



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

House: APPROP DP 9-7-1-0

HB2903: health care; 2024-2025

Sponsor: Representative Livingston, LD 28

House Engrossed

Overview

Contains provisions relating to health care needed to implement the FY 2025 budget.

History

The Arizona Legislature adopts a budget for each fiscal year (FY) that contains general appropriations. [Article IV, Section 20, Part 2](#), Constitution of Arizona, requires the *General Appropriations Act* (feed bill) to contain only appropriations for the different state departments, state institutions, public schools and interest on public debt. Statutory changes necessary to reconcile the appropriations made in the feed bill and other changes are drafted into separate budget bills. These bills are prepared according to subject area.

Provisions

Arizona Health Care Cost Containment System (AHCCCS)

1. Requires AHCCCS Director to report to the Joint Legislative Budget Committee (JLBC) and the Governor's Office of strategic Planning and Budgeting (OSPB) on the amount to be withdrawn from the Arizona Long Term Care System (ALTCS) Fund annually on December 1. (Sec. 1)
2. Requires the ALTCS Fund report to include the calculations AHCCCS used to compute the total amount of the surplus and the apportionment of the surplus between each county and the state. (Sec. 1)
3. Requires by December 31, 2025, for FY 2025, AHCCCS to transfer to the counties any portion necessary to comply with the Patient Protection and Affordable Care Act regarding the counties' proportional share of this state's contribution. (Sec. 5)
4. Allows AHCCCS, for FY 2025 and 2026, to use the hospital assessment to fund a portion of the nonfederal share of the cost of behavioral health services for certain AHCCCS member populations. (Sec. 6)
5. Exempts AHCCCS from rulemaking requirements for two years for the purpose of implementing the hospital assessment, except that AHCCCS must provide notice and an opportunity for public comment at least 30 days before establishing or implementing the hospital assessment. (Sec. 7)
6. Allows, for the contract year beginning October 1, 2024, and ending September 30, 2025, AHCCCS to continue the risk contingency rate settings for all managed care organizations (MCO) and funding for all MCO administrative funding levels that were imposed for the contract year beginning October 1, 2010, and ending September 30, 2011. (Sec. 11)

| | | | |
|--|--|---|--------------------------------------|
| <input type="checkbox"/> Prop 105 (45 votes) | <input type="checkbox"/> Prop 108 (40 votes) | <input type="checkbox"/> Emergency (40 votes) | <input type="checkbox"/> Fiscal Note |
|--|--|---|--------------------------------------|

7. Requires AHCCCS, by January 31, 2025, to prepare and issue a report to the Governor, Legislature, JLBC and OSPB that includes information about the aggregate spending and aggregate utilization of mental health medications during contract years 2020-2023 and provide a copy to the Secretary of State. (Sec. 12)
8. Requires the Mental Health Medication Utilization report to include:
 - a) the annual aggregate gross amount spent for each mental health medication class,
 - b) the annual aggregate net amount spent by the state for each mental health medication class after rebates without disclosing any information about manufacturer-negotiated supplemental rebate agreements for any specific drug; and
 - c) the average annual cost by class for generic and nongeneric mental health medication. (Sec. 12)
9. Requires the Mental Health Medication Utilization report regarding antipsychotic and antidepressant medications to include:
 - a) the total number of prior authorizations submitted for nonpreferred antipsychotic and nonpreferred antidepressant medications;
 - b) the percentage of prior authorization approvals and denials;
 - c) the generic antipsychotic and generic antidepressant medication utilization percentages; and
 - d) the total amount of antipsychotic and antidepressant medication claims. (Sec. 12)
10. Stipulates that the Mental Health Medication Utilization Report cannot disclose any information about manufacturer-negotiated supplemental rebate agreements that could compromise the competitive or proprietary nature of these agreements. (Sec. 12)
11. Continues to state that it is the intent of the Legislature for FY 2025 that AHCCCS implement a program within its available appropriation. (Sec. 13)

