Senate Engrossed House Bill

FILED
KEN BENNETT
SECRETARY OF STATE

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CHAPTER 86

HOUSE BILL 2116

AN ACT

AMENDING SECTIONS 36-2239 AND 36-2901, ARIZONA REVISED STATUTES; AMENDING SECTION 36-2903.01, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2009, FIRST SPECIAL SESSION, CHAPTER 4, SECTION 2; AMENDING SECTION 36-2907, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2009, THIRD SPECIAL SESSION, CHAPTER 10, SECTION 10; AMENDING LAWS 2009, THIRD SPECIAL SESSION, CHAPTER 10, SECTION 23; REPEALING LAWS 2010, SEVENTH SPECIAL SESSION, CHAPTER 10, SECTION 32; RELATING TO THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 36-2239, Arizona Revised Statutes, is amended to read:

36-2239. Rates or charges of ambulance service

A. An ambulance service that applies for an adjustment in its rates or charges shall automatically be granted a rate increase equal to the amount determined under section 36-2234, subsection E, if the ambulance service is so entitled. An automatic rate adjustment THAT IS granted pursuant to this subsection and that is filed on or before April 1 is effective June 1 of that year. The department shall notify the applicant and each health care services organization as defined in section 20-1051 of the rate adjustment on or before May 1 of that year.

B. Notwithstanding subsection ~~D~~ E of this section, if the department does not hold a hearing within ninety days after an ambulance service submits an application to the department for an adjustment of its rates or charges, the ambulance service may adjust its rates or charges to an amount not to exceed the amount sought by the ambulance service in its application to the department. An ambulance service shall not apply for an adjustment of its rates or charges more than once every six months.

C. At the time it holds a hearing on the rates or charges of an ambulance service pursuant to section 36-2234, the department may adjust the rates or charges adjusted by the ambulance service pursuant to subsection B of this section, but the adjustment shall not be retroactive.

D. EXCEPT AS PROVIDED IN SUBSECTION H OF THIS SECTION, an ambulance service shall not charge, demand or collect any remuneration for any service greater or ~~lesser~~ LESS than or different from the rate or charge determined and fixed by the department as the rate or charge for that service. An ambulance service may charge for disposable supplies, medical supplies and medication and oxygen related costs if the charges do not exceed the manufacturer's suggested retail price, are uniform throughout the ambulance service's certificated area and are filed with the director. An ambulance service shall not refund or limit in any manner or by any device any portion of the rates or charges for a service which the department has determined and fixed or ordered as the rate or charge for that service.

E. The department shall determine and render its decision regarding all rates or charges within ninety days after commencement of the applicant's hearing for an adjustment of rates or charges. If the department does not render its decision as required by this subsection, the ambulance service may adjust its rates and charges to an amount that does not exceed the amounts sought by the ambulance service in its application to the department. If the department renders a decision to adjust the rates or charges to an amount less than that requested in the application and the ambulance service has made an adjustment to its rates and charges that is higher than the adjustment approved by the department, within thirty days after the department's decision the ambulance service shall refund to the appropriate

ratepayer the difference between the ambulance service's adjusted rates and charges and the rates and charges ordered by the department. The ambulance service shall provide evidence to the department that the refund has been made. If the ambulance service fails to comply with this subsection, the director may impose a civil penalty subject to the limitations provided in section 36-2245.

F. An ambulance service shall charge the advanced life support base rate as prescribed by the director under any of the following circumstances:

1. A person requests an ambulance by dialing telephone number 911, or a similarly designated telephone number for emergency calls, and the ambulance service meets the following:

(a) The ambulance is staffed with at least one ambulance attendant.

(b) The ambulance is equipped with all required advanced life support medical equipment and supplies for the advanced life support attendants in the ambulance.

(c) The patient receives advanced life support services or is transported by the advanced life support unit.

2. Advanced life support is requested by a medical authority or by the patient.

3. The ambulance attendants administer one or more specialized treatment activities or procedures as prescribed by the department by rule.

G. An ambulance service shall charge the basic life support base rate as prescribed by the director under any of the following circumstances:

1. A person requests an ambulance by dialing telephone number 911, or a similarly designated telephone number for emergency calls, and the ambulance service meets the following:

(a) The ambulance is staffed with two ambulance attendants certified by this state.

(b) The ambulance is equipped with all required basic life support medical equipment and supplies for the basic life support medical attendants in the ambulance.

(c) The patient receives basic life support services or is transported by the basic life support unit.

2. Basic life support transportation or service is requested by a medical authority or by the patient, unless any provision of subsection F of this section applies, in which case the advanced life support rate shall apply.

~~H. Subsection F, paragraph 1 of this section does not apply to a remuneration made pursuant to the Arizona health care cost containment system.~~

H. FOR EACH CONTRACT YEAR, THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION AND ITS CONTRACTORS AND SUBCONTRACTORS SHALL PROVIDE REMUNERATION FOR AMBULANCE SERVICES FOR PERSONS WHO ARE ENROLLED IN OR COVERED BY THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM IN AN AMOUNT EQUAL TO EIGHTY PER CENT OF THE AMOUNTS AS PRESCRIBED BY THE DEPARTMENT AS OF

JULY 1 OF EACH YEAR FOR SERVICES SPECIFIED IN SUBSECTIONS F AND G OF THIS SECTION AND EIGHTY PER CENT OF THE MILEAGE CHARGES AS DETERMINED BY THE DEPARTMENT AS OF JULY 1 OF EACH YEAR PURSUANT TO SECTION 36-2232. THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION SHALL MAKE ANNUAL ADJUSTMENTS TO THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM FEE SCHEDULE ACCORDING TO THE DEPARTMENT'S APPROVED AMBULANCE SERVICE RATE IN EFFECT AS OF JULY 1 OF EACH YEAR. THE RATE ADJUSTMENTS MADE PURSUANT TO THIS SUBSECTION ARE EFFECTIVE BEGINNING OCTOBER 1 OF EACH YEAR.

