

# **AHCCCS 2008 Legislative Summary**

*Arizona Health Care Cost Containment System  
Office of Intergovernmental Relations*

## AHCCCS- Initiated Legislation

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<b>SB1133</b>	<b>AHCCCS; DES; new hires directory (Senator Leff)</b>
Disposition	Enacted; Chapter 79
Effective Date	September 26, 2008
Summary	<ul style="list-style-type: none"><li>• Conforms Arizona Revised Statutes to federal laws allowing AHCCCS to use information compiled in the Arizona New Hire Directory to verify eligibility for Medicaid programs.</li></ul>

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<b>SB1223</b>	<b>insurance; long-term care (Senator Allen)</b>
Disposition	Enacted; Chapter 230
Effective Date	July 1, 2009
Summary	<ul style="list-style-type: none"><li>• Implements the requirements of the Deficit Reduction Act of 2005 into state statute to allow AHCCCS to participate in Long-Term Care Partnership Programs with private insurance industry.</li></ul>

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<b>SB1329</b>	<b>AHCCCS; self-directed care services (Senator Allen)</b>
Disposition	Enacted; Chapter 58
Effective Date	September 26, 2008
Summary	<ul style="list-style-type: none"><li>• Allows qualified members of the Arizona Long-Term Care System (ALTCS) who are participating in home and community-based services to appoint an attendant caregiver to provide specific services as designated in rule by the Administration, in consultation with the Board of Nursing.</li><li>• Requires AHCCCS to report on utilization of the Self-Directed Care Program by January 1, 2011.</li></ul>

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## AHCCCS- Related Legislation

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<b>HB2166</b>	<b>AHCCCS; healthcare group; waiting period (Representative Prezelski)</b>
Disposition	Failed to pass out of the House
Effective Date	September 26, 2008
Summary	<ul style="list-style-type: none"><li>• Eliminates the bare period as a requirement to enroll in Healthcare Group</li></ul>

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<b>HB2208</b>	<b>graduate medical education; federal match (Representative Burns)</b>
Disposition	Enacted; Chapter 158
Effective Date	September 26, 2008
Summary	<ul style="list-style-type: none"><li>• Requires AHCCCS to seek federal authorization to define certain activities associated with administering graduate medical education programs in hospital facilities as “administrative activities” for the purpose of drawing down additional federal matching funds.</li></ul>

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<b>HB2247</b>	<b>Indian Affairs Commission; legislative day (Representative Tom)</b>
Disposition	Failed to pass out of the Senate
Effective Date	September 1, 2009
Summary	<ul style="list-style-type: none"><li>• Adds the Director of AHCCCS as one of two non-voting members on the Arizona Commission of Indian Affairs</li><li>• Combines the activities and authority of the Arizona Commission of Indian Affairs and the Advisory Council on Indian Health Care</li><li>• Requires AHCCCS to request a waiver from federal requirements that would enable tribal authorities who conduct TANF eligibility determinations to also conduct Medicaid eligibility determinations</li><li>• Upon approval of the waiver, requires the State to provide matching funds for expanded eligibility activities</li><li>• Establishes a fund for revised Commission activities</li></ul>

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<b>HB2326</b>	<b>AHCCCS; naturopathic services (Representative Stump)</b>
Disposition	Failed to pass out of the House
Effective Date	September 26, 2008
Summary	<ul style="list-style-type: none"><li>• Adds naturopathic services to the list of covered services available to AHCCCS members</li></ul>

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<b>HB2399</b>	<b>AHCCCS; healthcare group (Representative Farley)</b>
Disposition	Failed to pass out of the House
Effective Date	September 26, 2008
Summary	<ul style="list-style-type: none"><li>• Exempts employer groups with five or more employees from the bare period requirement</li></ul>

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<b>HB2400</b>	<b>AHCCCS; member's employers; reports (Representative Farley)</b>
Disposition	Failed to pass out of the House
Effective Date	September 26, 2008
Summary	<ul style="list-style-type: none"><li>• Requires AHCCCS to report by November 15<sup>th</sup> of each year to the Legislature on the number of employers represented in Healthcare Group and how many of each businesses' employees are enrolled in Healthcare Group</li></ul>

