

State of Arizona
Senate
Fiftieth Legislature
Second Regular Session
2012

CHAPTER 299
SENATE BILL 1528

AN ACT

AMENDING SECTIONS 35-142.01, 36-694, 36-2239 AND 36-2901.05, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 34, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-3415; AMENDING LAWS 2011, CHAPTER 31, SECTION 23; REPEALING LAWS 2011, CHAPTER 31, SECTION 34; MAKING A TRANSFER; RELATING TO HEALTH AND WELFARE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 35-142.01, Arizona Revised Statutes, is amended to
3 read:

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

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12 which the appropriation was originally made.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

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28 FROM WHICH THE APPROPRIATION WAS ORIGINALLY MADE.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

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

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

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

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

1 process for collecting and submitting specimens and the reporting
2 requirements for test results.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 J. For the purposes of this section:

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

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

12 Sec. 3. Section 36-2239, Arizona Revised Statutes, is amended to read:
13 36-2239. Rates or charges of ambulance service

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

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

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

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

44 E. The department shall determine and render its decision regarding
45 all rates or charges within ninety days after commencement of the applicant's
46 hearing for an adjustment of rates or charges. If the department does not

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

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

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

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

21 (b) The ambulance is equipped with all required advanced life support
22 medical equipment and supplies for the advanced life support attendants in
23 the ambulance.

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

26 2. Advanced life support is requested by a medical authority or by the
27 patient.

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

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

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

35 (a) The ambulance is staffed with two ambulance attendants certified
36 by this state.

37 (b) The ambulance is equipped with all required basic life support
38 medical equipment and supplies for the basic life support medical attendants
39 in the ambulance.

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

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

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

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

20 I. In establishing rates and charges the director shall consider the
21 following factors:

22 1. The transportation needs assessment of the medical response system
23 in a political subdivision.

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

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

29 4. The rate of return on gross revenue.

30 5. Response times pursuant to section 36-2232, subsection A,
31 paragraph 2.

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

36 K. Notwithstanding subsections D, F and G of this section, an
37 ambulance service may provide gratuitous services if an ambulance is
38 dispatched and the patient subsequently declines to be treated or
39 transported.

40 Sec. 4. Section 36-2901.05, Arizona Revised Statutes, is amended to
41 read:

42 36-2901.05. Breast and cervical cancer treatment; additional
43 definition of eligibility

44 A. For the purposes of this article, beginning January 1, 2002,
45 "eligible person" includes a person who meets all of the following
46 requirements:

1 1. Has been screened for breast and cervical cancer ~~through the well~~
2 ~~woman healthcheck program administered by the department of health services~~
3 BY A PROVIDER OR ENTITY THAT IS RECOGNIZED BY THE WELL WOMAN HEALTHCHECK
4 PROGRAM ADMINISTERED BY THE DEPARTMENT OF HEALTH SERVICES AS PART OF ITS
5 PROGRAM UNDER TITLE XV OF THE PUBLIC HEALTH SERVICE ACT AND THAT OPERATES
6 CONSISTENTLY WITH WELL WOMAN HEALTHCHECK PROGRAM GUIDELINES.

7 2. Needs treatment for breast or cervical cancer.

8 3. HAS AN INCOME LEVEL THAT IS AT OR BELOW TWO HUNDRED FIFTY PER CENT
9 OF THE FEDERAL POVERTY GUIDELINES.

10 ~~3-~~ 4. Is under sixty-five years of age.

11 ~~4-~~ 5. Is not otherwise covered under creditable coverage as defined
12 in section 2701(c) of the public health services act (42 United States Code
13 section 300gg(c)).

14 B. The administration shall limit the assistance it provides pursuant
15 to this section to medically necessary services provided during the period
16 that the person requires treatment for breast or cervical cancer as
17 determined by the administration.

18 C. The administration shall use a simplified eligibility form that the
19 applicant may mail to the administration. Once the administration receives a
20 completed application, the administration shall expedite the eligibility
21 determination and enrollment on a prospective basis.