I. In establishing rates and charges the director shall consider the following factors:

1. The transportation needs assessment of the medical response system in a political subdivision.

2. The medical care consumer price index of the United States department of labor, bureau of labor statistics.

3. Whether a review is made by a local emergency medical services coordinating system in regions where that system is designated as to the appropriateness of the proposed service level.

4. The rate of return on gross revenue.

5. Response times pursuant to section 36-2232, subsection A, paragraph 2.

J. Notwithstanding section 36-2234, an ambulance service may charge an amount for medical assessment, equipment or treatment that exceeds the requirements of section 36-2205 if requested or required by a medical provider or patient.

K. Notwithstanding subsections D, F and G of this section, an ambulance service may provide gratuitous services if an ambulance is dispatched and the patient subsequently declines to be treated or transported.

Sec. 2. Section 36-2901, Arizona Revised Statutes, is amended to read:

36-2901. <u>Definitions</u>

In this article, unless the context otherwise requires:

1. "Administration" means the Arizona health care cost containment system administration.

2. "Administrator" means the administrator of the Arizona health care cost containment system.

3. "Contractor" means a person or entity that has a prepaid capitated contract with the administration pursuant to section 36-2904 to provide health care to members under this article either directly or through subcontracts with providers.

4. "Department" means the department of economic security.

5. "Director" means the director of the Arizona health care cost containment system administration.

6. "Eligible person" means any person who is:

(a) Any of the following:

(i) Defined as mandatorily or optionally eligible pursuant to title XIX of the social security act as authorized by the state plan.

(ii) Defined in title XIX of the social security act as an eligible pregnant woman with a family income that does not exceed one hundred fifty per cent of the federal poverty guidelines, as a child under the age of six years and whose family income does not exceed one hundred thirty-three per cent of the federal poverty guidelines or as children who have not attained nineteen years of age and whose family income does not exceed one hundred per cent of the federal poverty guidelines.

(iii) Under twenty-one years of age and who was in the custody of the department of economic security pursuant to title 8, chapter 5 or 10 when the person became eighteen years of age.

(iv) Defined as eligible pursuant to section 36-2901.01.

(v) Defined as eligible pursuant to section 36-2901.04.

(b) A full-time officer or employee of this state or of a city, town or school district of this state or other person who is eligible for hospitalization and medical care under title 38, chapter 4, article 4.

(c) A full-time officer or employee of any county in this state or other persons authorized by the county to participate in county medical care and hospitalization programs if the county in which such officer or employee is employed has authorized participation in the system by resolution of the county board of supervisors.

(d) An employee of a business within this state.

(e) A dependent of an officer or employee who is participating in the system.

(f) Not enrolled in the Arizona long-term care system pursuant to article 2 of this chapter.

(g) Defined as eligible pursuant to section 1902(a)(10)(A)(ii)(XV) and (XVI) of title XIX of the social security act and who meets the income requirements of section 36-2929.

7. "GRADUATE MEDICAL EDUCATION" MEANS A PROGRAM, INCLUDING AN APPROVED FELLOWSHIP, THAT PREPARES A PHYSICIAN FOR THE INDEPENDENT PRACTICE OF MEDICINE BY PROVIDING DIDACTIC AND CLINICAL EDUCATION IN A MEDICAL DISCIPLINE TO A MEDICAL STUDENT WHO HAS COMPLETED A RECOGNIZED UNDERGRADUATE MEDICAL EDUCATION PROGRAM.

~~7.~~ 8. "Malice" means evil intent and outrageous, oppressive or intolerable conduct that creates a substantial risk of tremendous harm to others.

~~8.~~ 9. "Member" means an eligible person who enrolls in the system.

~~9.~~ 10. "Noncontracting provider" means a person who provides health care to members pursuant to this article but not pursuant to a subcontract with a contractor.

~~10.~~ 11. "Physician" means a person licensed pursuant to title 32, chapter 13 or 17.

~~11.~~ 12. "Prepaid capitated" means a mode of payment by which a health care contractor directly delivers health care services for the duration of a contract to a maximum specified number of members based on a fixed rate per member notwithstanding:

(a) The actual number of members who receive care from the contractor.

(b) The amount of health care services provided to any member.

~~12.~~ 13. "Primary care physician" means a physician who is a family practitioner, general practitioner, pediatrician, general internist, or obstetrician or gynecologist.

~~13.~~ 14. "Primary care practitioner" means a nurse practitioner certified pursuant to title 32, chapter 15 or a physician assistant certified pursuant to title 32, chapter 25. This paragraph does not expand the scope of practice for nurse practitioners as defined pursuant to title 32, chapter 15, or for physician assistants as defined pursuant to title 32, chapter 25.

~~14.~~ 15. "Section 1115 waiver" means the research and demonstration waiver granted by the United States department of health and human services.

~~15.~~ 16. "Special health care district" means a special health care district organized pursuant to title 48, chapter 31.

~~16.~~ 17. "State plan" has the same meaning prescribed in section 36-2931.

~~17.~~ 18. "System" means the Arizona health care cost containment system established by this article.

