

State of Arizona  
Senate  
Fifty-second Legislature  
First Regular Session  
2015

# SENATE BILL 1194

AN ACT

AMENDING SECTIONS 36-2171, 36-2172, 36-2173 AND 36-2174, ARIZONA REVISED STATUTES; REPEALING SECTION 36-2175, ARIZONA REVISED STATUTES; AMENDING SECTIONS 36-2907.05 AND 36-2907.06, ARIZONA REVISED STATUTES; RELATING TO MEDICALLY UNDERSERVED AREAS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 36-2171, Arizona Revised Statutes, is amended to  
3 read:

4 36-2171. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "ADVANCE PRACTICE PROVIDER" MEANS A PHYSICIAN ASSISTANT AS DEFINED  
7 IN SECTION 32-2501 OR A REGISTERED NURSE PRACTITIONER AS DEFINED IN SECTION  
8 32-1601.

9 2. "BEHAVIORAL HEALTH PROVIDER" MEANS A PHYSICIAN WHO IS A  
10 BOARD-CERTIFIED OR BOARD-ELIGIBLE PSYCHIATRIST, A PSYCHOLOGIST, A PHYSICIAN  
11 ASSISTANT OR A REGISTERED NURSE PRACTITIONER WHO IS CERTIFIED TO PRACTICE AS  
12 A BEHAVIORAL HEALTH SPECIALIST OR A PERSON WHO IS LICENSED PURSUANT TO TITLE  
13 32 AS A CLINICAL SOCIAL WORKER, PROFESSIONAL COUNSELOR OR MARRIAGE AND FAMILY  
14 THERAPIST.

15 ~~1-~~ 3. "Department" means the department of health services.

16 ~~2. "Mid-level provider" means a physician assistant as defined in~~  
17 ~~section 32-2501, a registered nurse practitioner as defined in section~~  
18 ~~32-1601 or a registered nurse practitioner who is certified by the state~~  
19 ~~board of nursing as a qualified nurse midwife.~~

20 4. "PHARMACIST" HAS THE SAME MEANING PRESCRIBED IN SECTION 32-1901.

21 ~~3-~~ 5. "Rural" means either OF THE FOLLOWING:

22 (a) A county with a population of less than four hundred thousand  
23 persons according to the most recent United States decennial census.

24 (b) A census county division with less than fifty thousand persons in  
25 a county with a population of four hundred thousand or more persons according  
26 to the most recent United States decennial census.

27 Sec. 2. Section 36-2172, Arizona Revised Statutes, is amended to read:

28 36-2172. Primary care provider loan repayment program; purpose;  
29 eligibility; default; use of monies

30 A. The primary care provider loan repayment program is established in  
31 the department to pay off portions of education loans taken out by  
32 physicians, dentists, ~~and mid-level~~ PHARMACISTS, ADVANCE PRACTICE PROVIDERS  
33 AND BEHAVIORAL HEALTH providers.

34 B. The department shall prescribe application and eligibility  
35 requirements that are consistent with the requirements of the national health  
36 service corps loan repayment program (42 Code of Federal Regulations  
37 part 62). To be eligible to participate in the primary care provider loan  
38 repayment program, an applicant shall meet all of the following requirements:

39 1. Have completed the final year of a course of study or program  
40 approved by recognized accrediting agencies for higher education in a health  
41 profession licensed pursuant to title 32 or hold an active license in a  
42 health profession licensed pursuant to title 32.

43 2. Demonstrate current or prospective employment with a public or  
44 nonprofit entity located and providing services in a federally designated

1 health professional shortage area in this state as designated under 42 Code  
2 of Federal Regulations section 62.52.

3 3. Contract with the department to serve and be qualified to serve in  
4 GENERAL dentistry, family ~~practice~~ MEDICINE, pediatrics, obstetrics, ~~or~~  
5 internal medicine, GERIATRICS, PSYCHIATRY, PHARMACY OR BEHAVIORAL HEALTH.