County Session Law Provisions

12. Sets the annual county Arizona Long Term Care System (ALTCS) contributions for FY 2025 at \$399,872,100 and:
 - a) outlines each county's contribution;
 - b) requires the State Treasurer to recover the cost of any funding that was not provided; and
 - c) requires the State Treasurer to deposit monies received into the ALTCS fund. (Sec. 3)
13. Requires the counties' share of the state's contribution to comply with federal maintenance of effort requirements. (Sec. 3)
14. Sets the FY2025 county acute care contributions at \$43,176,200 and:
 - a) outlines each county's contribution;
 - b) outlines payment processes and requirements;
 - c) requires the State Treasurer to recover the cost of any funding that was not provided by a county from other funds owed to that county, excluding the Highway User Revenue Fund; and
 - d) states that the Legislature intends that the Maricopa County contribution be reduced in each subsequent year according to changes in the GDP price deflator. (Sec. 8)
15. Continues to exclude the Proposition 204 administration costs from the county expenditure limitations. (Sec. 9)

Disproportionate Share Hospital (DSH) Payment Session Law Provisions

16. Sets the annual DSH payment allotment for the Maricopa County Special Health Care District (District) at \$113,818,500 for FY 2025 and:
 - a) requires the District to provide a certified public expense form for the amount of qualifying DSH expenditures made to AHCCCS by May 1, 2025, for all state plan years as required by the AHCCCS state plan;
 - b) states that if the certification is equal to or less than \$113,818,500 and AHCCCS determines the revised amount is correct, AHCCCS must:
 - i. notify the Governor and the Legislature; and
 - ii. distribute \$4,202,300 to the District and deposit the balance in the state GF.
 - c) states that if the certification is less than \$113,818,500 and AHCCCS determines the revised amount is not correct, AHCCCS must:
 - i. notify the Governor and the Legislature; and
 - ii. deposit the total amount of the federal financial participation in the state GF.
 - d) provides that if the certification is greater than \$113,818,500, AHCCCS must:
 - i. distribute \$4,202,300 to the District; and
 - ii. \$69,654,500 of the federal financial participation in the state GF; and
 - e) allows AHCCCS to make additional DSH payments to the District pursuant to statute. (Sec. 4)
17. Sets the annual DSH payment allotment to the Arizona State Hospital (ASH) at \$28,474,900 for FY 2025 and:
 - a) requires ASH to provide a certified public expense form for the amount of qualifying DSH expenditures made to AHCCCS by March 31, 2025;
 - b) directs AHCCCS to:
 - i. assist ASH in determining the amount of qualifying DSH expenditures; and
 - ii. deposit the entire amount of federal financial participation in the state GF;
 - c) states that if the certification is less than \$28,474,900, AHCCCS must:
 - i. notify the Governor and the Legislature; and
 - ii. deposit the entire amount of federal financial participation in the state GF; and
 - d) requires the certified public expense form to contain the total amount of qualifying DSH expenditures and the amount limited by federal law. (Sec. 4)
18. Establishes the annual DSH payment allotment for private qualifying DSH hospitals at \$884,800 for FY 2025, consistent with the appropriation and the terms of the State plan and:
 - a) limits payments to hospitals that either:
 - i. meet the mandatory definition of DSH qualifying hospital under Section 1923 of the Social Security Act; or
 - ii. are located in Yuma County and contain at least 300 beds. (Sec. 4)
19. Outlines the order of priority for DSH payment allotments for private qualifying hospitals once the preceding DSH distributions are made. (Sec. 4)

Miscellaneous Session Law Provisions

20. Exempts monies in the Collaborative Care Uptake Fund from lapsing and repeals the fund on July 1, 2025. (Sec. 2)
21. Directs any unexpended and unencumbered monies remaining in the Collaborative Care Uptake Fund to be transferred to the state General Fund by July 1, 2025. (Sec. 2)
22. Applies the rulemaking exemption retroactively to July 1, 2024. (Sec. 7)

23. Exempts county expenditures for restoration to competency treatment from county expenditure limitation. (Sec. 10)
24. Defines *mental health medication*. (Sec. 12)
25. Makes technical and conforming changes. (Sec. 1, 2)