Sec. 3. Section 36-2903.01, Arizona Revised Statutes, as amended by Laws 2009, first special session, chapter 4, section 2, is amended to read:

36-2903.01. <u>Additional powers and duties; report</u>

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

B. The director shall:

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

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

1 including those defined pursuant to section 36-2901, paragraph 6,
2 subdivision (a).
3 3. Enter into an intergovernmental agreement with the department to:
4 (a) Establish an expedited eligibility and enrollment process for all
5 persons who are hospitalized at the time of application.
6 (b) Establish performance measures and incentives for the department.
7 (c) Establish the process for management evaluation reviews that the
8 administration shall perform to evaluate the eligibility determination
9 functions performed by the department.
10 (d) Establish eligibility quality control reviews by the
11 administration.
12 (e) Require the department to adopt rules, consistent with the rules
13 adopted by the administration for a hearing process, that applicants or
14 members may use for appeals of eligibility determinations or
15 redeterminations.
16 (f) Establish the department's responsibility to place sufficient
17 eligibility workers at federally qualified health centers to screen for
18 eligibility and at hospital sites and level one trauma centers to ensure that
19 persons seeking hospital services are screened on a timely basis for
20 eligibility for the system, including a process to ensure that applications
21 for the system can be accepted on a twenty-four hour basis, seven days a
22 week.
23 (g) Withhold payments based on the allowable sanctions for errors in
24 eligibility determinations or redeterminations or failure to meet performance
25 measures required by the intergovernmental agreement.
26 (h) Recoup from the department all federal fiscal sanctions that
27 result from the department's inaccurate eligibility determinations. The
28 director may offset all or part of a sanction if the department submits a
29 corrective action plan and a strategy to remedy the error.
30 4. By rule establish a procedure and time frames for the intake of
31 grievances and requests for hearings, for the continuation of benefits and
32 services during the appeal process and for a grievance process at the
33 contractor level. Notwithstanding sections 41-1092.02, 41-1092.03 and
34 41-1092.05, the administration shall develop rules to establish the procedure
35 and time frame for the informal resolution of grievances and appeals. A
36 grievance that is not related to a claim for payment of system covered
37 services shall be filed in writing with and received by the administration or
38 the prepaid capitated provider or program contractor not later than sixty
39 days after the date of the adverse action, decision or policy implementation
40 being grieved. A grievance that is related to a claim for payment of system
41 covered services must be filed in writing and received by the administration
42 or the prepaid capitated provider or program contractor within twelve months
43 after the date of service, within twelve months after the date that
44 eligibility is posted or within sixty days after the date of the denial of a
45 timely claim submission, whichever is later. A grievance for the denial of a

claim for reimbursement of services may contest the validity of any adverse action, decision, policy implementation or rule that related to or resulted in the full or partial denial of the claim. A policy implementation may be subject to a grievance procedure, but it may not be appealed for a hearing. The administration is not required to participate in a mandatory settlement conference if it is not a real party in interest. In any proceeding before the administration, including a grievance or hearing, persons may represent themselves or be represented by a duly authorized agent who is not charging a fee. A legal entity may be represented by an officer, partner or employee who is specifically authorized by the legal entity to represent it in the particular proceeding.

5. Apply for and accept federal funds available under title XIX of the social security act (P.L. 89-97; 79 Stat. 344; 42 United States Code section 1396 (1980)) in support of the system. The application made by the director pursuant to this paragraph shall be designed to qualify for federal funding primarily on a prepaid capitated basis. Such funds may be used only for the support of persons defined as eligible pursuant to title XIX of the social security act or the approved section 1115 waiver.

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

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

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

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

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

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

1. Authorize advance payments based on estimated liability to a contractor or a noncontracting provider after the contractor or noncontracting provider has submitted a claim for services and before the claim is ultimately resolved. The rules shall specify that any advance payment shall be conditioned on the execution before payment of a contract with the contractor or noncontracting provider that requires the administration to retain a specified percentage, which shall be at least

1 twenty per cent, of the claimed amount as security and that requires
2 repayment to the administration if the administration makes any overpayment.
3 2. Defer liability, in whole or in part, of contractors for care
4 provided to members who are hospitalized on the date of enrollment or under
5 other circumstances. Payment shall be on a capped fee-for-service basis for
6 services other than hospital services and at the rate established pursuant to
7 subsection G or H of this section for hospital services or at the rate paid
8 by the health plan, whichever is less.
9 3. Deputize, in writing, any qualified officer or employee in the
10 administration to perform any act that the director by law is empowered to do
11 or charged with the responsibility of doing, including the authority to issue
12 final administrative decisions pursuant to section 41-1092.08.
13 4. Notwithstanding any other law, require persons eligible pursuant to
14 section 36-2901, paragraph 6, subdivision (a), section 36-2931, paragraph 5
15 and section 36-2981, paragraph 6 to be financially responsible for any cost
16 sharing requirements established in a state plan or a section 1115 waiver and
17 approved by the centers for medicare and medicaid services. Cost sharing
18 requirements may include copayments, coinsurance, deductibles, enrollment
19 fees and monthly premiums for enrolled members, including households with
20 children enrolled in the Arizona long-term care system.
21 E. The director shall adopt rules that further specify the medical
22 care and hospital services that are covered by the system pursuant to section
23 36-2907.
24 F. In addition to the rules otherwise specified in this article, the
25 director may adopt necessary rules pursuant to title 41, chapter 6 to carry
26 out this article. Rules adopted by the director pursuant to this subsection
27 shall consider the differences between rural and urban conditions on the
28 delivery of hospitalization and medical care.
29 G. For inpatient hospital admissions and all outpatient hospital
30 services before March 1, 1993, the administration shall reimburse a
31 hospital's adjusted billed charges according to the following procedures:
32 1. The director shall adopt rules that, for services rendered from and
33 after September 30, 1985 until October 1, 1986, define "adjusted billed
34 charges" as that reimbursement level that has the effect of holding constant
35 whichever of the following is applicable:
36 (a) The schedule of rates and charges for a hospital in effect on
37 April 1, 1984 as filed pursuant to chapter 4, article 3 of this title.
38 (b) The schedule of rates and charges for a hospital that became
39 effective after May 31, 1984 but before July 2, 1984, if the hospital's
40 previous rate schedule became effective before April 30, 1983.
41 (c) The schedule of rates and charges for a hospital that became
42 effective after May 31, 1984 but before July 2, 1984, limited to five per
43 cent over the hospital's previous rate schedule, and if the hospital's
44 previous rate schedule became effective on or after April 30, 1983 but before