22 Sec. 5. Title 36, chapter 34, article 1, Arizona Revised Statutes, is
23 amended by adding section 36-3415, to read:

24 36-3415. Behavioral health expenditures; annual report

25 ON OR BEFORE AUGUST 1, 2012, THE DIRECTORS OF THE JOINT LEGISLATIVE
26 BUDGET COMMITTEE AND THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND
27 BUDGETING SHALL AGREE TO THE CONTENT OF THE REPORT ON MEDICAID AND
28 NONMEDICAID BEHAVIORAL HEALTH EXPENDITURES. BEGINNING OCTOBER 1, 2013, THE
29 DEPARTMENT OF HEALTH SERVICES SHALL REPORT ANNUALLY TO THE JOINT LEGISLATIVE
30 BUDGET COMMITTEE ON EACH FISCAL YEAR'S MEDICAID AND NONMEDICAID BEHAVIORAL
31 HEALTH EXPENDITURES, INCLUDING BEHAVIORAL HEALTH DEMOGRAPHICS, UTILIZATION
32 AND EXPENDITURES, MEDICAL NECESSITY OVERSIGHT PRACTICES, TRACKING OF HIGH
33 COST BENEFICIARIES, MORTALITY TRENDS, PLACEMENT TRENDS, PROGRAM INTEGRITY AND
34 ACCESS TO SERVICES.

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

36 Sec. 23. AHCCCS; disproportionate share payments; retroactivity

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

40 1. \$55,507,900 for a qualifying nonstate operated public hospital.
41 The Maricopa county special health care district shall provide a certified
42 public expense form for the amount of qualifying disproportionate share
43 hospital expenditures made on behalf of this state to the administration on
44 or before May 1, 2012 for all state plan years as required by the Arizona
45 health care cost containment system 1115 waiver standard terms and
46 conditions. The administration shall assist the district in determining the

1 amount of qualifying disproportionate share hospital expenditures. Once the
2 administration files a claim with the federal government and receives federal
3 funds participation based on the amount certified by the Maricopa county
4 special health care district, if the certification is equal to or greater
5 than \$55,507,900, **SUBJECT TO THE LIMIT SPECIFIED IN THIS PARAGRAPH**, the
6 administration shall distribute \$4,202,300 to the Maricopa county special
7 health care district, **DEPOSIT \$8,541,500 IN THE DEPARTMENT OF ECONOMIC**
8 **SECURITY LONG-TERM CARE SYSTEM FUND ESTABLISHED PURSUANT TO SECTION 36-2953,**
9 **ARIZONA REVISED STATUTES**, and deposit the balance of the federal funds
10 participation in the state general fund. If the certification provided is
11 for an amount less than \$55,507,900, and the administration determines that
12 the revised amount is correct pursuant to the methodology used by the
13 administration pursuant to section 36-2903.01, Arizona Revised Statutes, the
14 administration shall notify the governor, the president of the senate and the
15 speaker of the house of representatives, shall distribute \$4,202,300 to the
16 Maricopa county special health care district and shall deposit the balance of
17 the federal funds participation in the state general fund. If the
18 certification provided is for an amount less than \$55,507,900 and the
19 administration determines that the revised amount is not correct pursuant to
20 the methodology used by the administration pursuant to section 36-2903.01,
21 Arizona Revised Statutes, the administration shall notify the governor, the
22 president of the senate and the speaker of the house of representatives and
23 shall deposit the total amount of the federal funds participation in the
24 state general fund. **THE DISPROPORTIONATE SHARE HOSPITAL PAYMENT ATTRIBUTED**
25 **TO THE MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT SHALL NOT EXCEED**
26 **\$89,877,700.**

