

House Engrossed

AHCCCS services; diabetes management

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

**CHAPTER 328**  
**HOUSE BILL 2083**

AN ACT

AMENDING SECTION 36-2907, 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 36-2907, Arizona Revised Statutes, is amended to  
3 read:

4 36-2907. Covered health and medical services; modifications;  
5 related delivery of service requirements; rules;  
6 definition

7 A. Subject to the ~~limitations~~ LIMITS and exclusions specified in  
8 this section, contractors shall provide the following medically necessary  
9 health and medical services:

10 1. Inpatient hospital services that are ordinarily furnished by a  
11 hospital ~~for the~~ TO care and ~~treatment of~~ TREAT inpatients and that are  
12 provided under the direction of a physician or a primary care  
13 practitioner. For the purposes of this section, inpatient hospital  
14 services exclude services in an institution for tuberculosis or mental  
15 diseases unless authorized under an approved section 1115 waiver.

16 2. Outpatient health services that are ordinarily provided in  
17 hospitals, clinics, offices and other health care facilities by licensed  
18 health care providers. Outpatient health services include services  
19 provided by or under the direction of a physician or a primary care  
20 practitioner, including occupational therapy.

21 3. Other laboratory and X-ray services ordered by a physician or a  
22 primary care practitioner.

23 4. Medications that are ordered on prescription by a physician or a  
24 dentist licensed pursuant to title 32, chapter 11. Persons who are dually  
25 eligible for title XVIII and title XIX services must obtain available  
26 medications through a medicare licensed or certified medicare advantage  
27 prescription drug plan, a medicare prescription drug plan or any other  
28 entity authorized by medicare to provide a medicare part D prescription  
29 drug benefit.

30 5. Medical supplies, durable medical equipment, insulin pumps and  
31 prosthetic devices ordered by a physician or a primary care practitioner.  
32 Suppliers of durable medical equipment shall provide the administration  
33 with complete information about the identity of each person who has an  
34 ownership or controlling interest in their business and shall comply with  
35 federal bonding requirements in a manner prescribed by the administration.

36 6. For persons who are at least twenty-one years of age, treatment  
37 of medical conditions of the eye, excluding eye examinations for  
38 prescriptive lenses and the provision of prescriptive lenses.

39 7. Early and periodic health screening and diagnostic services as  
40 required by section 1905(r) of title XIX of the social security act for  
41 members who are under twenty-one years of age.

42 8. Family planning services that do not include abortion or  
43 abortion counseling. If a contractor elects not to provide family  
44 planning services, this election does not disqualify the contractor from  
45 delivering all other covered health and medical services under this

1 chapter. In that event, the administration may contract directly with  
2 another contractor, including an outpatient surgical center or a  
3 noncontracting provider, to deliver family planning services to a member  
4 who is enrolled with the contractor that elects not to provide family  
5 planning services.

6 9. Podiatry services that are performed by a podiatrist who is  
7 licensed pursuant to title 32, chapter 7 and ordered by a primary care  
8 physician or primary care practitioner.

9 10. Nonexperimental transplants approved for title XIX  
10 reimbursement.

11 11. Dental services as follows:

12 (a) Except as provided in subdivision (b) of this paragraph, for  
13 persons who are at least twenty-one years of age, emergency dental care  
14 and extractions in an annual amount of not more than \$1,000 per member.

15 (b) Subject to approval by the centers for medicare and medicaid  
16 services, for persons treated at an Indian health service or tribal  
17 facility, adult dental services that are eligible for a federal medical  
18 assistance percentage of one hundred percent and that ~~are in excess of~~  
19 EXCEED the limit prescribed in subdivision (a) of this paragraph.

20 12. Ambulance and nonambulance transportation, except as provided  
21 in subsection G of this section.

22 13. Hospice care.

23 14. Orthotics, if all of the following apply:

24 (a) The use of the orthotic is medically necessary as the preferred  
25 treatment option consistent with medicare guidelines.

26 (b) The orthotic is less expensive than all other treatment options  
27 or surgical procedures to treat the same diagnosed condition.

28 (c) The orthotic is ordered by a physician or primary care  
29 practitioner.

30 15. FOR UP TO TEN PROGRAM HOURS ANNUALLY, DIABETES OUTPATIENT  
31 SELF-MANAGEMENT TRAINING SERVICES, AS DEFINED IN 42 UNITED STATES CODE  
32 SECTION 1395x, IF PRESCRIBED BY A PRIMARY CARE PRACTITIONER IN EITHER OF  
33 THE FOLLOWING CIRCUMSTANCES:

34 (a) THE MEMBER IS INITIALLY DIAGNOSED WITH DIABETES.

35 (b) FOR A MEMBER WHO HAS PREVIOUSLY BEEN DIAGNOSED WITH DIABETES,  
36 EITHER:

37 (i) A CHANGE OCCURS IN THE MEMBER'S DIAGNOSIS, MEDICAL CONDITION OR  
38 TREATMENT REGIMEN.

39 (ii) THE MEMBER IS NOT MEETING APPROPRIATE CLINICAL OUTCOMES.

40 B. The ~~limitations~~ LIMITS and exclusions for health and medical  
41 services provided under this section are as follows:

42 1. Circumcision of newborn males is not a covered health and  
43 medical service.

44 2. For eligible persons who are at least twenty-one years of age:

45 (a) Outpatient health services do not include speech therapy.

1 (b) Prosthetic devices do not include hearing aids, dentures,  
2 bone-anchored hearing aids or cochlear implants. Prosthetic devices,  
3 except prosthetic implants, may be limited to \$12,500 per contract year.

4 (c) Percussive vests are not covered health and medical services.

5 (d) Durable medical equipment is limited to items covered by  
6 medicare.