1 October 1, 1983. For the purposes of this paragraph, "constant" means equal
2 to or lower than.
3 2. The director shall adopt rules that, for services rendered from and
4 after September 30, 1986, define "adjusted billed charges" as that
5 reimbursement level that has the effect of increasing by four per cent a
6 hospital's reimbursement level in effect on October 1, 1985 as prescribed in
7 paragraph 1 of this subsection. Beginning January 1, 1991, the Arizona
8 health care cost containment system administration shall define "adjusted
9 billed charges" as the reimbursement level determined pursuant to this
10 section, increased by two and one-half per cent.
11 3. In no event shall a hospital's adjusted billed charges exceed the
12 hospital's schedule of rates and charges filed with the department of health
13 services and in effect pursuant to chapter 4, article 3 of this title.
14 4. For services rendered the administration shall not pay a hospital's
15 adjusted billed charges in excess of the following:
16 (a) If the hospital's bill is paid within thirty days of the date the
17 bill was received, eighty-five per cent of the adjusted billed charges.
18 (b) If the hospital's bill is paid any time after thirty days but
19 within sixty days of the date the bill was received, ninety-five per cent of
20 the adjusted billed charges.
21 (c) If the hospital's bill is paid any time after sixty days of the
22 date the bill was received, one hundred per cent of the adjusted billed
23 charges.
24 5. The director shall define by rule the method of determining when a
25 hospital bill will be considered received and when a hospital's billed
26 charges will be considered paid. Payment received by a hospital from the
27 administration pursuant to this subsection or from a contractor either by
28 contract or pursuant to section 36-2904, subsection I shall be considered
29 payment of the hospital bill in full, except that a hospital may collect any
30 unpaid portion of its bill from other third party payors or in situations
31 covered by title 33, chapter 7, article 3.
32 H. For inpatient hospital admissions and outpatient hospital services
33 on and after March 1, 1993 the administration shall adopt rules for the
34 reimbursement of hospitals according to the following procedures:
35 1. For inpatient hospital stays, the administration shall use a
36 prospective tiered per diem methodology, using hospital peer groups if
37 analysis shows that cost differences can be attributed to independently
38 definable features that hospitals within a peer group share. In peer
39 grouping the administration may consider such factors as length of stay
40 differences and labor market variations. If there are no cost differences,
41 the administration shall implement a stop loss-stop gain or similar
42 mechanism. Any stop loss-stop gain or similar mechanism shall ensure that
43 the tiered per diem rates assigned to a hospital do not represent less than
44 ninety per cent of its 1990 base year costs or more than one hundred ten per
45 cent of its 1990 base year costs, adjusted by an audit factor, during the

period of March 1, 1993 through September 30, 1994. The tiered per diem rates set for hospitals shall represent no less than eighty-seven and one-half per cent or more than one hundred twelve and one-half per cent of its 1990 base year costs, adjusted by an audit factor, from October 1, 1994 through September 30, 1995 and no less than eighty-five per cent or more than one hundred fifteen per cent of its 1990 base year costs, adjusted by an audit factor, from October 1, 1995 through September 30, 1996. For the periods after September 30, 1996 no stop loss-stop gain or similar mechanisms shall be in effect. An adjustment in the stop loss-stop gain percentage may be made to ensure that total payments do not increase as a result of this provision. If peer groups are used the administration shall establish initial peer group designations for each hospital before implementation of the per diem system. The administration may also use a negotiated rate methodology. The tiered per diem methodology may include separate consideration for specialty hospitals that limit their provision of services to specific patient populations, such as rehabilitative patients or children. The initial per diem rates shall be based on hospital claims and encounter data for dates of service November 1, 1990 through October 31, 1991 and processed through May of 1992.

2. For rates effective on October 1, 1994, and annually thereafter, the administration shall adjust tiered per diem payments for inpatient hospital care by the data resources incorporated market basket index for prospective payment system hospitals. For rates effective beginning on October 1, 1999, the administration shall adjust payments to reflect changes in length of stay for the maternity and nursery tiers.

3. Through June 30, 2004, for outpatient hospital services, the administration shall reimburse a hospital by applying a hospital specific outpatient cost-to-charge ratio to the covered charges. Beginning on July 1, 2004 through June 30, 2005, the administration shall reimburse a hospital by applying a hospital specific outpatient cost-to-charge ratio to covered charges. If the hospital increases its charges for outpatient services filed with the Arizona department of health services pursuant to chapter 4, article 3 of this title, by more than 4.7 per cent for dates of service effective on or after July 1, 2004, the hospital specific cost-to-charge ratio will be reduced by the amount that it exceeds 4.7 per cent. If charges exceed 4.7 per cent, the effective date of the increased charges will be the effective date of the adjusted Arizona health care cost containment system cost-to-charge ratio. The administration shall develop the methodology for a capped fee-for-service schedule and a statewide cost-to-charge ratio. Any covered outpatient service not included in the capped fee-for-service schedule shall be reimbursed by applying the statewide cost-to-charge ratio that is based on the services not included in the capped fee-for-service schedule. Beginning on July 1, 2005, the administration shall reimburse clean claims with dates of service on or after July 1, 2005, based on the capped fee-for-service schedule or the statewide cost-to-charge ratio