27 2. \$28,474,900 for the Arizona state hospital. The Arizona state
28 hospital shall provide a certified public expense form for the amount of
29 qualifying disproportionate share hospital expenditures made on behalf of the
30 state to the administration on or before March 31, 2012. The administration
31 shall assist the Arizona state hospital in determining the amount of
32 qualifying disproportionate share hospital expenditures. Once the
33 administration files a claim with the federal government and receives federal
34 funds participation based on the amount certified by the Arizona state
35 hospital, the administration shall distribute the entire amount of federal
36 financial participation to the state general fund. If the certification
37 provided is for an amount less than \$28,474,900, the administration shall
38 notify the governor, the president of the senate and the speaker of the house
39 of representatives and shall distribute the entire amount of federal
40 financial participation to the state general fund. The certified public
41 expense form provided by the Arizona state hospital shall contain both the
42 total amount of qualifying disproportionate share hospital expenditures and
43 the amount limited by section 1923(g) of the social security act.

44 3. \$9,284,800 for private qualifying disproportionate share hospitals.
45 The Arizona health care cost containment system administration shall make
46 payments to hospitals consistent with this appropriation and the terms of the

1 section 1115 waiver, however, payments shall be limited to those hospitals
2 that either:

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

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

7 B. Disproportionate share payments in fiscal years 2010-2011 and
8 2011-2012 made pursuant to section 36-2903.01, subsection D, Arizona Revised
9 Statutes, include amounts for disproportionate share hospitals designated by
10 political subdivisions of this state, tribal governments and any university
11 under the jurisdiction of the Arizona board of regents. Contingent on
12 approval by the administration and the centers for medicare and Medicaid
13 services any amount of federal funding allotted to this state pursuant to
14 section 1923(f) of the social security act and not otherwise expended under
15 subsection A, paragraph 1, 2 or 3 of this section shall be made available for
16 distribution pursuant to this subsection. Political subdivisions of this
17 state, tribal governments and any university under the jurisdiction of the
18 Arizona board of regents may designate hospitals eligible to receive
19 disproportionate share funds in an amount up to the limit prescribed in
20 section 1923(g) of the social security act if those political subdivisions,
21 tribal governments or universities provide sufficient monies to qualify for
22 the matching federal monies for the disproportionate share payments.

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

25 Sec. 7. Repeal
26 Laws 2011, chapter 31, section 34 is repealed.

27 Sec. 8. AHCCCS; rules; continuation
28 Any rules adopted by the Arizona health care cost containment system
29 administration implementing program changes pursuant to Laws 2011, chapter
30 31, section 34 shall continue in effect through December 31, 2013. After
31 December 31, 2013, the administration may not continue any program changes
32 made pursuant to Laws 2011, chapter 31, section 34 without specific statutory
33 authorization.

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

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

38	1. Apache	\$ 611,200
39	2. Cochise	\$ 5,266,800
40	3. Coconino	\$ 1,834,500
41	4. Gila	\$ 2,146,400
42	5. Graham	\$ 1,434,200
43	6. Greenlee	\$ 192,800
44	7. La Paz	\$ 625,200
45	8. Maricopa	\$148,533,600
46	9. Mohave	\$ 8,000,100

1	10. Navajo	\$ 2,529,300
2	11. Pima	\$ 39,316,400
3	12. Pinal	\$ 15,081,500
4	13. Santa Cruz	\$ 1,904,900
5	14. Yavapai	\$ 8,450,900
6	15. Yuma	\$ 7,292,700

7 B. If the overall cost for the Arizona long-term care system exceeds
8 the amount specified in the general appropriations act for fiscal year
9 2012-2013, the state treasurer shall collect from the counties the difference
10 between the amount specified in subsection A of this section and the
11 counties' share of the state's actual contribution. The counties' share of
12 the state contribution shall be in compliance with any federal maintenance of
13 effort requirements. The director of the Arizona health care cost
14 containment system administration shall notify the state treasurer of the
15 counties' share of the state's contribution and report the amount to the
16 director of the joint legislative budget committee. The state treasurer
17 shall withhold from any other monies payable to that county from whatever
18 state funding source is available an amount necessary to fulfill that
19 county's requirement specified in this subsection. The state treasurer shall
20 not withhold distributions from the highway user revenue fund pursuant to
21 title 28, chapter 18, article 2, Arizona Revised Statutes. The state
22 treasurer shall deposit the amounts withheld pursuant to this subsection and
23 amounts paid pursuant to subsection A of this section in the long-term care
24 system fund established by section 36-2913, Arizona Revised Statutes.

