

REFERENCE TITLE: AHCCCS; pediatric nursing care

State of Arizona
House of Representatives
Fifty-fifth Legislature
Second Regular Session
2022

HB 2727

Introduced by
Representative Wilmeth

AN ACT

AMENDING SECTION 36-2903.01, ARIZONA REVISED STATUTES; RELATING TO THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 36-2903.01, Arizona Revised Statutes, is amended
3 to read:

4 36-2903.01. Director; additional powers and duties; rules;
5 annual report; civil penalty; definition

6 A. The director of the Arizona health care cost containment system
7 administration may adopt rules that provide that the system may withhold
8 or forfeit payments to be made to a noncontracting provider by the system
9 if the noncontracting provider fails to comply with this article, the
10 provider agreement or rules that are adopted pursuant to this article and
11 that relate to the specific services rendered for which a claim for
12 payment is made.

13 B. The director shall:

14 1. Prescribe uniform forms to be used by all contractors. The
15 rules shall require a written and signed application by the applicant or
16 ~~an~~ THE applicant's authorized representative, or, if the person is
17 incompetent or incapacitated, a family member or a person acting
18 responsibly for the applicant may obtain a signature or a reasonable
19 facsimile and file the application as prescribed by the administration.

20 2. Enter into an interagency agreement with the department to
21 establish a streamlined eligibility process to determine the eligibility
22 of all persons defined pursuant to section 36-2901, paragraph 6,
23 subdivision (a). At the administration's option, the interagency
24 agreement may allow the administration to determine the eligibility of
25 certain persons, including those defined pursuant to section 36-2901,
26 paragraph 6, subdivision (a).

27 3. Enter into an intergovernmental agreement with the department
28 to:

29 (a) Establish an expedited eligibility and enrollment process for
30 all persons who are hospitalized at the time of application.

31 (b) Establish performance measures and incentives for the
32 department.

33 (c) Establish the process for management evaluation reviews that
34 the administration shall perform to evaluate the eligibility determination
35 functions performed by the department.

36 (d) Establish eligibility quality control reviews by the
37 administration.

38 (e) Require the department to adopt rules, consistent with the
39 rules adopted by the administration for a hearing process, that applicants
40 or members may use for appeals of eligibility determinations or
41 redeterminations.

42 (f) Establish the department's responsibility to place sufficient
43 eligibility workers at federally qualified health centers to screen for
44 eligibility and at hospital sites and level one trauma centers to ensure
45 that persons seeking hospital services are screened on a timely basis for

1 eligibility for the system, including a process to ensure that
2 applications for the system can be accepted on a ~~twenty-four-hour~~
3 TWENTY-FOUR-HOUR basis, seven days a week.

4 (g) Withhold payments based on the allowable sanctions for errors
5 in eligibility determinations or redeterminations or failure to meet
6 performance measures required by the intergovernmental agreement.

7 (h) Recoup from the department all federal fiscal sanctions that
8 result from the department's inaccurate eligibility determinations. The
9 director may offset all or part of a sanction if the department submits a
10 corrective action plan and a strategy to remedy the error.

11 4. By rule establish a procedure and time frames for the intake of
12 grievances and requests for hearings, for the continuation of benefits and
13 services during the appeal process and for a grievance process at the
14 contractor level. Notwithstanding sections 41-1092.02, 41-1092.03 and
15 41-1092.05, the administration shall develop rules to establish the
16 procedure and time frame for the informal resolution of grievances and
17 appeals. A grievance that is not related to a claim for payment of system
18 covered services shall be filed in writing with and received by the
19 administration or the prepaid capitated provider or program contractor not
20 later than sixty days after the date of the adverse action, decision or
21 policy implementation being grieved. A grievance that is related to a
22 claim for payment of ~~system-covered~~ SYSTEM-COVERED services must be filed
23 in writing and received by the administration or the prepaid capitated
24 provider or program contractor within twelve months after the date of
25 service, within twelve months after the date that eligibility is posted or
26 within sixty days after the date of the denial of a timely claim
27 submission, whichever is later. A grievance for the denial of a claim for
28 reimbursement of services may contest the validity of any adverse action,
29 decision, policy implementation or rule that related to or resulted in the
30 full or partial denial of the claim. A policy implementation may be
31 subject to a grievance procedure, but it may not be appealed for a
32 hearing. The administration is not required to participate in a mandatory
33 settlement conference if it is not a real party in interest. In any
34 proceeding before the administration, including a grievance or hearing,
35 persons may represent themselves or be represented by a duly authorized
36 agent who is not charging a fee. A legal entity may be represented by an
37 officer, partner or employee who is specifically authorized by the legal
38 entity to represent it in the particular proceeding.

