority of A.R.S. §§ 17-332.1(A) and 17-332.2(C), establishes this list of approved Hunter Education courses for the State of Arizona:

<table>
<thead>
<tr>
<th>Arizona Courses for Hunter Education Certification</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Arizona Hunter Education Classroom course (including field day)</strong></td>
<td>The Arizona Hunter Education Classroom course consists of classroom instruction followed by a hands-on field day. This classroom course and field day can be delivered by certified Department staff or Arizona Hunter Education Volunteer Instructors.</td>
</tr>
<tr>
<td><strong>Arizona Hunter Education Online course (including field day)</strong></td>
<td>The Arizona Hunter Education Online course is a self-paced program consistent with all classroom course standards completed through an online provider. A score of 80% or greater is required to receive a certificate of online course completion, which is required before the hands-on field day. The field day can be delivered by certified Department staff or Arizona Hunter Education Volunteer Instructors.</td>
</tr>
<tr>
<td><strong>Arizona Hunter Education Exemption</strong></td>
<td>The Director may approve Arizona National Rifle Association (NRA) Instructors to conduct the Arizona Hunter Education Exemption Checklist for students ages 9 through 14 who have completed the NRA Online Hunter Education course or the Arizona Hunter Education Online course, provided the NRA Instructor:</td>
</tr>
<tr>
<td></td>
<td>1. Is currently certified as a Rifle, Shotgun, or Hunter Clinic Instructor.</td>
</tr>
<tr>
<td></td>
<td>2. Has completed the NRA Online Hunter Education course or a Hunter Education course provided by a state Fish and Wildlife Agency.</td>
</tr>
<tr>
<td></td>
<td>In order for the student to receive the Arizona Hunter Education Exemption, the NRA Instructor must submit the following documentation to the Department no later than ten business days from the date the student completed the field practical:</td>
</tr>
<tr>
<td></td>
<td>1. A copy of the completed Arizona Hunter Education Exemption Checklist with the Instructor’s signature certifying that the student meets the Department's requirements.</td>
</tr>
<tr>
<td></td>
<td>2. A copy of the student’s NRA Online Hunter Education course or Arizona Hunter Education Online course certification.</td>
</tr>
<tr>
<td></td>
<td>3. A copy of the NRA Instructor’s certification or card.</td>
</tr>
<tr>
<td></td>
<td>4. A copy of the NRA Instructor’s Hunter Education certification or card.</td>
</tr>
<tr>
<td></td>
<td>Additionally, the student must:</td>
</tr>
<tr>
<td></td>
<td>1. Have successfully completed the Arizona Hunter Education course or field day within the last 12 months.</td>
</tr>
<tr>
<td></td>
<td>2. Be an Arizona resident.</td>
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<td></td>
<td>The Arizona Hunter Education Exemption is good for one year from completion or until the student reaches their 14th birthday, or whichever comes first.</td>
</tr>
</tbody>
</table>
Arizona Hunter Education Home Study course (available for persons with a disability that request a reasonable accommodation)

<table>
<thead>
<tr>
<th>Arizona Hunter Education Home Study course (available for persons with a disability that request a reasonable accommodation)</th>
<th>Upon request, students can receive a copy of “Today’s Hunter in Arizona” manual and complete all chapter reviews. Once the student submits the completed chapter reviews to the Department, staff will assist in scheduling a field day.</th>
</tr>
</thead>
</table>

The name and address of agency personnel with whom persons may communicate regarding this authorization:

| Name: | Nancy Cline, Director’s Office Executive Staff Assistant |
| Address: | Game and Fish Department  
5000 W. Carefree Highway  
Phoenix, AZ 85086-5000 |
| Telephone: | (602) 942-3000 |
NOTICE OF SUBSTANTIVE POLICY STATEMENT

DEPARTMENT OF WATER RESOURCES

[18-28]

1. Title of the Substantive Policy Statement and the substantive policy statement number by which the substantive policy statement is referenced:
   Policy and Procedure for Transferring an Entitlement of Colorado River Water (CR9).

