

REFERENCE TITLE: community health centers; graduate education

State of Arizona  
House of Representatives  
Fifty-sixth Legislature  
Second Regular Session  
2024

## **HB 2520**

Introduced by  
Representative Peña

AN ACT

AMENDING SECTION 36-2907.06, 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 36-2907.06, Arizona Revised Statutes, is amended  
3 to read:  
4 36-2907.06. Qualifying community health centers; rural health  
5 clinics; contracts; requirements; graduate  
6 medical education; definition  
7 A. Subject to the availability of monies, the administration shall  
8 enter into an intergovernmental agreement pursuant to title 11, chapter 7,  
9 article 3 with the department of health services to contract with  
10 qualifying community health centers to provide primary health care  
11 services to indigent or uninsured Arizonans. The department of health  
12 services shall enter into one-year contracts with qualifying community  
13 health centers for the centers to provide the following primary health  
14 care services:  
15 1. Medical care provided through licensed primary care physicians  
16 and licensed mid-level providers as defined in section 36-2907.05.  
17 2. Prenatal care services.  
18 3. Diagnostic laboratory and imaging services that are necessary to  
19 complete a diagnosis and treatment, including referral services.  
20 4. Pharmacy services that are necessary to complete treatment,  
21 including referral services.  
22 5. Preventive health services.  
23 6. Preventive dental services.  
24 7. Emergency services performed at the qualifying community health  
25 center.  
26 8. Transportation for patients to and from the qualifying community  
27 health center if these patients would not receive care without this  
28 assistance.  
29 B. A contract entered into pursuant to subsection A of this section  
30 may include urgent care services for walk-in patients.  
31 C. Each contract shall require that the qualifying community health  
32 center provide the services prescribed in subsection A of this section to  
33 persons who the **QUALIFYING COMMUNITY HEALTH** center determines:  
34 1. Are residents of this state.  
35 2. Are without medical insurance policy coverage.  
36 3. Do not have a family income of more than two hundred percent of  
37 the federal poverty guidelines.  
38 4. Have provided verification that the person is not eligible for  
39 enrollment in the Arizona health care cost containment system pursuant to  
40 this chapter.  
41 5. Have provided verification that the person is not eligible for  
42 medicare.  
43 D. The department of health services shall directly administer the  
44 program and issue requests for proposals for the contracts prescribed in  
45 this section. Contracts established pursuant to subsection A of this

1 section shall be signed by the department and the contractor before the  
2 transmission of any tobacco tax and health care fund monies to the  
3 contractor.

4 E. Persons who meet the eligibility criteria established in  
5 subsection C or H of this section shall be charged for services based on a  
6 sliding fee schedule approved by the department of health services.

7 F. In awarding contracts, the department of health services may  
8 give preference to qualifying community health centers that have a sliding  
9 fee schedule. Monies shall be used for the number of patients that  
10 exceeds the number of uninsured sliding fee schedule patients that the  
11 qualifying community health center served during fiscal year 1994. Each  
12 qualifying community health center shall make its sliding fee schedule  
13 available to the public on request. The contract shall require the  
14 qualifying community health center to apply a sliding fee schedule to all  
15 of its uninsured patients.

16 G. The department of health services may examine the records of  
17 each qualifying community health center and conduct audits necessary to  
18 determine that the eligibility determinations were performed accurately  
19 and to verify the number of uninsured patients served by the qualifying  
20 community health center as a result of receiving tobacco tax and health  
21 care fund monies by the contract established pursuant to subsection A of  
22 this section.

23 H. Contracts established pursuant to subsection A of this section  
24 shall require qualifying community health center contractors to submit  
25 information as required pursuant to section 36-2907.07 for program  
26 evaluations.

27 I. Beginning ~~March 1, 2022~~ **OCTOBER 1, 2024**, the administration  
28 ~~shall establish~~, contingent on approval by the centers for medicare and  
29 medicaid services, ~~a separate graduate medical education program to~~  
30 ~~reimburse qualifying community health centers and rural health clinics~~  
31 ~~that have an approved primary care graduate medical education program~~  
32 **SHALL ANNUALLY DISTRIBUTE MONIES APPROPRIATED FOR PRIMARY CARE GRADUATE**  
33 **MEDICAL EDUCATION SERVICES TO QUALIFYING COMMUNITY HEALTH CENTERS AND**  
34 **RURAL HEALTH CLINICS FOR DIRECT AND INDIRECT COSTS.** The administration  
35 shall:

36 ~~1. Distribute to qualifying community health centers and rural~~  
37 ~~health clinics any monies appropriated for graduate medical education for~~  
38 ~~the direct and indirect costs of primary care graduate medical education~~  
39 ~~programs that are established by qualifying community health centers and~~  
40 ~~rural health clinics and that are approved by the administration.~~

41 ~~2.~~ **1.** Adopt rules specifying the formula by which the monies are  
42 distributed.

43 ~~3.~~ **2.** Require each primary care graduate medical education program  
44 that receives monies pursuant to ~~paragraph 1 of~~ this subsection to  
45 identify and report to the administration the number of new residency

1 positions created with those monies, including positions in rural areas.  
2 Each program shall also report information related to the number of funded  
3 residency positions that resulted in physicians locating their practices  
4 in this state. The administration shall report to the joint legislative  
5 budget committee on or before July 1 of each year on the number of new  
6 residency positions as reported by the primary care graduate medical  
7 education programs pursuant to this paragraph.

8 4. Coordinate with local, county and tribal governments and any  
9 university under the jurisdiction of the Arizona board of regents that may  
10 provide monies in addition to any state general fund monies appropriated  
11 for primary care graduate medical education in order to qualify for  
12 additional matching federal monies for programs or positions in a specific  
13 locality. Payments by the administration pursuant to this paragraph may  
14 be limited to those providers designated by the funding entity and may be  
15 based on any methodology deemed appropriate by the administration,  
16 including replacing any payments that might otherwise have been paid  
17 pursuant to ~~paragraph 1 of~~ this subsection had sufficient state general  
18 fund monies or other monies been appropriated to fully fund those  
19 payments. These programs, positions and payment methodologies must be  
20 approved by the administration and the centers for medicare and medicaid  
21 services. The administration shall report to the president of the senate,  
22 the speaker of the house of representatives and the director of the joint  
23 legislative budget committee on or before July 1 of each year on the  
24 amount of monies contributed and the number of residency positions funded  
25 by local, county and tribal governments and any university under the  
26 jurisdiction of the Arizona board of regents, including the amount of  
27 federal matching monies used.

28 J. For the purposes of this section, "qualifying community health  
29 center" means a community-based primary care facility that provides  
30 medical care in medically underserved areas as provided in section  
31 36-2352, or in medically underserved areas or medically underserved  
32 populations as designated by the United States department of health and  
33 human services, through the employment of physicians, professional nurses,  
34 physician assistants or other health care technical and paraprofessional  
35 personnel.