39 5. Apply for and accept federal ~~funds~~ MONIES available under title
40 XIX of the social security act (P.L. 89-97; 79 Stat. 344; 42 United States
41 Code section 1396 (1980)) in support of the system. The application made
42 by the director pursuant to this paragraph shall be designed to qualify
43 for federal funding primarily on a prepaid capitated basis. Such ~~funds~~
44 MONIES may be used only for the support of persons defined as eligible

1 pursuant to title XIX of the social security act or the approved section
2 1115 waiver.

3 6. At least thirty days before ~~the implementation of~~ IMPLEMENTING a
4 policy or a change to an existing policy relating to reimbursement,
5 provide notice to interested parties. Parties interested in receiving
6 notification of policy changes shall submit a written request for
7 notification to the administration.

8 7. In addition to the cost sharing requirements specified in
9 subsection D, paragraph 4 of this section:

10 (a) Charge monthly premiums up to the maximum amount allowed by
11 federal law to all populations of eligible persons who may be charged.

12 (b) Implement this paragraph to the extent ~~permitted~~ ALLOWED under
13 the federal deficit reduction act of 2005 and other federal laws, subject
14 to the approval of federal waiver authority and to the extent that any
15 changes in the cost sharing requirements under this paragraph would ~~permit~~
16 ALLOW this state to receive any enhanced federal matching rate.

17 C. The director is authorized to apply for any federal ~~funds~~ MONIES
18 available for ~~the TO support of~~ programs to investigate and prosecute
19 violations arising from the administration and operation of the
20 system. Available state ~~funds~~ MONIES appropriated for the administration
21 and operation of the system may be used as matching ~~funds~~ MONIES to secure
22 federal ~~funds~~ MONIES pursuant to this subsection.

23 D. The director may adopt rules or procedures to do the following:

24 1. Authorize advance payments based on estimated liability to a
25 contractor or a noncontracting provider after the contractor or
26 noncontracting provider has submitted a claim for services and before the
27 claim is ultimately resolved. The rules shall specify that any advance
28 payment shall be conditioned on the execution before payment of a contract
29 with the contractor or noncontracting provider that requires the
30 administration to retain a specified percentage, which shall be at least
31 twenty percent, of the claimed amount as security and that requires
32 repayment to the administration if the administration makes any
33 overpayment.

34 2. Defer liability, in whole or in part, of contractors for care
35 provided to members who are hospitalized on the date of enrollment or
36 under other circumstances. Payment shall be on a capped fee-for-service
37 basis for services other than hospital services and at the rate
38 established pursuant to subsection G of this section for hospital services
39 or at the rate paid by the health plan, whichever is less.

40 3. Deputize, in writing, any qualified officer or employee in the
41 administration to perform any act that the director by law is empowered to
42 do or charged with the responsibility of doing, including the authority to
43 issue final administrative decisions pursuant to section 41-1092.08.

44 4. Notwithstanding any other law, require persons eligible pursuant
45 to section 36-2901, paragraph 6, subdivision (a), section 36-2931 and

1 section 36-2981, paragraph 6 to be financially responsible for any cost
2 sharing requirements established in a state plan or a section 1115 waiver
3 and approved by the centers for medicare and medicaid services. Cost
4 sharing requirements may include copayments, coinsurance, deductibles,
5 enrollment fees and monthly premiums for enrolled members, including
6 households with children enrolled in the Arizona long-term care system.

7 E. The director shall adopt rules that further specify the medical
8 care and hospital services that are covered by the system pursuant to
9 section 36-2907.