2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:
   January 29, 2018

3. Summary of the contents of the substantive policy statement:
   The Substantive Policy Statement applies to the transfer by non-federal Arizona contractors of mainstream Colorado River entitlements allocated for irrigation and municipal and industrial (M&I) purposes.

4. Federal or state constitutional provision; federal or state statute, rule, or regulation; or final court judgment that underlies the substantive policy statement:
   A.R.S. § 45-107

5. A statement as to whether the substantive policy statement is a new statement or a revision:
   This Policy and Procedure for Transferring an Entitlement of Colorado River Water is a revision to and supersedes Substantive Policy Statement No. CR8.

6. The agency contact person who can answer questions about the substantive policy statement:
   Name: Vineetha Kartha
   Address: Department of Water Resources
   P.O. Box 36020
   Phoenix, AZ 85067-6020
   Telephone: (602) 771-8552
   E-mail: vkartha@azwater.gov
   Web site: www.azwater.gov

7. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:
   Copies of this Substantive Policy Statement are available at no cost on the Department’s website: www.azwater.gov. Hard copies may be obtained by contacting the person listed above for $0.25 per page.

NOTICE OF SUBSTANTIVE POLICY STATEMENT

GAME AND FISH COMMISSION

[18-23]

1. Title of the Substantive Policy Statement and the substantive policy statement number by which the policy statement is referenced:
   SP.002 - Permits Issued Under A.R.S. § 17-238(B)

2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:
   To be determined

3. Summary of the contents of the substantive policy statement:
   Policy of the Arizona Game and Fish Commission on permits issued to government agencies under A.R.S. § 17-238(B).

4. Federal or state constitutional provision; federal or state statute, rule, or regulation; or final court judgment that underlies the substantive policy statement:
   A.R.S. § 17-238(B)
5. **A statement as to whether the substantive policy statement is a new statement or a revision:**
   This is a new statement.

6. **The agency contact person who can answer questions about the substantive policy statement:**
   Name: Celeste Cook, Rules and Policy Manager
   Address: Game and Fish Department
   5000 W. Carefree Highway
   Phoenix, AZ 85086
   Telephone: (623) 236-7390
   Fax: (623) 236-7677
   E-mail: CCook@azgfd.gov
   Please visit the AZGFD web site to track progress of agency rulemaking matters at http://www.azgfd.gov/inside_azgfd/rules/rulemaking_updates.shtml.

7. **Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:**
   Copies of the policy may be obtained from the person listed above for .50¢ per page.

   **NOTICE OF SUBSTANTIVE POLICY STATEMENT**
   **STATE LAND DEPARTMENT**

   1. **Title or subject of the substantive policy statement and the substantive policy statement number by which the policy statement is referenced:**
      P05-02: Noncompetitive Oil and Gas Lease Applications: “8:00 A.M.” Simultaneous Filings

   2. **Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:**
      December 30, 2005

   3. **Summary of the contents of the substantive policy statement:**
      Defines circumstances under which valid, noncompetitive oil and gas lease applications will be considered simultaneously filed.

   4. **Federal or State constitutional provision; federal or State statute, administrative rule, or regulation; or final court judgment that underlies the substantive policy statement:**
      A.R.S. § 27-255

   5. **A statement as to whether the substantive policy statement is a new statement or a revision:**
      This is a current statement.

   6. **The agency contact person who can answer questions about the substantive policy statement:**
      Name: Sean Burke
      State Land Department
      Address: 1616 W. Adams
      Phoenix, AZ 85007
      Telephone: (602) 542-3238
      Fax: (602) 542-2508
      E-mail: jpernice@azland.gov
      Web site: www.azland.gov

   7. **Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:**
      You may locate a copy of the policy on our website or a copy may be obtained from the Arizona State Land Department, Administration Division Director, 1616 W. Adams, Phoenix, Arizona, 85007, either by mail or telephone: (602) 542-3238. The Department charges $.50 per page for copying. Payment may be paid with check or money order, made payable to the Arizona State Land Department.