1 established pursuant to this paragraph. The administration may make
2 additional adjustments to the outpatient hospital rates established pursuant
3 to this section based on other factors, including the number of beds in the
4 hospital, specialty services available to patients and the geographic
5 location of the hospital.
6 4. Except if submitted under an electronic claims submission system, a
7 hospital bill is considered received for purposes of this paragraph on
8 initial receipt of the legible, error-free claim form by the administration
9 if the claim includes the following error-free documentation in legible form:
10 (a) An admission face sheet.
11 (b) An itemized statement.
12 (c) An admission history and physical.
13 (d) A discharge summary or an interim summary if the claim is split.
14 (e) An emergency record, if admission was through the emergency room.
15 (f) Operative reports, if applicable.
16 (g) A labor and delivery room report, if applicable.
17 Payment received by a hospital from the administration pursuant to this
18 subsection or from a contractor either by contract or pursuant to section
19 36-2904, subsection I is considered payment by the administration or the
20 contractor of the administration's or contractor's liability for the hospital
21 bill. A hospital may collect any unpaid portion of its bill from other third
22 party payors or in situations covered by title 33, chapter 7, article 3.
23 5. For services rendered on and after October 1, 1997, the
24 administration shall pay a hospital's rate established according to this
25 section subject to the following:
26 (a) If the hospital's bill is paid within thirty days of the date the
27 bill was received, the administration shall pay ninety-nine per cent of the
28 rate.
29 (b) If the hospital's bill is paid after thirty days but within sixty
30 days of the date the bill was received, the administration shall pay one
31 hundred per cent of the rate.
32 (c) If the hospital's bill is paid any time after sixty days of the
33 date the bill was received, the administration shall pay one hundred per cent
34 of the rate plus a fee of one per cent per month for each month or portion of
35 a month following the sixtieth day of receipt of the bill until the date of
36 payment.
37 6. In developing the reimbursement methodology, if a review of the
38 reports filed by a hospital pursuant to section 36-125.04 indicates that
39 further investigation is considered necessary to verify the accuracy of the
40 information in the reports, the administration may examine the hospital's
41 records and accounts related to the reporting requirements of section
42 36-125.04. The administration shall bear the cost incurred in connection
43 with this examination unless the administration finds that the records
44 examined are significantly deficient or incorrect, in which case the

1 administration may charge the cost of the investigation to the hospital
2 examined.
3 7. Except for privileged medical information, the administration shall
4 make available for public inspection the cost and charge data and the
5 calculations used by the administration to determine payments under the
6 tiered per diem system, provided that individual hospitals are not identified
7 by name. The administration shall make the data and calculations available
8 for public inspection during regular business hours and shall provide copies
9 of the data and calculations to individuals requesting such copies within
10 thirty days of receipt of a written request. The administration may charge a
11 reasonable fee for the provision of the data or information.
12 8. The prospective tiered per diem payment methodology for inpatient
13 hospital services shall include a mechanism for the prospective payment of
14 inpatient hospital capital related costs. The capital payment shall include
15 hospital specific and statewide average amounts. For tiered per diem rates
16 beginning on October 1, 1999, the capital related cost component is frozen at
17 the blended rate of forty per cent of the hospital specific capital cost and
18 sixty per cent of the statewide average capital cost in effect as of
19 January 1, 1999 and as further adjusted by the calculation of tier rates for
20 maternity and nursery as prescribed by law. The administration shall adjust
21 the capital related cost component by the data resources incorporated market
22 basket index for prospective payment system hospitals.
23 9. For graduate medical education programs:
24 (a) Beginning September 30, 1997, the administration shall establish a
25 separate graduate medical education program to reimburse hospitals that had
26 graduate medical education programs that were approved by the administration
27 as of October 1, 1999. The administration shall separately account for
28 monies for the graduate medical education program based on the total
29 reimbursement for graduate medical education reimbursed to hospitals by the
30 system in federal fiscal year 1995-1996 pursuant to the tiered per diem
31 methodology specified in this section. The graduate medical education
32 program reimbursement shall be adjusted annually by the increase or decrease
33 in the index published by the global insight hospital market basket index for
34 prospective hospital reimbursement. Subject to legislative appropriation, on
35 an annual basis, each qualified hospital shall receive a single payment from
36 the graduate medical education program that is equal to the same percentage
37 of graduate medical education reimbursement that was paid by the system in
38 federal fiscal year 1995-1996. Any reimbursement for graduate medical
39 education made by the administration shall not be subject to future
40 settlements or appeals by the hospitals to the administration. The monies
41 available under this subdivision shall not exceed the fiscal year 2005-2006
42 appropriation adjusted annually by the increase or decrease in the index
43 published by the global insight hospital market basket index for prospective
44 hospital reimbursement, except for monies distributed for expansions pursuant
45 to subdivision (b) of this paragraph.