10 F. In addition to the rules otherwise specified in this article,
11 the director may adopt necessary rules pursuant to title 41, chapter 6 to
12 carry out this article. Rules adopted by the director pursuant to this
13 subsection shall consider the differences between rural and urban
14 conditions on the delivery of hospitalization and medical care.

15 G. For inpatient hospital admissions and outpatient hospital
16 services on and after March 1, 1993, the administration shall adopt rules
17 for the reimbursement of hospitals according to the following procedures:

18 1. For inpatient hospital stays from March 1, 1993 through
19 September 30, 2014, the administration shall use a prospective tiered per
20 diem methodology, using hospital peer groups if analysis shows that cost
21 differences can be attributed to independently definable features that
22 hospitals within a peer group share. In peer grouping, the administration
23 may consider such factors as length of stay differences and labor market
24 variations. If there are no cost differences, the administration shall
25 implement a stop loss-stop gain or similar mechanism. Any stop loss-stop
26 gain or similar mechanism shall ensure that the tiered per diem rates
27 assigned to a hospital do not represent less than ninety percent of its
28 1990 base year costs or more than one hundred ten percent of its 1990 base
29 year costs, adjusted by an audit factor, during the period of March 1,
30 1993 through September 30, 1994. The tiered per diem rates set for
31 hospitals shall represent no less than eighty-seven and one-half percent
32 or more than one hundred twelve and one-half percent of its 1990 base year
33 costs, adjusted by an audit factor, from October 1, 1994 through September
34 30, 1995 and no less than eighty-five percent or more than one hundred
35 fifteen percent of its 1990 base year costs, adjusted by an audit factor,
36 from October 1, 1995 through September 30, 1996. For the periods after
37 September 30, 1996 no stop loss-stop gain or similar mechanisms shall be
38 in effect. An adjustment in the stop loss-stop gain percentage may be
39 made to ensure that total payments do not increase as a result of this
40 provision. If peer groups are used, the administration shall establish
41 initial peer group designations for each hospital before implementation of
42 the per diem system. The administration may also use a negotiated rate
43 methodology. The tiered per diem methodology may include separate
44 consideration for specialty hospitals that limit their provision of
45 services to specific patient populations, such as rehabilitative patients

1 or children. The initial per diem rates shall be based on hospital claims
 2 and encounter data for dates of service November 1, 1990 through October
 3 31, 1991 and processed through May of 1992. The administration may also
 4 establish a separate reimbursement methodology for claims with
 5 extraordinarily high costs per day that exceed thresholds established by
 6 the administration.

7 2. For rates effective on October 1, 1994, and annually through
 8 September 30, 2011, the administration shall adjust tiered per diem
 9 payments for inpatient hospital care by the data resources incorporated
 10 market basket index for prospective payment system hospitals. For rates
 11 effective beginning on October 1, 1999, the administration shall adjust
 12 payments to reflect changes in length of stay for the maternity and
 13 nursery tiers.

14 3. Through June 30, 2004, for outpatient hospital services, the
 15 administration shall reimburse a hospital by applying a hospital specific
 16 outpatient cost-to-charge ratio to the covered charges. Beginning on July
 17 1, 2004 through June 30, 2005, the administration shall reimburse a
 18 hospital by applying a hospital specific outpatient cost-to-charge ratio
 19 to covered charges. If the hospital increases its charges for outpatient
 20 services filed with the Arizona department of health services pursuant to
 21 chapter 4, article 3 of this title, by more than 4.7 percent for dates of
 22 service effective on or after July 1, 2004, the hospital specific
 23 cost-to-charge ratio will be reduced by the amount that it exceeds 4.7
 24 percent. If charges exceed 4.7 percent, the effective date of the
 25 increased charges will be the effective date of the adjusted Arizona
 26 health care cost containment system cost-to-charge ratio. The
 27 administration shall develop the methodology for a capped fee-for-service
 28 schedule and a statewide cost-to-charge ratio. Any covered outpatient
 29 service not included in the capped fee-for-service schedule shall be
 30 reimbursed by applying the statewide cost-to-charge ratio that is based on
 31 the services not included in the capped fee-for-service schedule.
 32 Beginning on July 1, 2005, the administration shall reimburse clean claims
 33 with dates of service on or after July 1, 2005, based on the capped
 34 fee-for-service schedule or the statewide cost-to-charge ratio established
 35 pursuant to this paragraph. The administration may make additional
 36 adjustments to the outpatient hospital rates established pursuant to this
 37 section based on other factors, including the number of beds in the
 38 hospital, specialty services available to patients and the geographic
 39 location of the hospital.