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<b>HB2401</b>	<b>healthcare businesses; consumer information (Representative Farley)</b>
Disposition	Failed to pass out of the Senate
Effective Date	September 26, 2008
Summary	<ul style="list-style-type: none"><li>• Requires healthcare businesses to disclose whether individually identifiable information is transmitted to a contractor outside of the United States</li></ul>

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**HB2462****s/e: healthcare group (Representative Burns)**

Disposition	Failed to pass out of the Senate
Effective Date	Revised enrollment limit effective August 1, 2008; Additional provisions have a general effective date
Summary	<ul style="list-style-type: none"><li>• Makes numerous changes to Healthcare Group (HCG) enrollment and contract requirements</li><li>• Effective July 1, 2007, limits enrollment to no more than 10% of total enrolled employer groups</li><li>• Eliminates the 180-day bare period</li><li>• Eliminates groups of one from those who are eligible to enroll in HCG</li><li>• Prohibits HCG from reimbursing non-contract hospitals for non-emergency services and those not required for post-emergency stabilization</li><li>• Limits HCG reimbursement to non-contracted hospitals to 114% of AHCCCS reimbursement rates for emergency and post-stabilization services</li><li>• Requires HCG to set premiums that, in the aggregate, cover the costs of administering the program based on an analysis conducted by an independent actuary</li><li>• Allows HCG to consider health-related factors when establishing rates</li><li>• Requires HCG to provide the following items to the Joint Legislative Budget Committee (JLBC):<ul style="list-style-type: none"><li>○ Quarterly financial reports</li><li>○ Annual fiscal audits</li><li>○ Actuarial analysis used to establish premiums</li></ul></li></ul>

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**HB2503****durable medical equipment; report (Representative Burns)**

Disposition	Enacted; Chapter 180
Effective Date	September 26, 2008
Summary	<ul style="list-style-type: none"><li>• Requires AHCCCS to report the following items to the Legislature by November 15, 2008:<ul style="list-style-type: none"><li>○ A list of vendors who provide durable medical equipment (DME) to AHCCCS and its contracted health plans</li><li>○ The number of enrolled members utilizing DME</li><li>○ The number and outcomes of grievances filed with the Administration and contracted health plans related to DME provision and repair</li></ul></li></ul>

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<b>HB2505</b>	<b>child support; medical insurance (Representative Barto)</b>
Disposition	Enacted; Chapter 181
Effective Date	September 26, 2008
Summary	<ul style="list-style-type: none"> <li>• In child custody cases, requires the Court to determine whether or not either parent has access to health coverage or has AHCCCS coverage</li> <li>• If neither parent has health-care coverage, requires the court to determine whether additional financial support is necessary to ensure medical coverage for the child</li> </ul>
<b>HB2541</b>	<b>AHCCCS; breast cancer treatment (Representative Sinema)</b>
Disposition	Failed to pass out of the House
Effective Date	September 26, 2008
Summary	<ul style="list-style-type: none"> <li>• Requires AHCCCS to provide breast cancer treatment to eligible members regardless of where they obtained their breast cancer screening</li> </ul>
<b>HB2669</b>	<b>behavioral health delivery system; study (Representative Barto)</b>
Disposition	Failed to pass out of the Senate
Effective Date	September 26, 2008
Summary	<ul style="list-style-type: none"> <li>• Establishes the 19 member Behavioral Health Task Force to study the State's behavioral health service delivery system</li> <li>• Requires the Task Force to report on its progress to the Governor and the Legislature by December 15, 2008</li> </ul>
<b>HB2703</b>	<b>large employers; AHCCCS; reimbursement (Representative Alvarez)</b>
Disposition	Failed to pass out of the House
Effective Date	September 26, 2008
Summary	<ul style="list-style-type: none"> <li>• Requires an employer with 100 or more employees to reimburse AHCCCS for the cost of covering an employed individual who is enrolled in the program</li> </ul>