(b) The monies available for graduate medical education programs pursuant to this subdivision shall not exceed the fiscal year 2006-2007 appropriation adjusted annually by the increase or decrease in the index published by the global insight hospital market basket index for prospective hospital reimbursement. Graduate medical education programs eligible for such reimbursement are not precluded from receiving reimbursement for funding under subdivision (c) of this paragraph. Beginning July 1, 2006, the administration shall distribute any monies appropriated for graduate medical education above the amount prescribed in subdivision (a) of this paragraph in the following order or priority:

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

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

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

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

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

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

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

(f) ~~Beginning July 1, 2007,~~ Local, county and tribal governments AND ANY UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS may provide monies in addition to any state general fund monies appropriated for graduate medical education in order to qualify for additional matching

federal monies for PROVIDERS, programs or positions in a specific locality and costs incurred pursuant to a specific contract between the administration and providers or other entities to provide graduate medical education services as an administrative activity. PAYMENTS BY THE ADMINISTRATION PURSUANT TO THIS SUBDIVISION MAY BE LIMITED TO THOSE PROVIDERS DESIGNATED BY THE FUNDING ENTITY AND MAY BE BASED ON ANY METHODOLOGY DEEMED APPROPRIATE BY THE ADMINISTRATION, INCLUDING REPLACING ANY PAYMENTS THAT MIGHT OTHERWISE HAVE BEEN PAID PURSUANT TO SUBDIVISION (a), (b) OR (c) OF THIS PARAGRAPH HAD SUFFICIENT STATE GENERAL FUND MONIES OR OTHER MONIES BEEN APPROPRIATED TO FULLY FUND THOSE PAYMENTS. These programs, positions, PAYMENT METHODOLOGIES and administrative graduate medical education services must be approved by the administration and the centers for medicare and medicaid services. The administration shall report to the president of the senate, the speaker of the house of representatives and the director of the joint legislative budget committee on or before July 1 of each year on the amount of money contributed and number of residency positions funded by local, county and tribal governments, including the amount of federal matching monies used.

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

~~(h) For the purposes of this paragraph, "graduate medical education program" means a program, including an approved fellowship, that prepares a physician for the independent practice of medicine by providing didactic and clinical education in a medical discipline to a medical student who has completed a recognized undergraduate medical education program.~~

10. The prospective tiered per diem payment methodology for inpatient hospital services shall include a mechanism for the payment of claims with extraordinary operating costs per day. For tiered per diem rates effective beginning on October 1, 1999, outlier cost thresholds are frozen at the levels in effect on January 1, 1999 and adjusted annually by the administration by the global insight hospital market basket index for prospective payment system hospitals. Beginning with dates of service on or after October 1, 2007, the administration shall phase in the use of the most recent statewide urban and statewide rural average medicare cost-to-charge ratios or centers for medicare and medicaid services approved cost-to-charge ratios to qualify and pay extraordinary operating costs. Cost-to-charge ratios shall be updated annually. Routine maternity charges are not eligible for outlier reimbursement. The administration shall complete full implementation of the phase-in on or before October 1, 2009.

11. Notwithstanding section 41-1005, subsection A, paragraph 9, the administration shall adopt rules pursuant to title 41, chapter 6 establishing the methodology for determining the prospective tiered per diem payments.

I. The director may adopt rules that specify enrollment procedures, including notice to contractors of enrollment. The rules may provide for

varying time limits for enrollment in different situations. The administration shall specify in contract when a person who has been determined eligible will be enrolled with that contractor and the date on which the contractor will be financially responsible for health and medical services to the person.

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

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

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

2. The percentage of third party payments that is collected by a contractor or noncontracting provider and that the contractor or noncontracting provider may keep and the percentage of such payments that the contractor or noncontracting provider may be required to pay to the administration. Contractors and noncontracting providers must pay to the administration one hundred per cent of all third party payments that are collected and that duplicate administration fee-for-service payments. A contractor that contracts with the administration pursuant to section 36-2904, subsection A may be entitled to retain a percentage of third party payments if the payments collected and retained by a contractor are reflected in reduced capitation rates. A contractor may be required to pay the administration a percentage of third party payments that are collected by a contractor and that are not reflected in reduced capitation rates.

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

1. On written notice from the administration or oral or written notice from a member that a claim for covered services may be in violation of this section, the provider that has a contract with a contractor or noncontracting provider shall investigate the inquiry and verify whether the person was eligible for services at the time that covered services were provided. If the claim was paid or should have been paid by the system, the provider that

has a contract with a contractor or noncontracting provider shall not continue billing the member.

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

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

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

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

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

M. The administration may conduct postpayment review of all claims paid by the administration and may recoup any monies erroneously paid. The director may adopt rules that specify procedures for conducting postpayment review. A contractor may conduct a postpayment review of all claims paid by the contractor and may recoup monies that are erroneously paid.

N. The director or the director's designee may employ and supervise personnel necessary to assist the director in performing the functions of the administration.

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

P. Notwithstanding any other law, on federal approval the administration may make disproportionate share payments to private hospitals,

county operated hospitals, including hospitals owned or leased by a special health care district, and state operated institutions for mental disease beginning October 1, 1991 in accordance with federal law and subject to legislative appropriation. If at any time the administration receives written notification from federal authorities of any change or difference in the actual or estimated amount of federal funds available for disproportionate share payments from the amount reflected in the legislative appropriation for such purposes, the administration shall provide written notification of such change or difference to the president and the minority leader of the senate, the speaker and the minority leader of the house of representatives, the director of the joint legislative budget committee, the legislative committee of reference and any hospital trade association within this state, within three working days not including weekends after receipt of the notice of the change or difference. In calculating disproportionate share payments as prescribed in this section, the administration may use either a methodology based on claims and encounter data that is submitted to the administration from contractors or a methodology based on data that is reported to the administration by private hospitals and state operated institutions for mental disease. The selected methodology applies to all private hospitals and state operated institutions for mental disease qualifying for disproportionate share payments. FOR THE PURPOSES OF THIS SUBSECTION, "DISPROPORTIONATE SHARE PAYMENT" MEANS A PAYMENT TO A HOSPITAL THAT SERVES A DISPROPORTIONATE SHARE OF LOW-INCOME PATIENTS AS DESCRIBED BY 42 UNITED STATES CODE SECTION 1396r-4.