40 4. Except if submitted under an electronic claims submission
 41 system, a hospital bill is considered received for purposes of this
 42 paragraph on initial receipt of the legible, error-free claim form by the
 43 administration if the claim includes the following error-free
 44 documentation in legible form:

45 (a) An admission face sheet.

- 1 (b) An itemized statement.
- 2 (c) An admission history and physical.
- 3 (d) A discharge summary or an interim summary if the claim is
- 4 split.
- 5 (e) An emergency record, if admission was through the emergency
- 6 room.
- 7 (f) Operative reports, if applicable.
- 8 (g) A labor and delivery room report, if applicable.

9 Payment received by a hospital from the administration pursuant to this
10 subsection or from a contractor either by contract or pursuant to section
11 36-2904, subsection I is considered payment by the administration or the
12 contractor of the administration's or contractor's liability for the
13 hospital bill. A hospital may collect any unpaid portion of its bill from
14 other third-party payors or in situations covered by title 33, chapter 7,
15 article 3.

16 5. For services rendered on and after October 1, 1997, the
17 administration shall pay a hospital's rate established according to this
18 section subject to the following:

19 (a) If the hospital's bill is paid within thirty days ~~of~~ AFTER the
20 date the bill was received, the administration shall pay ninety-nine
21 percent of the rate.

22 (b) If the hospital's bill is paid after thirty days but within
23 sixty days ~~of~~ AFTER the date the bill was received, the administration
24 shall pay one hundred percent of the rate.

25 (c) If the hospital's bill is paid any time ~~after~~ WITHIN sixty days
26 ~~of~~ AFTER the date the bill was received, the administration shall pay one
27 hundred percent of the rate plus a fee of one percent per month for each
28 month or portion of a month following the sixtieth day ~~of receipt of~~ AFTER
29 RECEIVING the bill until the date of payment.

30 6. In developing the reimbursement methodology, if a review of the
31 reports filed by a hospital pursuant to section 36-125.04 indicates that
32 further investigation is considered necessary to verify the accuracy of
33 the information in the reports, the administration may examine the
34 hospital's records and accounts related to the reporting requirements of
35 section 36-125.04. The administration shall bear the cost incurred in
36 connection with this examination unless the administration finds that the
37 records examined are significantly deficient or incorrect, in which case
38 the administration may charge the cost of the investigation to the
39 hospital examined.

40 7. Except for privileged medical information, the administration
41 shall make available for public inspection the cost and charge data and
42 the calculations used by the administration to determine payments under
43 the tiered per diem system, provided that individual hospitals are not
44 identified by name. The administration shall make the data and
45 calculations available for public inspection during regular business hours

1 and shall provide copies of the data and calculations to individuals
2 requesting such copies within thirty days ~~of receipt of~~ AFTER RECEIVING a
3 written request. The administration may charge a reasonable fee for ~~the~~
4 ~~provision of~~ PROVIDING the data or information.

5 8. The prospective tiered per diem payment methodology for
6 inpatient hospital services shall include a mechanism for the prospective
7 payment of inpatient hospital capital related costs. The capital payment
8 shall include hospital specific and statewide average amounts. For tiered
9 per diem rates beginning on October 1, 1999, the capital related cost
10 component is frozen at the blended rate of forty percent of the hospital
11 specific capital cost and sixty percent of the statewide average capital
12 cost in effect as of January 1, 1999 and as further adjusted by the
13 calculation of tier rates for maternity and nursery as prescribed by law.
14 Through September 30, 2011, the administration shall adjust the capital
15 related cost component by the data resources incorporated market basket
16 index for prospective payment system hospitals.