6 C. In addition to the requirements of subsection B of this section, an  
7 applicant who is a physician shall meet both of the following requirements:

8 1. Have completed a professional residency program in family ~~practice~~  
9 MEDICINE, pediatrics, obstetrics, ~~or~~ internal medicine OR PSYCHIATRY OR A  
10 FELLOWSHIP, RESIDENCY OR CERTIFICATION PROGRAM IN GERIATRICS.

11 2. Contract with the department to serve for at least two years.

12 D. ~~A mid-level~~ AN ADVANCE PRACTICE provider, BEHAVIORAL HEALTH  
13 PROVIDER or dentist who participates in the primary care provider loan  
14 repayment program shall INITIALLY contract with the department to provide  
15 services pursuant to this section for at least two years.

16 E. In making recommendations for the primary care provider loan  
17 repayment program, the department shall give priority to applicants who:

18 1. Intend to practice in rural areas most in need of primary care  
19 services. ~~In determining the areas most in need of primary care services,~~  
20 ~~the department shall consider areas that are either designated as medically~~  
21 ~~underserved by the department or~~

22 2. Have been assigned to a ~~high-degree-of-shortage group~~ HIGH-NEED  
23 HEALTH PROFESSIONAL-SHORTAGE AREA pursuant to 42 Code of Federal Regulations  
24 section 62.52.

25 3. MEET CRITERIA ESTABLISHED IN RULE TO DETERMINE PRIORITY CONSISTENT  
26 WITH THE NATIONAL HEALTH SERVICE CORPS LOAN REPAYMENT PROGRAM (42 CODE OF  
27 FEDERAL REGULATIONS PART 62, SUBPART B).

28 F. All loan repayment contract obligations are subject to the  
29 availability of monies and legislative appropriation. The department may  
30 cancel or suspend a loan repayment contract based on unavailability of monies  
31 for the program. The department is not liable for any claims, actual damages  
32 or consequential damages arising out of a cancellation or suspension of a  
33 contract.

34 G. This section does not prevent the department from encumbering an  
35 amount that is sufficient to ~~assure~~ ENSURE payment of each primary care  
36 provider loan for ~~a period of up to two years~~ THE SERVICES RENDERED DURING A  
37 CONTRACT PERIOD.

38 H. The department shall issue program monies to pay primary care  
39 provider loans that are limited to the amount of principal, interest and  
40 related expenses of educational loans, NOT TO EXCEED THE PROVIDER'S TOTAL  
41 STUDENT LOAN INDEBTEDNESS, according to the following schedule:

42 1. For physicians and dentists:

43 (a) For the first ~~year~~ TWO YEARS of service, a maximum of ~~twenty~~  
44 SIXTY-FIVE thousand dollars.

1 ~~(b) For the second year of service, a maximum of twenty thousand~~  
2 ~~dollars.~~

3 ~~(c) For the third year of service, a maximum of twenty two thousand~~  
4 ~~dollars.~~

5 ~~(d) For the fourth year of service, a maximum of twenty five thousand~~  
6 ~~dollars.~~

7 (b) FOR SUBSEQUENT YEARS, A MAXIMUM OF THIRTY-FIVE THOUSAND DOLLARS.

8 2. For ~~mid-level~~ ADVANCE PRACTICE providers, PHARMACISTS AND  
9 BEHAVIORAL HEALTH PROVIDERS:

10 (a) For the first ~~year~~ TWO YEARS of service, a maximum of ~~seven~~ FIFTY  
11 thousand ~~five hundred~~ dollars.

12 ~~(b) For the second year of service, a maximum of seven thousand five~~  
13 ~~hundred dollars.~~

14 ~~(c) For the third year of service, a maximum of nine thousand dollars.~~

15 ~~(d) For the fourth year of service, a maximum of ten thousand five~~  
16 ~~hundred dollars.~~

17 ~~I. A physician, dentist or mid-level provider who enters into an~~  
18 ~~original contract may apply for additional contracts for one or two years,~~  
19 ~~subject to approval by the department.~~

20 (b) FOR SUBSEQUENT YEARS, A MAXIMUM OF TWENTY-FIVE THOUSAND DOLLARS.