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

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

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

Sec. 4. Section 36-2907, Arizona Revised Statutes, as amended by Laws 2009, third special session, chapter 10, section 10, is amended to read:

36-2907. <u>Covered health and medical services; modifications; related delivery of service requirements; definition</u>

A. Unless modified pursuant to this section, contractors shall provide the following medically necessary health and medical services:

1. Inpatient hospital services that are ordinarily furnished by a hospital for the care and treatment of inpatients and that are provided under the direction of a physician or a primary care practitioner. For the purposes of this section, inpatient hospital services exclude services in an

institution for tuberculosis or mental diseases unless authorized under an approved section 1115 waiver.

2. Outpatient health services that are ordinarily provided in hospitals, clinics, offices and other health care facilities by licensed health care providers. Outpatient health services include services provided by or under the direction of a physician or a primary care practitioner but do not include occupational therapy, or speech therapy for eligible persons who are twenty-one years of age or older.

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

4. Medications that are ordered on prescription by a physician or a dentist licensed pursuant to title 32, chapter 11. Beginning January 1, 2006, persons who are dually eligible for title XVIII and title XIX services must obtain available medications through a medicare licensed or certified medicare advantage prescription drug plan, a medicare prescription drug plan or any other entity authorized by medicare to provide a medicare part D prescription drug benefit.

5. Emergency dental care and extractions for persons who are at least twenty-one years of age.

6. Medical supplies, equipment and prosthetic devices, not including hearing aids or dentures, ordered by a physician or a primary care practitioner. Suppliers of durable medical equipment shall provide the administration with complete information about the identity of each person who has an ownership or controlling interest in their business and shall comply with federal bonding requirements in a manner prescribed by the administration.

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

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

9. Family planning services that do not include abortion or abortion counseling. If a contractor elects not to provide family planning services, this election does not disqualify the contractor from delivering all other covered health and medical services under this chapter. In that event, the administration may contract directly with another contractor, including an outpatient surgical center or a noncontracting provider, to deliver family planning services to a member who is enrolled with the contractor that elects not to provide family planning services.

10. Podiatry services performed by a podiatrist licensed pursuant to title 32, chapter 7 and ordered by a primary care physician or primary care practitioner.

11. Nonexperimental transplants approved for title XIX reimbursement.

12. Ambulance and nonambulance transportation.

B. Beginning on October 1, 2002, circumcision of newborn males is not a covered health and medical service.

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

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

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

F. The director shall adopt rules for the coverage of behavioral health services for persons who are eligible under section 36-2901, paragraph 6, subdivision (a). The administration shall contract with the department of health services for the delivery of all medically necessary behavioral health services to persons who are eligible under rules adopted pursuant to this subsection. The division of behavioral health in the department of health services shall establish a diagnostic and evaluation program to which other state agencies shall refer children who are not already enrolled pursuant to this chapter and who may be in need of behavioral health services. In addition to an evaluation, the division of behavioral health shall also identify children who may be eligible under section 36-2901, paragraph 6, subdivision (a) or section 36-2931, paragraph 5 and shall refer the children to the appropriate agency responsible for making the final eligibility determination.

G. The director shall adopt rules for the provision of transportation services and rules providing for copayment by members for transportation for other than emergency purposes. Prior authorization is not required for medically necessary ambulance transportation services rendered to members or eligible persons initiated by dialing telephone number 911 or other designated emergency response systems.

H. The director may adopt rules to allow the administration, at the director's discretion, to use a second opinion procedure under which surgery may not be eligible for coverage pursuant to this chapter without

1 documentation as to need by at least two physicians or primary care
2 practitioners.
3 I. If the director does not receive bids within the amounts budgeted
4 or if at any time the amount remaining in the Arizona health care cost
5 containment system fund is insufficient to pay for full contract services for
6 the remainder of the contract term, the administration, on notification to
7 system contractors at least thirty days in advance, may modify the list of
8 services required under subsection A of this section for persons defined as
9 eligible other than those persons defined pursuant to section 36-2901,
10 paragraph 6, subdivision (a). The director may also suspend services or may
11 limit categories of expense for services defined as optional pursuant to
12 title XIX of the social security act (P.L. 89-97; 79 Stat. 344; 42 United
13 States Code section 1396 (1980)) for persons defined pursuant to section
14 36-2901, paragraph 6, subdivision (a). Such reductions or suspensions do not
15 apply to the continuity of care for persons already receiving these services.
16 J. Additional, reduced or modified hospitalization and medical care
17 benefits may be provided under the system to enrolled members who are
18 eligible pursuant to section 36-2901, paragraph 6, subdivision (b), (c), (d)
19 or (e).
20 K. All health and medical services provided under this article shall
21 be provided in the geographic service area of the member, except:
22 1. Emergency services and specialty services provided pursuant to
23 section 36-2908.
24 2. That the director may permit the delivery of health and medical
25 services in other than the geographic service area in this state or in an
26 adjoining state if the director determines that medical practice patterns
27 justify the delivery of services or a net reduction in transportation costs
28 can reasonably be expected. Notwithstanding the definition of physician as
29 prescribed in section 36-2901, if services are procured from a physician or
30 primary care practitioner in an adjoining state, the physician or primary
31 care practitioner shall be licensed to practice in that state pursuant to
32 licensing statutes in that state similar to title 32, chapter 13, 15, 17 or
33 25 and shall complete a provider agreement for this state.
34 L. Covered outpatient services shall be subcontracted by a primary
35 care physician or primary care practitioner to other licensed health care
36 providers to the extent practicable for purposes including, but not limited
37 to, making health care services available to underserved areas, reducing
38 costs of providing medical care and reducing transportation costs.
39 M. The director shall adopt rules that prescribe the coordination of
40 medical care for persons who are eligible for system services. The rules
41 shall include provisions for the transfer of patients, the transfer of
42 medical records and the initiation of medical care.
43 N. FOR THE PURPOSES OF THIS SECTION, "AMBULANCE" HAS THE SAME MEANING
44 PRESCRIBED IN SECTION 36-2201.