17 9. For graduate medical education programs:

18 (a) Beginning September 30, 1997, the administration shall
19 establish a separate graduate medical education program to reimburse
20 hospitals that had graduate medical education programs that were approved
21 by the administration as of October 1, 1999. The administration shall
22 separately account for monies for the graduate medical education program
23 based on the total reimbursement for graduate medical education reimbursed
24 to hospitals by the system in federal fiscal year 1995-1996 pursuant to
25 the tiered per diem methodology specified in this section. The graduate
26 medical education program reimbursement shall be adjusted annually by the
27 increase or decrease in the index published by the global insight hospital
28 market basket index for prospective hospital reimbursement. Subject to
29 legislative appropriation, on an annual basis, each qualified hospital
30 shall receive a single payment from the graduate medical education program
31 that is equal to the same percentage of graduate medical education
32 reimbursement that was paid by the system in federal fiscal year
33 1995-1996. Any reimbursement for graduate medical education made by the
34 administration shall not be subject to future settlements or appeals by
35 the hospitals to the administration. The monies available under this
36 subdivision shall not exceed the fiscal year 2005-2006 appropriation
37 adjusted annually by the increase or decrease in the index published by
38 the global insight hospital market basket index for prospective hospital
39 reimbursement, except for monies distributed for expansions pursuant to
40 subdivision (b) of this paragraph.

41 (b) The monies available for graduate medical education programs
42 pursuant to this subdivision shall not exceed the fiscal year 2006-2007
43 appropriation adjusted annually by the increase or decrease in the index
44 published by the global insight hospital market basket index for
45 prospective hospital reimbursement. Graduate medical education programs

1 eligible for such reimbursement are not precluded from receiving
2 reimbursement for funding under subdivision (c) of this paragraph.
3 Beginning July 1, 2006, the administration shall distribute any monies
4 appropriated for graduate medical education above the amount prescribed in
5 subdivision (a) of this paragraph in the following order or priority:

6 (i) For the direct costs to support the expansion of graduate
7 medical education programs established before July 1, 2006 at hospitals
8 that do not receive payments pursuant to subdivision (a) of this
9 paragraph. These programs must be approved by the administration.

10 (ii) For the direct costs to support the expansion of graduate
11 medical education programs established on or before October 1, 1999.
12 These programs must be approved by the administration.

13 (c) The administration shall distribute to hospitals any monies
14 appropriated for graduate medical education above the amount prescribed in
15 subdivisions (a) and (b) of this paragraph for the following purposes:

16 (i) For the direct costs of graduate medical education programs
17 established or expanded on or after July 1, 2006. These programs must be
18 approved by the administration.

19 (ii) For a portion of additional indirect graduate medical
20 education costs for programs that are located in a county with a
21 population of less than five hundred thousand persons at the time the
22 residency position was created or for a residency position that includes a
23 rotation in a county with a population of less than five hundred thousand
24 persons at the time the residency position was established. These
25 programs must be approved by the administration.

26 (d) The administration shall develop, by rule, the formula by which
27 the monies are distributed.

28 (e) Each graduate medical education program that receives funding
29 pursuant to subdivision (b) or (c) of this paragraph shall identify and
30 report to the administration the number of new residency positions created
31 by the funding provided in this paragraph, including positions in rural
32 areas. The program shall also report information related to the number of
33 funded residency positions that resulted in physicians locating their
34 practices in this state. The administration shall report to the joint
35 legislative budget committee by February 1 of each year on the number of
36 new residency positions as reported by the graduate medical education
37 programs.