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

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

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

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

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

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

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

5 Sec. 11. Competency restoration treatment; city and county
6 reimbursement; fiscal year 2012-2013; deposit; tax
7 withholding

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

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

17 C. Each city and county shall make the reimbursements for these costs
18 as specified in subsection A of this section within thirty days after a
19 request by the department of health services. If the city or county does not
20 make the reimbursement, the superintendent of the Arizona state hospital
21 shall notify the state treasurer of the amount owed and the treasurer shall
22 withhold the amount, including any additional interest as provided in section
23 42-1123, Arizona Revised Statutes, from any transaction privilege tax
24 distributions to the city or county. The treasurer shall deposit the
25 withholdings, pursuant to sections 35-146 and 35-147, Arizona Revised
26 Statutes, in the Arizona state hospital fund established by section
27 36-545.08, Arizona Revised Statutes.

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

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

34 Sec. 12. State employee health benefits

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

39 Sec. 13. AHCCCS; disproportionate share payments

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

43 1. \$89,877,700 for a qualifying nonstate operated public hospital.
44 The Maricopa county special health care district shall provide a certified
45 public expense form for the amount of qualifying disproportionate share
46 hospital expenditures made on behalf of this state to the administration on

1 or before May 1, 2013 for all state plan years as required by the Arizona
2 health care cost containment system 1115 waiver standard terms and
3 conditions. The administration shall assist the district in determining the
4 amount of qualifying disproportionate share hospital expenditures. Once the
5 administration files a claim with the federal government and receives federal
6 funds participation based on the amount certified by the Maricopa county
7 special health care district, if the certification is equal to or less than
8 \$89,877,700, and the administration determines that the revised amount is
9 correct pursuant to the methodology used by the administration pursuant to
10 section 36-2903.01, Arizona Revised Statutes, the administration shall notify
11 the governor, the president of the senate and the speaker of the house of
12 representatives, shall distribute \$4,202,300 to the Maricopa county special
13 health care district and shall deposit the balance of the federal funds
14 participation in the state general fund. If the certification provided is
15 for an amount less than \$89,877,700 and the administration determines that
16 the revised amount is not correct pursuant to the methodology used by the
17 administration pursuant to section 36-2903.01, Arizona Revised Statutes, the
18 administration shall notify the governor, the president of the senate and the
19 speaker of the house of representatives and shall deposit the total amount of
20 the federal funds participation in the state general fund. The
21 disproportionate share hospital payment attributed to the Maricopa county
22 special health care district shall not exceed \$89,877,700.

23 2. \$28,474,900 for the Arizona state hospital. The Arizona state
24 hospital shall provide a certified public expense form for the amount of
25 qualifying disproportionate share hospital expenditures made on behalf of the
26 state to the administration on or before March 31, 2013. The administration
27 shall assist the Arizona state hospital in determining the amount of
28 qualifying disproportionate share hospital expenditures. Once the
29 administration files a claim with the federal government and receives federal
30 funds participation based on the amount certified by the Arizona state
31 hospital, the administration shall distribute the entire amount of federal
32 financial participation to the state general fund. If the certification
33 provided is for an amount less than \$28,474,900, the administration shall
34 notify the governor, the president of the senate and the speaker of the house
35 of representatives and shall distribute the entire amount of federal
36 financial participation to the state general fund. The certified public
37 expense form provided by the Arizona state hospital shall contain both the
38 total amount of qualifying disproportionate share hospital expenditures and
39 the amount limited by section 1923(g) of the social security act.