21 ~~J.~~ I. A participant in the primary care provider loan repayment  
22 program who breaches the loan repayment contract by failing to begin or to  
23 complete the obligated services is liable for liquidated damages in an amount  
24 equivalent to ~~twice the total uncredited amount of the loan repayment~~  
25 ~~contracted for on a prorated monthly basis~~ THE AMOUNT THAT WOULD BE OWED FOR  
26 DEFAULT AS PRESCRIBED BY THE FEDERAL GRANTS TO STATES FOR LOAN REPAYMENT  
27 PROGRAM OR AS DETERMINED AND AUTHORIZED BY THE DEPARTMENT. The department  
28 may waive the liquidated damages provisions of this subsection if it  
29 determines that death or permanent physical disability accounted for the  
30 failure of the participant to fulfill the contract. The department may  
31 prescribe additional conditions for default, cancellation, waiver or  
32 suspension that are consistent with the national health service corps loan  
33 repayment program (42 Code of Federal Regulations sections 62.27 and 62.28).

34 ~~K.~~ J. Notwithstanding section 41-192, the department may retain legal  
35 counsel and commence whatever actions are necessary to collect loan payments  
36 and charges if there is a default or a breach of a contract entered into  
37 pursuant to this section.

38 K. THE DIRECTOR OF THE DEPARTMENT MAY AUTHORIZE THE PROGRAM TO BE  
39 IMPLEMENTED INDEPENDENT OF THE FEDERAL GRANTS FOR STATE LOAN REPAYMENT  
40 PROGRAM BASED ON THE NEEDS OF THIS STATE.

41 L. THE DEPARTMENT MAY USE MONIES TO DEVELOP PROGRAMS SUCH AS  
42 RESIDENT-TO-SERVICE LOAN REPAYMENT AND EMPLOYER RECRUITMENT ASSISTANCE TO  
43 INCREASE PARTICIPATION IN THE PRIMARY CARE PROVIDER LOAN REPAYMENT PROGRAM.  
44 THE DEPARTMENT MAY USE PRIVATE DONATIONS, GRANTS AND FEDERAL MONIES TO  
45 IMPLEMENT, SUPPORT, PROMOTE OR MAINTAIN THE PROGRAM.

1           Sec. 3. Section 36-2173, Arizona Revised Statutes, is amended to read:  
2           36-2173. Obstetrical practitioners; underserved areas; payment  
3                                   of insurance premiums; prioritization

4           A. A physician or ~~a mid-level practitioner~~ AN ADVANCE PRACTICE  
5 PROVIDER who provides obstetrical services in rural areas of this state may  
6 apply for and receive financial assistance to offset medical malpractice  
7 premium expenses.

8           B. To be qualified for assistance, a person shall apply to the  
9 department on a form and in a manner prescribed by the department and shall  
10 meet the following requirements:

11           1. Have current obstetrical delivery privileges at one or more  
12 hospitals that are located in rural areas of this state and that are not  
13 operated by the federal government.

14           2. Have a contract with the Arizona health care cost containment  
15 system ADMINISTRATION for obstetrical services with one or more of the  
16 system's prepaid contractors.

17           3. Be licensed under title 32, chapter 13, 15, 17 or 25.

18           4. Personally incur malpractice insurance costs.

19           C. The department shall establish an index that uses indicators to  
20 determine a score for each applicant service area. These indicators shall  
21 include:

22           1. The availability of obstetrical services based on a population to  
23 provider ratio.

24           2. The area's geographic accessibility to obstetrical services.

25           3. The percentage of the area's population that is at or below a  
26 designated federal poverty level.

27           D. The department shall identify physicians and ~~mid-level~~ ADVANCE  
28 PRACTICE providers who are practicing in medically underserved areas and  
29 shall notify them of the eligibility for assistance under this section. A  
30 physician or ~~mid-level~~ ADVANCE PRACTICE provider shall submit an application  
31 for assistance within thirty days of receiving the notification. The  
32 department shall offer assistance to qualified applicants based on the  
33 ranking of the area in which the applicant serves as established under  
34 subsection C OF THIS SECTION. The applicant shall enter into a contract with  
35 the department under which the applicant agrees to remain in practice in the  
36 specific area for one year. These contracts are exempt from the requirements  
37 of title 41, chapter 23.