38 (f) Local, county and tribal governments and any university under
39 the jurisdiction of the Arizona board of regents may provide monies in
40 addition to any state general fund monies appropriated for graduate
41 medical education in order to qualify for additional matching federal
42 monies for providers, programs or positions in a specific locality and
43 costs incurred pursuant to a specific contract between the administration
44 and providers or other entities to provide graduate medical education
45 services as an administrative activity. Payments by the administration

1 pursuant to this subdivision may be limited to those providers designated
 2 by the funding entity and may be based on any methodology deemed
 3 appropriate by the administration, including replacing any payments that
 4 might otherwise have been paid pursuant to subdivision (a), (b) or (c) of
 5 this paragraph had sufficient state general fund monies or other monies
 6 been appropriated to fully fund those payments. These programs,
 7 positions, payment methodologies and administrative graduate medical
 8 education services must be approved by the administration and the centers
 9 for medicare and medicaid services. The administration shall report to
 10 the president of the senate, the speaker of the house of representatives
 11 and the director of the joint legislative budget committee on or before
 12 July 1 of each year on the amount of ~~money~~ MONIES contributed and THE
 13 number of residency positions funded by local, county and tribal
 14 governments, including the amount of federal matching monies used.

15 (g) Any ~~funds~~ MONIES appropriated but not allocated by the
 16 administration for subdivision (b) or (c) of this paragraph may be
 17 reallocated if funding for either subdivision is insufficient to cover
 18 appropriate graduate medical education costs.

19 10. Notwithstanding section 41-1005, subsection A, paragraph 9, the
 20 administration shall adopt rules pursuant to title 41, chapter 6
 21 establishing the methodology for determining the prospective tiered per
 22 diem payments that are in effect through September 30, 2014.

23 11. For inpatient hospital services rendered on or after October 1,
 24 2011, the prospective tiered per diem payment rates are permanently reset
 25 to the amounts payable for those services as of October 1, 2011 pursuant
 26 to this subsection.

27 12. The administration shall adopt a diagnosis-related group based
 28 hospital reimbursement methodology consistent with title XIX of the social
 29 security act for inpatient dates of service on and after October 1, 2014.
 30 The administration may make additional adjustments to the inpatient
 31 hospital rates established pursuant to this section for hospitals that are
 32 publicly operated or based on other factors, including the number of beds
 33 in the hospital, the specialty services available to patients, the
 34 geographic location and diagnosis-related group codes that are made
 35 publicly available by the hospital pursuant to section 36-437. The
 36 administration may also provide additional reimbursement for
 37 extraordinarily high cost cases that exceed a threshold above the standard
 38 payment. The administration may also establish a separate payment
 39 methodology for specific services or hospitals serving unique populations.

40 H. The director may adopt rules that specify enrollment procedures,
 41 including notice to contractors of enrollment. The rules may provide for
 42 varying time limits for enrollment in different situations. The
 43 administration shall specify in contract when a person who has been
 44 determined eligible will be enrolled with that contractor and the date on

1 which the contractor will be financially responsible for health and
2 medical services to the person.

3 I. The administration may make direct payments to hospitals for
4 hospitalization and medical care provided to a member in accordance with
5 this article and rules. The director may adopt rules to establish the
6 procedures by which the administration shall pay hospitals pursuant to
7 this subsection if a contractor fails to make timely payment to a
8 hospital. Such payment shall be at a level determined pursuant to section
9 36-2904, subsection H or I. The director may withhold payment due to a
10 contractor in the amount of any payment made directly to a hospital by the
11 administration on behalf of a contractor pursuant to this subsection.

12 J. The director shall establish a special unit within the
13 administration for the purpose of monitoring the third-party payment
14 collections required by contractors and noncontracting providers pursuant
15 to section 36-2903, subsection B, paragraph 10 and subsection F and
16 section 36-2915, subsection E. The director shall determine by rule:

17 1. The type of third-party payments to be monitored pursuant to
18 this subsection.

19 2. The percentage of third-party payments that is collected by a
20 contractor or noncontracting provider and that the contractor or
21 noncontracting provider may keep and the percentage of such payments that
22 the contractor or noncontracting provider may be required to pay to the
23 administration. Contractors and noncontracting providers must pay to the
24 administration one hundred percent of all third-party payments that are
25 collected and that duplicate administration fee-for-service payments. A
26 contractor that contracts with the administration pursuant to section
27 36-2904, subsection A may be entitled to retain a percentage of
28 third-party payments if the payments collected and retained by a
29 contractor are reflected in reduced capitation rates. A contractor may be
30 required to pay the administration a percentage of third-party payments
31 that are collected by a contractor and that are not reflected in reduced
32 capitation rates.