   **NOTICE OF SUBSTANTIVE POLICY STATEMENT**
   **STATE LAND DEPARTMENT**

   1. **Title or subject of the substantive policy statement and the substantive policy statement number by which the policy statement is referenced:**
      P06-01: SLD – Tribal Government Consultation Guidelines

   2. **Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:**
      December 14, 2006

   3. **Summary of the contents of the substantive policy statement:**
      Establishes guiding principles for Land Department relations with Arizona Tribal governments within the Department’s authority
of managing State Trust lands.

4. Federal or State constitutional provision; federal or State statute, administrative rule, or regulation; or final court judgment that underlies the substantive policy statement:
Not applicable

5. A statement as to whether the substantive policy statement is a new statement or a revision:
Current statement

6. The agency contact person who can answer questions about the substantive policy statement:
Name: Sean Burke
State Land Department
Address: 1616 W. Adams
Phoenix, AZ 85007
Telephone: (602) 542-3238
Fax: (602) 542-2508
E-mail: sburke@azland.gov
Web site: www.azland.gov

7. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:
You may locate a copy of the policy on our website or a copy may be obtained from the Arizona State Land Department, Administration Division Director, 1616 W. Adams, Phoenix, Arizona, 85007, either by mail or telephone: (602) 542-3238. The Department charges $.50 per page for copying. Payment may be paid with check or money order, made payable to the Arizona State Land Department.

NOTICE OF SUBSTANTIVE POLICY STATEMENT
STATE LAND DEPARTMENT

[86-1: Fees; Copy of Documents; Maps; Processing Costs and Returned Checks]

1. Title or subject of the substantive policy statement and the substantive policy statement number by which the policy statement is referenced:

2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:
Issued: March 18, 1986
Amended: April 22, 2011

3. Summary of the contents of the substantive policy statement:
Outlines fees for copies of documents and other records of the Department.

4. Federal or State constitutional provision; federal or State statute, administrative rule, or regulation; or final court judgment that underlies the substantive policy statement:
A.A.C. R12-5-1201

5. A statement as to whether the substantive policy statement is a new statement or a revision:
This is a current statement.

6. The agency contact person who can answer questions about the substantive policy statement:
Name: Sean Burke
State Land Department
Address: 1616 W. Adams
Phoenix, AZ 85007
Telephone: (602) 542-3238
Fax: (602) 542-2508
E-mail: sburke@azland.gov
Web site: www.azland.gov

7. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:
You may locate a copy of the policy on our website or a copy may be obtained from the Arizona State Land Department, Administration Division Director, 1616 W. Adams, Phoenix, Arizona, 85007, either by mail or telephone: (602) 542-3238. The Department charges $.50 per page for copying. Payment may be paid with check or money order, made payable to the Arizona State Land Department.
# REGISTER INDEXES

The Register is published by volume in a calendar year (See “General Information” in the front of each issue for more information).

<table>
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<th>Abbreviations for rulemaking activity in this Index include:</th>
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<tr>
<td><strong>PROPOSED RULEMAKING</strong></td>
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<tr>
<td>PN = Proposed new Section</td>
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<td>PM = Proposed amended Section</td>
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<td><strong>SUPPLEMENTAL PROPOSED RULEMAKING</strong></td>
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<td>EEXP = Emergency expired</td>
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<td>RJ = Rejected by the Attorney General</td>
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<td><strong>TERMINATION OF RULES</strong></td>
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<td>TN = Terminated proposed new Sections</td>
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<td><strong>RULE EXPIRATIONS</strong></td>
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<td>EXP = Rules have expired</td>
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<td>See also “emergency expired” under emergency rulemaking</td>
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<tr>
<td><strong>CORRECTIONS</strong></td>
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<td>C = Corrections to Published Rules</td>
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</tbody>
</table>
## RULEMAKING ACTIVITY INDEX

Rulemakings are listed in the Index by Chapter, Section number, rulemaking activity abbreviation and by volume page number. Use the page guide above to determine the *Register* issue number to review the rule. Headings for the Subchapters, Articles, Parts, and Sections are not indexed.