38           E. Family physicians and ~~mid-level~~ ADVANCE PRACTICE providers who  
39 perform less than fifty-one deliveries per year and who are required to pay  
40 an additional premium to perform obstetrical services are eligible to receive  
41 an amount of not more than five thousand dollars. Family physicians and  
42 obstetricians who perform more than fifty deliveries per year are eligible to  
43 receive an amount of not more than ten thousand dollars.

44           F. The health care provider shall submit a report to the department  
45 that contains statistical information required by the department and that

1 identifies the number of women to whom the provider has provided medical  
2 services during childbirth, the women's ages, the number of prenatal visits  
3 each woman received, the number of these women who are enrolled in the  
4 Arizona health care cost containment system and the women's insurance status.

5 Sec. 4. Section 36-2174, Arizona Revised Statutes, is amended to read:

6 36-2174. Rural private primary care provider loan repayment  
7 program; private practice; rules

8 A. Subject to the availability of monies, the department ~~of health~~  
9 ~~services~~ shall establish a rural private primary care provider loan repayment  
10 program for physicians, dentists, PHARMACISTS, BEHAVIORAL HEALTH PROVIDERS  
11 and ~~mid-level~~ ADVANCE PRACTICE providers with current or prospective rural  
12 primary care practices located in FEDERALLY DESIGNATED HEALTH PROFESSIONAL  
13 SHORTAGE AREAS OR medically underserved areas in this state, as prescribed in  
14 section 36-2352. To be eligible to participate in the program, an applicant  
15 shall agree to provide organized, discounted, sliding fee scale services for  
16 medically uninsured individuals from families with annual incomes below two  
17 hundred ~~per cent~~ PERCENT of the federal poverty guidelines as established  
18 annually by the United States department of health and human services. The  
19 department shall approve the sliding fee scale used by the provider. The  
20 provider shall ~~assure~~ ENSURE notice to consumers of the availability of these  
21 services. The department shall give preference to applicants who agree to  
22 serve in rural areas. ~~For the purposes of this subsection, "rural" means~~  
23 ~~either of the following:~~

24 ~~1. A county with a population of less than four hundred thousand~~  
25 ~~persons according to the most recent United States decennial census.~~

26 ~~2. A census county division with less than fifty thousand persons in a~~  
27 ~~county with a population of four hundred thousand or more persons according~~  
28 ~~to the most recent United States decennial census.~~

29 B. Except as provided in section 36-2172, subsection B, paragraph 2,  
30 the program established pursuant to this section and loan repayment contracts  
31 made pursuant to this section shall comply with the requirements of section  
32 36-2172.

33 C. The department ~~of health services~~ may apply for and receive private  
34 donations and grant monies to implement the rural private primary care  
35 provider loan repayment program established pursuant to this section.

36 D. THE DEPARTMENT SHALL ADOPT RULES TO CANCEL OR SUSPEND A LOAN  
37 REPAYMENT CONTRACT, IMPOSE A PENALTY FOR DEFAULT OR FIND A PERSON IN DEFAULT  
38 OF A CONTRACT.

39 Sec. 5. Repeal

40 Section ~~36-2175~~, Arizona Revised Statutes, is repealed.

41 Sec. 6. Section 36-2907.05, Arizona Revised Statutes, is amended to  
42 read:

43 36-2907.05. Primary care programs; definition

44 A. Subject to the availability of monies ~~as prescribed in section~~  
45 ~~36-2921~~, the administration shall enter into an intergovernmental agreement

1 pursuant to title 11, chapter 7, article 3 with the department of health  
2 services to establish community based primary care programs to contract with  
3 providers to provide comprehensive primary care services to low-income  
4 at-risk residents of this state and to provide primary care services to  
5 indigent or uninsured Arizonans. The department may contract with public and  
6 nonprofit private entities to provide primary health care services through  
7 mobile medical clinics to indigent or uninsured Arizonans in rural areas as  
8 defined in section 36-2171 or in medically underserved areas as prescribed by  
9 section 36-2352.