40 3. \$9,284,800 for private qualifying disproportionate share hospitals.
41 The Arizona health care cost containment system administration shall make
42 payments to hospitals consistent with this appropriation and the terms of the
43 section 1115 waiver, however, payments shall be limited to those hospitals
44 that either:

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

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

3 B. Disproportionate share payments in fiscal year 2012-2013 made
4 pursuant to section 36-2903.01, subsection D, Arizona Revised Statutes,
5 include amounts for disproportionate share hospitals designated by political
6 subdivisions of this state, tribal governments and any university under the
7 jurisdiction of the Arizona board of regents. Contingent on approval by the
8 administration and the centers for medicare and medicaid services, any amount
9 of federal funding allotted to this state pursuant to section 1923(f) of the
10 social security act and not otherwise expended under subsection A, paragraph
11 1, 2 or 3 of this section shall be made available for distribution pursuant
12 to this subsection. Political subdivisions of this state, tribal governments
13 and any university under the jurisdiction of the Arizona board of regents may
14 designate hospitals eligible to receive disproportionate share funds in an
15 amount up to the limit prescribed in section 1923(g) of the social security
16 act if those political subdivisions, tribal governments or universities
17 provide sufficient monies to qualify for the matching federal monies for the
18 disproportionate share payments.

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

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

26 Sec. 15. County acute care contribution: fiscal year 2012-2013

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

30	1. Apache	\$ 268,800
31	2. Cochise	\$ 2,214,800
32	3. Coconino	\$ 742,900
33	4. Gila	\$ 1,413,200
34	5. Graham	\$ 536,200
35	6. Greenlee	\$ 190,700
36	7. La Paz	\$ 212,100
37	8. Maricopa	\$20,225,200
38	9. Mohave	\$ 1,237,700
39	10. Navajo	\$ 310,800
40	11. Pima	\$14,951,800
41	12. Pinal	\$ 2,715,600
42	13. Santa Cruz	\$ 482,800
43	14. Yavapai	\$ 1,427,800
44	15. Yuma	\$ 1,325,100

45 B. If a county does not provide funding as specified in subsection A
46 of this section, the state treasurer shall subtract the amount owed by the

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

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

20 D. The state treasurer shall deposit the amounts paid pursuant to
21 subsection C of this section and amounts withheld pursuant to subsection B of
22 this section in the Arizona health care cost containment system fund and the
23 long-term care system fund established by section 36-2913, Arizona Revised
24 Statutes.

25 E. If payments made pursuant to subsection C of this section exceed
26 the amount required to meet the costs incurred by the Arizona health care
27 cost containment system for the hospitalization and medical care of those
28 persons defined as an eligible person pursuant to section 36-2901, paragraph
29 6, subdivisions (a), (b) and (c), Arizona Revised Statutes, the director of
30 the Arizona health care cost containment system administration may instruct
31 the state treasurer either to reduce remaining payments to be paid pursuant
32 to this section by a specified amount or to provide to the counties specified
33 amounts from the Arizona health care cost containment system fund and the
34 long-term care system fund.

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

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

42 A. Notwithstanding any other law, for fiscal year 2012-2013, beginning
43 with the second monthly distribution of transaction privilege tax revenues,
44 the state treasurer shall withhold one-eleventh of the following amounts from
45 state transaction privilege tax revenues otherwise distributable, after any
46 amounts withheld for the county long-term care contribution or the county

1 administration contribution pursuant to section 11-292, subsection 0, Arizona
2 Revised Statutes, for deposit in the Arizona health care cost containment
3 system fund established by section 36-2913, Arizona Revised Statutes, for the
4 provision of hospitalization and medical care:

5	1. Apache	\$ 87,300
6	2. Cochise	\$ 162,700
7	3. Coconino	\$ 160,500
8	4. Gila	\$ 65,900
9	5. Graham	\$ 46,800
10	6. Greenlee	\$ 12,000
11	7. La Paz	\$ 24,900
12	8. Mohave	\$ 187,400
13	9. Navajo	\$ 122,800
14	10. Pima	\$1,115,900
15	11. Pinal	\$ 218,300
16	12. Santa Cruz	\$ 51,600
17	13. Yavapai	\$ 206,200
18	14. Yuma	\$ 183,900

19 B. If the monies the state treasurer withholds are insufficient to
20 meet that county's funding requirement as specified in subsection A of this
21 section, the state treasurer shall withhold from any other monies payable to
22 that county from whatever state funding source is available an amount
23 necessary to fulfill that county's requirement. The state treasurer shall
24 not withhold distributions from the highway user revenue fund pursuant to
25 title 28, chapter 18, article 2, Arizona Revised Statutes.