<b>HB2777</b>	<b>AHCCCS; DES; fraud reduction (Representative Crump)</b>
Disposition	Failed to pass out of the Senate
Effective Date	September 26, 2008
Summary	<ul style="list-style-type: none"> <li>• Requires AHCCCS and DES to conduct a pilot project with a vendor on fraud reduction technology</li> <li>• Requires AHCCCS and DES to enter into a contract with a vendor for prescribed fraud reduction technology measures</li> </ul>
<b>HB2840</b>	<b>health care; high risk program (Representative Adams)</b>
Disposition	Failed to pass out of the House
Effective Date	Effective January 1, 2010
Summary	<ul style="list-style-type: none"> <li>• Establishes the Healthcare Group High Risk Program to provide medical coverage for individuals who are unable to obtain medical coverage in the private sector</li> <li>• Establishes a Board of Directors to implement and administer the Healthcare Group High Risk Program</li> <li>• Provides that funding for the Healthcare Group High Risk Program shall be allocated from member premiums that are limited to 150%-200% of the standard rate and surplus premium tax revenues collected from private insurers</li> <li>• Repeals Healthcare Group effective January 1, 2011</li> </ul>
<b>HCR2044</b>	<b>voter-protection; temporary budget suspension (Representative Pearce)</b>
Disposition	Failed to pass out of the Senate
Summary	<ul style="list-style-type: none"> <li>• A ballot initiative that proposes to suspend voter-approved spending requirements in the event that both JLBC and OSPB provide written findings that the fiscal year is projected to end with a deficit</li> </ul>

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**SB1072****AHCCCS; proof of citizenship (Senator Harper)**

Disposition Failed to pass out of the Senate

Effective Date September 26, 2008

- Summary
- Requires AHCCCS to report individuals who have been identified to be illegal immigrants to immigration authorities
  - Stipulates that employees and supervisors who do not comply with this requirement are guilty of a Class 2 Misdemeanor
  - Prohibits AHCCCS employees from accepting state or locally-issued identifying documentation from an individual unless the person's citizenship status has been verified
  - Establishes a cause of action for any individual who has discovered a violation of these requirements
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**SB1093****insurance providers; long-term care (Senator Allen)**

Disposition Failed to pass out of the Senate; language enacted on SB1223 (Chapter 230)

Effective Date July 1, 2009

- Summary
- Implements the requirements of the Deficit Reduction Act of 2005 into state statute to allow AHCCCS to participate in Long-Term Care Partnership Programs with private insurance industry
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**SB1234****AHCCCS; occupational therapy; speech therapy (Senator Allen)**

Disposition Failed to pass out of the Senate

Effective Date October 1, 2008

- Summary
- Adds outpatient occupational and speech therapy to the list of covered services available to AHCCCS members
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**SB1250****prescription marketing costs; full disclosure (Senator Burton Cahill)**

Disposition Failed to pass out of the Senate

Effective Date February 1, 2009

- Summary
- Requires prescription drug manufacturers or labels to submit an annual report of their marketing costs in Arizona to AHCCCS
  - Requires AHCCCS to biennially report on prescription drug marketing activities to the Governor and Legislature beginning October 1, 2010
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**SB1376****AHCCCS; hospital reimbursement (Senator O'Halleran)**

Disposition Failed to pass out of the House

Effective Date September 26, 2008 (Some provisions have a delayed effective date)

- Summary
- Establishes a Hospital Reimbursement Advisory Council to oversee compliance with AHCCCS timely pay requirements
  - Makes numerous changes to AHCCCS contract health plan timely pay requirements and revises late payment penalties for health plans in violation of timely pay requirements
  - Establishes rule-making and administrative requirements for AHCCCS related to revised timely pay requirements
  - Requires that the Administration convene a workgroup to consider several issues including “date received” and supplemental recoupment and transmittal requirements
  - Requires the Director to establish a process and timeline to sanction contract health plans that do not meet revised timely pay requirements
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**SB1389****healthcare group; health plans; information (Senator Chuevront)**

Disposition Failed to pass out of the House

Effective Date Revised enrollment limit effective August 1, 2008; Additional provisions have a general effective date