10 B. The community based primary care programs as established pursuant  
11 to this section shall include at least the following:

12 1. Outreach services that are designed to identify individuals in  
13 need.

14 2. Comprehensive primary care services that are provided in community  
15 sites including well child care, immunizations, treatment of minor ~~illness~~  
16 ILLNESSES and health education and referral.

17 3. Tracking and follow-up services to assist individuals in obtaining  
18 care that is not available through the primary care programs.

19 C. As a condition of receiving a contract, each community based  
20 primary care program shall agree to submit information that is required to  
21 conduct program evaluations pursuant to section 36-2907.07.

22 D. The community based primary care programs as established pursuant  
23 to this section may provide, subject to available funding, the following  
24 services:

25 1. Medical care provided through licensed primary care physicians and  
26 licensed mid-level providers ~~as defined in section 36-2171~~.

27 2. Diagnostic laboratory or imaging services that are necessary to  
28 complete preliminary diagnosis and treatment, including referral services.

29 3. Pharmacy services that are necessary to initiate treatment,  
30 including referral services.

31 4. Preventive health services.

32 5. Preventive dental services.

33 E. The community based primary care programs shall be administered  
34 directly by the department of health services. Contracts established  
35 pursuant to subsection A of this section shall be signed by the department  
36 and the contractor ~~prior to~~ BEFORE the transmission of any tobacco tax and  
37 health care fund monies to the contractor.

38 F. If the department of health services enters into a contract with a  
39 mobile medical clinic to provide services pursuant to subsection A of this  
40 section, ~~then~~ the mobile medical clinic shall provide at least the following:

41 1. Medical care provided through licensed primary care physicians and  
42 licensed mid-level providers ~~as defined in section 36-2171~~.

43 2. Comprehensive primary care services including well woman care, well  
44 child care, immunizations, treatment of minor ~~illness~~ ILLNESSES and health  
45 education and referral.

1           3. Prenatal care services.

2           4. Diagnostic laboratory and imaging services that are necessary to  
3 complete a diagnosis and treatment, including referral services.

4           5. Pharmacy services that are necessary to complete treatment,  
5 including referral services.

6           6. Outreach services that are designed to identify persons in need.

7           7. Tracking and follow-up services to assist persons to obtain care  
8 that is not available through the primary care programs.

9           8. Community development activities to assist communities in  
10 organizing to work with school health systems, the public health department  
11 and other health partners.

12           9. Community development activities to assist communities in  
13 establishing means to provide permanent health care services, including  
14 community clinics.

15           G. As a condition of receiving a contract, each mobile medical clinic  
16 shall agree to submit information that is required to conduct program  
17 evaluations pursuant to section 36-2907.07 and to display on the mobile  
18 medical clinic wording that identifies the source of funding.

19           H. The department of health services shall directly administer any  
20 contracts entered into with mobile medical clinics pursuant to subsection A  
21 of this section. Contracts established pursuant to subsection A of this  
22 section shall be signed by the department and the contractor before  
23 transmitting any tobacco tax and health care fund monies to the contractor.

24           I. The department of health services may give preference to mobile  
25 medical clinics that have a history of delivering primary care services in  
26 conjunction with community development.

27           J. FOR THE PURPOSES OF THIS SECTION, "MID-LEVEL PROVIDER" MEANS A  
28 PHYSICIAN ASSISTANT AS DEFINED IN SECTION 32-2501, A REGISTERED NURSE  
29 PRACTITIONER AS DEFINED IN SECTION 32-1601 OR A REGISTERED NURSE PRACTITIONER  
30 WHO IS CERTIFIED BY THE STATE BOARD OF NURSING AS A QUALIFIED NURSE MIDWIFE.