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| Education, State Board of | R2-20-109. FXM-109 | R9-25-405. FEM-268 | R4-34-503. PR-165 |
| | R2-20-111. FXM-111 | R9-25-406. FEM-268 | R4-34-504. PM-165 |
| | | R9-25-407. FEM-268 | R4-34-505. PM-165 |
| | | R9-25-408. FEM-268 | R4-34-506. PR-165 |
| | | R9-25-409. FEM-268 | R4-34-601. PR-165 |
| | | Table 12.1. FEM-268 | R4-34-603. PM-165 |
| | | | R4-34-604. PR-165 |
| | | | R4-34-605. PM-165 |
| | | | R4-34-606. PM-165 |
| | | | R4-34-607. PM-165 |
| | | | R4-34-701. PM-165 |
| | | | R4-34-702. PM-165 |
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| | | R9-8-201. FEM-263 | R4-16-201.1. FM-182 |
| | | R9-8-203. FEM-263 | R4-16-205. PM-182 |
| | | R9-8-205. FEM-263 | |
| | | R9-8-206. FEM-263 | |
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| | | R9-8-402. FEM-266 | |
| Health Services, Department of - Health Care Institutions: Licensing | R9-10-120. EM-303 | R2-12-1102. FM-137 |
| Medical Board, Arizona | R4-16-102. FM-182 | Exhibit 1. FN-137 |
| Manufactured Housing, Board of | R20-6-607. FM-103 | R17-5-801. FEM-279 |
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| | | R4-34-302. PM-165 | |
| | | R4-34-303. PM-165 | |
| | | R4-34-304. PM-165 | |
| | | R4-34-401. PM-165 | |

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## 2018 Arizona Administrative Register

**Volume 24 Page Guide**


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364 Vol. 24, Issue 7 | Published by the Arizona Secretary of State | February 16, 2018
### OTHER NOTICES AND PUBLIC RECORDS INDEX

Other notices related to rulemakings are listed in the Index by notice type, agency/county and by volume page number. Agency policy statements and proposed delegation agreements are included in this section of the Index by volume page number. Public records, such as Governor Office executive orders, proclamations, declarations and terminations of emergencies, summaries of Attorney General Opinions, and county notices are also listed in this section of the Index and published by volume page number.

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**THIS INDEX INCLUDES OTHER NOTICE ACTIVITY THROUGH ISSUE 6 OF VOLUME 24.**

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RULES EFFECTIVE DATES CALENDAR

A.R.S. § 41-1032(A), as amended by Laws 2002, Ch. 334, § 8 (effective August 22, 2002), states that a rule generally becomes effective 60 days after the day it is filed with the Secretary of State’s Office. The following table lists filing dates and effective dates for rules that follow this provision. Please also check the rulemaking Preamble for effective dates.

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**REGISTER PUBLISHING DEADLINES**

The Secretary of State’s Office publishes the Register weekly. There is a three-week turnaround period between a deadline date and the publication date of the Register. The weekly deadline dates and issue dates are shown below. Council meetings and Register deadlines do not correlate. Also listed are the earliest dates on which an oral proceeding can be held on proposed rulemakings or proposed delegation agreements following publication of the notice in the Register.

<table>
<thead>
<tr>
<th>Deadline Date (paper only)</th>
<th>Register Publication Date</th>
<th>Oral Proceeding may be scheduled on or after</th>
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# GOVERNOR’S REGULATORY REVIEW COUNCIL DEADLINES FOR 2018

The following deadlines apply to all Five-Year-Review Reports and any adopted rule submitted to the Governor’s Regulatory Review Council. Council meetings and Register deadlines do not correlate. We publish these deadlines as a courtesy.

All rules and Five-Year Review Reports are due in the Council office by 5 p.m. of the deadline date. The Council’s office is located at 100 N. 15th Ave., Suite 402, Phoenix, AZ 85007. For more information, call (602) 542-2058 or visit http://grrc.az.gov.

## DEADLINE FOR PLACEMENT ON AGENDA*

<table>
<thead>
<tr>
<th>Deadline Date</th>
<th>Final Materials Submitted to Council</th>
<th>Date of Council Study Session</th>
<th>Date of Council Meeting</th>
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* Materials must be submitted by **5 PM** on dates listed as a deadline for placement on a particular agenda. Placement on a particular agenda is not guaranteed.