- Summary
- Makes numerous changes to Healthcare Group (HCG) enrollment and contract requirements
  - Limits enrollment to no more than 10% of total enrolled employer groups
  - Eliminates the 180-day bare period
  - Eliminates groups of one from those who are eligible to enroll in HCG
  - Prohibits HCG from reimbursing non-contract hospitals for non-emergency services and those not required for post-emergency stabilization
  - Limits HCG reimbursement to non-contracted hospitals to 114% of AHCCCS reimbursement rates for emergency and post-stabilization services
  - Requires HCG to set premiums that, in the aggregate, cover the costs of administering the program based on an analysis conducted by an independent actuary
  - Allows HCG to consider health-related factors when establishing rates
  - Requires HCG to provide the following items to the Joint Legislative Budget Committee (JLBC):
    - Quarterly financial reports
    - Annual fiscal audits
    - Actuarial analysis used to establish premiums
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**SB1418****tobacco cessation; coverage; AHCCCS (Senator Leff)**

Disposition    Enacted; Chapter 131

Effective Date    October 1, 2008

- Summary
- Allows AHCCCS and its contracted health plans to offer tobacco-cessation medications and nicotine replacement therapies to enrolled Medicaid (Title XIX) members
  - Stipulates that funding for these services shall not come from the General Fund
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## Budget Legislation

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**HB2043**                      **FY 2007-2008 state hiring; moratorium (Representative Robson)**

Disposition      Vetoed

Effective Date    Emergency Measure

Summary            • Prohibits state agencies from hiring or promoting employees through FY 2007-2008

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**HB2209**                      **general appropriations act; 2008-2009 (Representative Burns)**

Disposition      Enacted; Chapter 285

Effective Date    Emergency Measure

Summary            • Makes appropriations to state agencies for the administration of activities in FY 2008-2009

### **AHCCCS APPROPRIATIONS**

#### **Agency Lump Sum Reduction: \$1M**

#### **Administration- \$210.9M**

- Operating Budget- \$70.1M
- DOA Data Center Charges- \$5.7M
- Indian Advisory Council- \$233K
- DES Eligibility- \$55.7M
- DES Title XIX Pass-Thru- \$358K
- Healthcare Group & Reinsurance- \$11.5M
- Office of Administrative Hearings- \$271K
- Kidscare Administration- \$9.4M
- Prop. 204 AHCCCS Administration- \$11.4M
- Prop. 204 DES Eligibility- \$43.6M
- DES Eligibility System Upgrade- \$2.6M

#### **Acute Care- \$4.8B**

- Capitation \$2.1B
- Reinsurance \$134.2M
- Fee-for-Service: \$573.4M
- Medicare Premiums: \$96.3M
- GME: \$45M
- Prior Year TMC Reconciliation: \$3.2M
- Dual Eligible: \$1M

- DSH: \$30.4M
- Critical Access Hospitals: \$1.7M
- Breast & Cervical Cancer: \$1.5M
- Ticket to Work: \$8.9M
- Prop 204- Capitation: \$1.2B
- Prop 204- Reinsurance: \$130M
- Prop 204- Fee-for-Service: \$243.4M
- Prop 204- Medicare Premiums: \$31.3M
- Prop 204- County Hold Harmless: \$4.8M
- Kidscare Children: \$145.3M
- Kidscare Parents: \$35M
- Rural Hospital Reimbursement: \$12.2M
- Medicare Clawback Payments: \$29M

**ALTCS- \$1.2B**

- Program Lump Sum: \$1.2B
- Medicare Clawback: \$20.7M
- Dual Eligible: \$470K
- Board of Nursing: \$210K

**AHCCCS POLICY PROVISIONS**

**Disproportionate Share**

- Stipulates that the \$30.4M appropriation for disproportionate share payments for FY 2008-2009 includes \$4.2M for Maricopa County Healthcare District and \$26.1 M for private qualifying disproportionate share hospitals

**Proposition 204 County Hold Harmless**

- Outlines distributions to counties under the Prop. 204 county hold harmless line-item as follows

**Temporary Medical Coverage Reconciliation**

- Stipulates that prior year temporary medical coverage program reconciliation shall be used to pay claims with dates of service prior to July 1, 2008

**HB2275**                      **now: budget reconciliation; health (Representative Hershberger)**

Disposition              Enacted; Chapter 288

Effective Date              September 26, 2008

Summary                      • Establishes policy guidance related to the administration of health programs in FY 2008-2009  
    • Provides the following policy guidelines for AHCCCS:

### **Redeterminations**

- Establishes a six-month redetermination period for childless adults over 21 years of age