31           Sec. 7. Section 36-2907.06, Arizona Revised Statutes, is amended to  
32 read:

33           36-2907.06. Qualifying community health centers; contracts;  
34 requirements; definition

35           A. Subject to the availability of monies, the administration shall  
36 enter into an intergovernmental agreement pursuant to title 11, chapter 7,  
37 article 3 with the department of health services to contract with qualifying  
38 community health centers to provide primary health care services to indigent  
39 or uninsured Arizonans. The department of health services shall enter into  
40 one-year contracts with qualifying community health centers for the centers  
41 to provide the following primary health care services:

42           1. Medical care provided through licensed primary care physicians and  
43 licensed mid-level providers as defined in section ~~36-2171~~ 36-2907.05.

44           2. Prenatal care services.



- 1           3. Diagnostic laboratory and imaging services that are necessary to  
2 complete a diagnosis and treatment, including referral services.
- 3           4. Pharmacy services that are necessary to complete treatment,  
4 including referral services.
- 5           5. Preventive health services.
- 6           6. Preventive dental services.
- 7           7. Emergency services performed at the qualifying community health  
8 center.
- 9           8. Transportation for patients to and from the qualifying community  
10 health center if these patients would not receive care without this  
11 assistance.
- 12          B. A contract entered into pursuant to subsection A of this section  
13 may include urgent care services for walk-in patients.
- 14          C. Each contract shall require that the qualifying community health  
15 center provide the services prescribed in subsection A of this section to  
16 persons who the center determines:
  - 17           1. Are residents of this state.
  - 18           2. Are without medical insurance policy coverage.
  - 19           3. Do not have a family income of more than two hundred ~~per cent~~  
20 **PERCENT** of the federal poverty guidelines ~~as established annually by the~~  
21 ~~United States department of health and human services~~.
  - 22           4. Have provided verification that the person is not eligible for  
23 enrollment in the Arizona health care cost containment system pursuant to  
24 this chapter.
  - 25           5. Have provided verification that the person is not eligible for  
26 medicare.
- 27          D. The department of health services shall directly administer the  
28 program and issue requests for proposals for the contracts prescribed in this  
29 section. Contracts established pursuant to subsection A of this section  
30 shall be signed by the department and the contractor before the transmission  
31 of any tobacco tax and health care fund monies to the contractor.
- 32          E. Persons who meet the eligibility criteria established in subsection  
33 C or H of this section shall be charged for services based ~~upon~~ **ON** a sliding  
34 fee schedule approved by the department of health services.
- 35          F. In awarding contracts, the department of health services may give  
36 preference to qualifying community health centers that have a sliding fee  
37 schedule. Monies shall be used for the number of patients that exceeds the  
38 number of uninsured sliding fee schedule patients that the qualifying  
39 community health center served during fiscal year 1994. Each qualifying  
40 community health center shall make its sliding fee schedule available to the  
41 public on request. The contract shall require the qualifying community  
42 health center to apply a sliding fee schedule to all of its uninsured  
43 patients.

1 G. The department of health services may examine the records of each  
2 qualifying community health center and conduct audits necessary to determine  
3 that the eligibility determinations were performed accurately and to verify  
4 the number of uninsured patients served by the qualifying community health  
5 center as a result of receiving tobacco tax and health care fund monies by  
6 the contract established pursuant to subsection A of this section.

7 H. Contracts established pursuant to subsection A of this section  
8 shall require qualifying community health center contractors to submit  
9 information as required pursuant to section 36-2907.07 for program  
10 evaluations.

11 I. For the purposes of this section, "qualifying community health  
12 center" means a community-based primary care facility that provides medical  
13 care in medically underserved areas as provided in section 36-2352, or in  
14 medically underserved areas or medically underserved populations as  
15 designated by the United States department of health and human services,  
16 through the employment of physicians, professional nurses, physician  
17 assistants or other health care technical and paraprofessional personnel.

18 Sec. 8. Rulemaking

19 For the purposes of implementing this act, the department of health  
20 services is exempt from the rulemaking requirements of title 41, chapter 6,  
21 Arizona Revised Statutes, until December 31, 2016, except that the department  
22 shall provide public notice and an opportunity for public comment before  
23 adopting the rules. The department shall include in the rulemaking  
24 requirements for the prioritization of state residents, requirements of  
25 part-time providers and the provision of services by telemedicine.