1 Sec. 5. Laws 2009, third special session, chapter 10, section 23 is
2 amended to read:
3 Sec. 23. AHCCCS; disproportionate share payments
4 Disproportionate share payments for fiscal year 2009-2010 made pursuant
5 to section 36-2903.01, subsection P, Arizona Revised Statutes, include:
6 1. $89,877,700 for a qualifying nonstate operated public hospital.
7 The Maricopa county special health care district shall provide a certified
8 public expense form for the amount of qualifying disproportionate share
9 hospital expenditures made on behalf of this state to the administration on
10 or before May 1, 2010 for all state plan years as required by the Arizona
11 health care cost containment system 1115 waiver standard terms and
12 conditions. The administration shall assist the district in determining the
13 amount of qualifying disproportionate share hospital expenditures. Once the
14 administration files a claim with the federal government and receives federal
15 funds participation based on the amount certified by the Maricopa county
16 special health care district, if the certification is equal to or greater
17 than $89,877,700, the administration shall distribute $4,202,300 to the
18 Maricopa county special health care district and deposit the balance of the
19 federal funds participation in the state general fund. If the certification
20 provided is for an amount less than $89,877,700, and the administration
21 determines that the revised amount is correct pursuant to the methodology
22 used by the administration pursuant to section 36-2903.01, Arizona Revised
23 Statutes, the administration shall notify the governor, the president of the
24 senate and the speaker of the house of representatives, shall distribute
25 $4,202,300 to the Maricopa county special health care district and shall
26 deposit the balance of the federal funds participation in the state general
27 fund. If the certification provided is for an amount less than $89,877,700
28 and the administration determines that the revised amount is not correct
29 pursuant to the methodology used by the administration pursuant to section
30 36-2903.01, Arizona Revised Statutes, the administration shall notify the
31 governor, the president of the senate and the speaker of the house of
32 representatives and shall deposit the total amount of the federal funds
33 participation in the state general fund.
34 2. $28,474,900 for the Arizona state hospital. The Arizona state
35 hospital shall provide a certified public expense form for the amount of
36 qualifying disproportionate share hospital expenditures made on behalf of the
37 state to the administration on or before March 31, 2010. The administration
38 shall assist the Arizona state hospital in determining the amount of
39 qualifying disproportionate share hospital expenditures. Once the
40 administration files a claim with the federal government and receives federal
41 funds participation based on the amount certified by the Arizona state
42 hospital, the administration shall distribute the entire amount of federal
43 financial participation to the state general fund. If the certification
44 provided is for an amount less than $28,474,900, the administration shall
45 notify the governor, the president of the senate and the speaker of the house

of representatives and shall distribute the entire amount of federal financial participation to the state general fund. The certified public expense form provided by the Arizona state hospital shall contain both the total amount of qualifying disproportionate share hospital expenditures and the amount limited by section 1923(g) of the social security act.

3. $26,147,700 for private qualifying disproportionate share hospitals.

4. AN AMOUNT FOR DISPROPORTIONATE SHARE HOSPITALS DESIGNATED BY POLITICAL SUBDIVISIONS OF THIS STATE, TRIBAL GOVERNMENTS AND ANY UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS. CONTINGENT ON APPROVAL BY THE ADMINISTRATION AND THE CENTERS FOR MEDICARE AND MEDICAID SERVICES, ANY AMOUNT OF FEDERAL FUNDING ALLOTTED TO THIS STATE PURSUANT TO SECTION 1923(f) OF THE SOCIAL SECURITY ACT AND NOT OTHERWISE EXPENDED UNDER PARAGRAPH 1, 2 OR 3 OF THIS SECTION SHALL BE MADE AVAILABLE FOR DISTRIBUTION PURSUANT TO THIS PARAGRAPH. POLITICAL SUBDIVISIONS OF THIS STATE, TRIBAL GOVERNMENTS AND ANY UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS MAY DESIGNATE HOSPITALS ELIGIBLE TO RECEIVE DISPROPORTIONATE SHARE FUNDS IN AN AMOUNT UP TO THE LIMIT PRESCRIBED IN SECTION 1923(g) OF THE SOCIAL SECURITY ACT IF THOSE POLITICAL SUBDIVISIONS, TRIBAL GOVERNMENTS OR UNIVERSITIES PROVIDE SUFFICIENT MONIES TO QUALIFY FOR THE MATCHING FEDERAL MONIES FOR THE DISPROPORTIONATE SHARE PAYMENTS.

Sec. 6. Repeal

Laws 2010, seventh special session, chapter 10, section 32 is repealed.

Sec. 7. Arizona health care cost containment system remuneration for ambulance services in contract years 2009-2010 and 2010-2011

A. Notwithstanding any law to the contrary, for rates effective October 1, 2009 through September 30, 2010 and for rates effective October 1, 2010 through September 30, 2011, the remuneration for ambulance services provided by the Arizona health care cost containment system administration and its contractors and subcontractors for persons who are enrolled in or covered by the Arizona health care cost containment system is seventy-six per cent of the amounts prescribed by section 36-2239, subsections F and G, Arizona Revised Statutes, as amended by this act.

B. Notwithstanding section 36-2239, Arizona Revised Statutes, as amended by this act, for rates effective October 1, 2010 through September 30, 2011, remuneration for ambulance services may be further reduced pursuant to Laws 2010, seventh special session, chapter 10, section 25.

APPROVED BY THE GOVERNOR APRIL 19, 2010.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 20, 2010.