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

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

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

36 Sec. 17. Proposition 204 administration; county expenditure
37 limitation

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

42 Sec. 18. AHCCCS; ambulance services; reimbursement

43 Notwithstanding section 36-2239, subsection H, Arizona Revised
44 Statutes, for dates of service on and after October 1, 2012 through September
45 30, 2013, the Arizona health care cost containment system administration and
46 its contractors shall reimburse ambulance service providers in an amount

1 equal to 68.59 per cent of the amounts prescribed by the department of health
2 services.

3 Sec. 19. AHCCCS; hospital reimbursement inflation adjustment
4 freeze

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

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

11 Notwithstanding any other law, for rates effective October 1, 2012
12 through September 30, 2013, the Arizona health care cost containment system
13 administration may continue the five per cent reduction in payments for
14 institutional and noninstitutional services that was in effect on October
15 1, 2011.

16 Sec. 21. AHCCCS; risk contingency rate setting

17 Notwithstanding any other law, for the contract year beginning
18 October 1, 2012 and ending September 30, 2013, the Arizona health care cost
19 containment system administration may continue the risk contingency rate
20 setting for all managed care organizations and the funding for all managed
21 care organizations administrative funding levels that was imposed for the
22 contract year beginning October 1, 2010 and ending September 30, 2011.

23 Sec. 22. AHCCCS; social security administration; medicare
24 liability waiver

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

34 Sec. 23. AHCCCS; federal funding; hospitals; rule making
35 exemption

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

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

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

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

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

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

11 Sec. 26. Department of health services; health research
12 account; Alzheimer's disease research

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

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

19 Notwithstanding section 36-2953, Arizona Revised Statutes, the
20 department of economic security may use monies in the long-term care system
21 fund established pursuant to section 36-2953, Arizona Revised Statutes, for
22 any operational or programmatic expenses in fiscal year 2012-2013.

23 Sec. 28. Child care assistance eligibility; notification

24 Notwithstanding section 46-803, Arizona Revised Statutes, for fiscal
25 year 2012-2013, the department of economic security may reduce maximum income
26 eligibility levels for child care assistance in order to manage within
27 appropriated and available monies. The department of economic security shall
28 notify the joint legislative budget committee of any change in maximum income
29 eligibility levels for child care within fifteen days after implementing the
30 change.

31 Sec. 29. Department of economic security; drug testing; TANF
32 cash benefits recipients

33 During fiscal year 2012-2013, the department of economic security shall
34 screen and test each adult recipient who is otherwise eligible for temporary
35 assistance for needy families cash benefits and who the department has
36 reasonable cause to believe engages in the illegal use of controlled
37 substances. Any recipient who is found to have tested positive for the use
38 of a controlled substance that was not prescribed for the recipient by a
39 licensed health care provider is ineligible to receive benefits for a period
40 of one year.

41 Sec. 30. Dental self-insurance; review

42 For fiscal year 2012-2013, prior to self-insuring a dental plan as
43 authorized by section 38-651, Arizona Revised Statutes, the department of
44 administration shall submit a plan for dental self-insurance to the joint
45 legislative budget committee for review. The plan shall include an analysis
46 of the costs and benefits associated with switching to self-insurance

1 compared to other insurance options, including the options in place at the
2 time of the change.

3 Sec. 31. AHCCCS; dental contractor compliance

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

7 Sec. 32. Intent; implementation of program

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

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

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

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

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

20 Sec. 35. Intent; capitation rate increases

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

APPROVED BY THE GOVERNOR MAY 7, 2012.

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