7 (e) Nonexperimental transplants do not include pancreas-only  
8 transplants.

9 (f) Bariatric surgery procedures, including laparoscopic and open  
10 gastric bypass and restrictive procedures, are not covered health and  
11 medical services.

12 C. The system shall pay noncontracting providers only for health  
13 and medical services as prescribed in subsection A of this section and as  
14 prescribed by rule.

15 D. The director shall adopt rules necessary to limit, to the extent  
16 possible, the scope, duration and amount of services, including maximum  
17 ~~limitations~~ LIMITS for inpatient services that are consistent with federal  
18 regulations under title XIX of the social security act (P.L. 89-97; 79  
19 Stat. 344; 42 United States Code section 1396 (1980)). To the extent  
20 possible and practicable, these rules shall provide for the prior approval  
21 of medically necessary services provided pursuant to this chapter.

22 E. The director shall make available home health services in lieu  
23 of hospitalization pursuant to contracts awarded under this article. For  
24 the purposes of this subsection, "home health services" means the  
25 provision of nursing services, home health aide services or medical  
26 supplies, equipment and appliances that are provided on a part-time or  
27 intermittent basis by a licensed home health agency within a member's  
28 residence based on the orders of a physician or a primary care  
29 practitioner. Home health agencies shall comply with the federal bonding  
30 requirements in a manner prescribed by the administration.

31 F. The director shall adopt rules for the coverage of behavioral  
32 health services for persons who are eligible under section 36-2901,  
33 paragraph 6, subdivision (a). The administration acting through the  
34 regional behavioral health authorities shall establish a diagnostic and  
35 evaluation program to which other state agencies shall refer children who  
36 are not already enrolled pursuant to this chapter and who may be in need  
37 of behavioral health services. In addition to an evaluation, the  
38 administration acting through regional behavioral health authorities shall  
39 also identify children who may be eligible under section 36-2901,  
40 paragraph 6, subdivision (a) or section 36-2931, paragraph 5 and shall  
41 refer the children to the appropriate agency responsible for making the  
42 final eligibility determination.

43 G. The director shall adopt rules providing for transportation  
44 services and rules providing for copayment by members for transportation  
45 for other than emergency purposes. Subject to approval by the centers for

1 medicare and medicaid services, nonemergency medical transportation shall  
2 not be provided except for stretcher vans and ambulance transportation.  
3 Prior authorization is required for transportation by stretcher van and  
4 for medically necessary ambulance transportation initiated pursuant to a  
5 physician's direction. Prior authorization is not required for medically  
6 necessary ambulance transportation services rendered to members or  
7 eligible persons initiated by dialing telephone number 911 or other  
8 designated emergency response systems.

9 H. The director may adopt rules to allow the administration, at the  
10 director's discretion, to use a second opinion procedure under which  
11 surgery may not be eligible for coverage pursuant to this chapter without  
12 documentation as to need by at least two physicians or primary care  
13 practitioners.

14 I. If the director does not receive bids within the amounts  
15 budgeted or if at any time the amount remaining in the Arizona health care  
16 cost containment system fund is insufficient to pay for full contract  
17 services for the remainder of the contract term, the administration, on  
18 notification to system contractors at least thirty days in advance, may  
19 modify the list of services required under subsection A of this section  
20 for persons defined as eligible other than those persons defined pursuant  
21 to section 36-2901, paragraph 6, subdivision (a). The director may also  
22 suspend services or may limit categories of expense for services defined  
23 as optional pursuant to title XIX of the social security act (P.L. 89-97;  
24 79 Stat. 344; 42 United States Code section 1396 (1980)) for persons  
25 defined pursuant to section 36-2901, paragraph 6, subdivision (a). Such  
26 reductions or suspensions do not apply to the continuity of care for  
27 persons already receiving these services.

28 J. All health and medical services provided under this article  
29 shall be provided in the geographic service area of the member, except:

30 1. Emergency services and specialty services provided pursuant to  
31 section 36-2908.

32 2. That the director may allow the delivery of health and medical  
33 services in other than the geographic service area in this state or in an  
34 adjoining state if the director determines that medical practice patterns  
35 justify the delivery of services or a net reduction in transportation  
36 costs can reasonably be expected. Notwithstanding the definition of  
37 physician as prescribed in section 36-2901, if services are procured from  
38 a physician or primary care practitioner in an adjoining state, the  
39 physician or primary care practitioner shall be licensed to practice in  
40 that state pursuant to licensing statutes in that state that are similar  
41 to title 32, chapter 13, 15, 17 or 25 and shall complete a provider  
42 agreement for this state.

43 K. Covered outpatient services shall be subcontracted by a primary  
44 care physician or primary care practitioner to other licensed health care  
45 providers to the extent practicable for purposes including, but not

1 limited to, making health care services available to underserved areas,  
2 reducing costs of providing medical care and reducing transportation  
3 costs.

4 L. The director shall adopt rules that prescribe the coordination  
5 of medical care for persons who are eligible for system services. The  
6 rules shall include provisions for transferring patients and medical  
7 records and initiating medical care.

8 M. NOTWITHSTANDING SECTION 36-2901.08, MONIES FROM THE HOSPITAL  
9 ASSESSMENT FUND ESTABLISHED BY SECTION 36-2901.09 MAY NOT BE USED TO  
10 PROVIDE DIABETES OUTPATIENT SELF-MANAGEMENT TRAINING SERVICES AS  
11 PRESCRIBED IN SUBSECTION A, PARAGRAPH 15 OF THIS SECTION.

12 ~~M.~~ N. For the purposes of this section, "ambulance" has the same  
13 meaning prescribed in section 36-2201.

APPROVED BY THE GOVERNOR JUNE 29, 2022.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 29, 2022.