33 K. The administration shall establish procedures to apply to the
34 following if a provider that has a contract with a contractor or
35 noncontracting provider seeks to collect from an individual or financially
36 responsible relative or representative a claim that exceeds the amount
37 that is reimbursed or should be reimbursed by the system:

38 1. On written notice from the administration or oral or written
39 notice from a member that a claim for covered services may be in violation
40 of this section, the provider that has a contract with a contractor or
41 noncontracting provider shall investigate the inquiry and verify whether
42 the person was eligible for services at the time that covered services
43 were provided. If the claim was paid or should have been paid by the
44 system, the provider that has a contract with a contractor or
45 noncontracting provider shall not continue billing the member.

1 2. If the claim was paid or should have been paid by the system and
2 the disputed claim has been referred for collection to a collection agency
3 or referred to a credit reporting bureau, the provider that has a contract
4 with a contractor or noncontracting provider shall:

5 (a) Notify the collection agency and request that all attempts to
6 collect this specific charge be terminated immediately.

7 (b) Advise all credit reporting bureaus that the reported
8 delinquency was in error and request that the affected credit report be
9 corrected to remove any notation about this specific delinquency.

10 (c) Notify the administration and the member that the request for
11 payment was in error and that the collection agency and credit reporting
12 bureaus have been notified.

13 3. If the administration determines that a provider that has a
14 contract with a contractor or noncontracting provider has billed a member
15 for charges that were paid or should have been paid by the administration,
16 the administration shall send written notification by certified mail or
17 other service with proof of delivery to the provider that has a contract
18 with a contractor or noncontracting provider stating that this billing is
19 in violation of federal and state law. If, twenty-one days or more after
20 receiving the notification, a provider that has a contract with a
21 contractor or noncontracting provider knowingly continues billing a member
22 for charges that were paid or should have been paid by the system, the
23 administration may assess a civil penalty in an amount equal to three
24 times the amount of the billing and reduce payment to the provider that
25 has a contract with a contractor or noncontracting provider accordingly.
26 Receipt of delivery signed by the addressee or the addressee's employee is
27 prima facie evidence of knowledge. Civil penalties collected pursuant to
28 this subsection shall be deposited in the state general fund. Section
29 36-2918, subsections C, D and F, relating to the imposition, collection
30 and enforcement of civil penalties, apply to civil penalties imposed
31 pursuant to this paragraph.

32 L. The administration may conduct postpayment review of all claims
33 paid by the administration and may recoup any monies erroneously
34 paid. The director may adopt rules that specify procedures for conducting
35 postpayment review. A contractor may conduct a postpayment review of all
36 claims paid by the contractor and may recoup monies that are erroneously
37 paid.

38 M. Subject to title 41, chapter 4, article 4, the director or the
39 director's designee may employ and supervise personnel necessary to assist
40 the director in performing the functions of the administration.

41 N. The administration may contract with contractors for obstetrical
42 care who are eligible to provide services under title XIX of the social
43 security act.

44 O. Notwithstanding any other law, on federal approval the
45 administration may make disproportionate share payments to private

1 hospitals, ~~county operated~~ COUNTY-OPERATED hospitals, including hospitals
2 owned or leased by a special health care district, and ~~state operated~~
3 STATE-OPERATED institutions for mental disease beginning October 1, 1991
4 in accordance with federal law and subject to legislative appropriation.
5 If at any time the administration receives written notification from
6 federal authorities of any change or difference in the actual or estimated
7 amount of federal ~~funds~~ MONIES available for disproportionate share
8 payments from the amount reflected in the legislative appropriation for
9 such purposes, the administration shall provide written notification of
10 such change or difference to the president and the minority leader of the
11 senate, the speaker and the minority leader of the house of
12 representatives, the director of the joint legislative budget committee,
13 the legislative committee of reference and any hospital trade association
14 within this state, within three working days, not including weekends,
15 after ~~receipt of~~ RECEIVING the notice of the change or difference. In
16 calculating disproportionate share payments as prescribed in this section,
17 the administration may use either a methodology based on claims and
18 encounter data that is submitted to the administration from contractors or
19 a methodology based on data that is reported to the administration by
20 private hospitals and ~~state operated~~ STATE-OPERATED institutions for
21 mental disease. The selected methodology applies to all private hospitals
22 and ~~state operated~~ STATE-OPERATED institutions for mental disease
23 qualifying for disproportionate share payments.

24 P. Disproportionate share payments made pursuant to subsection 0 of
25 this section include amounts for disproportionate share hospitals
26 designated by political subdivisions of this state, tribal governments and
27 universities under the jurisdiction of the Arizona board of regents.
28 Subject to the approval of the centers for medicare and medicaid services,
29 any amount of federal funding allotted to this state pursuant to section
30 1923(f) of the social security act and not otherwise spent under
31 subsection 0 of this section shall be made available for distribution
32 pursuant to this subsection. Political subdivisions of this state, tribal
33 governments and universities under the jurisdiction of the Arizona board
34 of regents may designate hospitals eligible to receive disproportionate
35 share payments in an amount up to the limit prescribed in section 1923(g)
36 of the social security act if those political subdivisions, tribal
37 governments or universities provide sufficient monies to qualify for the
38 matching federal monies for the disproportionate share payments.

39 Q. Notwithstanding any law to the contrary, the administration may
40 receive confidential adoption information to determine whether an adopted
41 child should be terminated from the system.

42 R. The adoption agency or the adoption attorney shall notify the
43 administration within thirty days after an eligible person receiving
44 services has placed that person's child for adoption.

1 S. If the administration implements an electronic claims submission
2 system, it may adopt procedures pursuant to subsection G of this section
3 requiring documentation different than prescribed under subsection G,
4 paragraph 4 of this section.

5 T. In addition to any requirements adopted pursuant to subsection
6 D, paragraph 4 of this section, notwithstanding any other law, subject to
7 approval by the centers for medicare and medicaid services, beginning July
8 1, 2011, members eligible pursuant to section 36-2901, paragraph 6,
9 subdivision (a), section 36-2931 and section 36-2981, paragraph 6 shall
10 pay the following:

11 1. A monthly premium of ~~fifteen dollars~~ \$15, except that the total
12 monthly premium for an entire household shall not exceed ~~sixty~~
13 ~~dollars~~ \$60.

14 2. A copayment of ~~five dollars~~ \$5 for each physician office visit.

15 3. A copayment of ~~ten dollars~~ \$10 for each urgent care visit.

16 4. A copayment of ~~thirty dollars~~ \$30 for each emergency department
17 visit.

18 U. Subject to the approval of the centers for medicare and medicaid
19 services, political subdivisions of this state, tribal governments and any
20 university under the jurisdiction of the Arizona board of regents may
21 provide to the Arizona health care cost containment system administration
22 monies in addition to any state general fund monies appropriated for
23 critical access hospitals in order to qualify for additional federal
24 monies. Any amount of federal monies received by this state pursuant to
25 this subsection shall be distributed as supplemental payments to critical
26 access hospitals.

27 V. WITHIN THIRTY DAYS AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO
28 THIS SECTION, THE ADMINISTRATION SHALL ASSIGN REVENUE CODES FOR COVERED
29 SERVICES PROVIDED BY A NURSING FACILITY AS DEFINED IN 42 UNITED STATES
30 CODE SECTION 1396r(a) TO MEMBERS WHO ARE UNDER TWENTY-ONE YEARS OF AGE.
31 FOR THE PURPOSES OF THIS SUBSECTION, "REVENUE CODE" MEANS A NUMERIC CODE
32 THAT IDENTIFIES OR CORRESPONDS TO A COVERED SERVICE, INCLUDING ROOM AND
33 BOARD, NURSING CARE AND THERAPIES.

34 ~~V.~~ W. For the purposes of this section, "disproportionate share
35 payment" means a payment to a hospital that serves a disproportionate
36 share of low-income patients as described by 42 United States Code section
37 1396r-4.