### **Budget Neutrality Compliance Fund**

- In FY 2008-2009, requires counties with two million or more persons to transfer \$24,168,400 to AHCCCS for deposit into the Budget Neutrality Compliance Fund
- Requires counties with more than eight hundred thousand, but less than two million persons to transfer \$3,794,400 to AHCCCS for deposit into the Budget Neutrality Compliance Fund
- In FY 2008-2009, prohibits AHCCCS from transferring \$17,830,500 to counties for refunds of ALTCS costs for FY 2006-2007 and FY 2007-2008
- Requires AHCCCS to instead deposit \$17,830,500 in the Budget Neutrality Compliance Fund

### **Temporary Medical Coverage**

- Suspends the TMC program during FY 2008-2009

### **Hospital Reimbursement Rates**

- Effective October 1, 2008-September 30, 2009, AHCCCS is prohibited from increasing inpatient hospital per diem rates, inpatient hospital outlier thresholds and aggregate hospital fee schedule rates above levels in effect on September 30, 2008
- Provides that AHCCCS may continue to phase-in outlier cost-to-charge ratios as prescribed in the FY 2007-2008 budget

### **County Contributions and Withholding**

- Outlines county Acute Care, ALTCS and hospital and medical care contribution levels
- Stipulates that if counties do not make their required contributions, the State Treasurer shall reduce the contribution (plus interest) from that county's portion of state-shared revenues, excluding HURF
- Expresses Legislative intent that the Maricopa County's Acute Care contribution shall be reduced each year in accordance with the GDP Price Deflator

### **Disproportionate Share**

- Provides that FY 2008-2009 disproportionate share payments are:
  - \$89.9M for a qualifying nonstate operated public hospital
  - \$28.6M for the Arizona State Hospital

### **KidsCare Parents**

- Establishes KidsCare Parents in statute (previously session law) at current eligibility levels
- Stipulates that eligibility and program administration are dependent upon the continuation of enhanced federal matching funds
- Stipulates that the program ends on the expiration of the enhanced matching rate
- Requires individuals enrolled in the program to make monthly premiums as follows:
  - 100%-149% FPL: 3% household income
  - 150%-174% FPL: 4% household income
  - 175%-200% FPL: 5% household income

## **Healthcare Group**

- Allows HCG to establish a PPO only in counties with less than 500,000 persons
  - Eliminates eligibility for groups of one (grandfathers currently enrolled groups of one)
  - Shortens the bare period to 90 days
  - Prohibits HCG from reimbursing non-contracted hospitals for non-emergency services
  - Establishes the reimbursement rate for emergency services performed in a non-contracted hospital as follows:
    - Counties with 500,000 or more persons: 114% AHCCCS default rates
    - Counties with less than 500,000 persons: 125% AHCCCS default rates
  - Eliminates the prohibition against the consideration of health-related factors when establishing premium levels
  - Requires HCG to adjust premiums in accordance with an analysis performed by an independent actuary
  - Requires HCG to establish premiums that, in the aggregate, cover projected medical and administrative costs for that contract period and that are consistent with generally accepted principles and practices as determined by an independent actuary
  - Prohibits a plan from providing services that are not part of the contract
  - Requires HCG to establish utilization control standards for contractors that meet national standards for utilization management control
  - Prohibits HCG from enrolling more than 5% of the number of employer groups enrolled during the prior fiscal year
  - Requires HCG to give priority to uninsured groups
  - Requires HCG to report the following to JLBC:
    - Quarterly financial reports
    - Annual fiscal audit
- Actuarial analysis used to adjust rates
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### **HB2620**

### **budget adjustments; fiscal year 2007-2008 (Representative Boone)**

Disposition	Enacted; Chapter 53
Effective Date	Emergency Measure
Summary	<ul style="list-style-type: none"><li>• Adjusts the enacted FY 2007-2008 budget to address the projected deficit</li></ul>

### **AHCCCS CHANGES:**

- Shifts \$73.06 from AHCCCS Emergency Services to the General Fund
- Appropriates \$4.7M from the General Fund in FY 2007-2008 to AHCCCS
- Reduces the FY 2007-2008 appropriation to AHCCCS from the Medically Needy Account by \$13.1M
- Reduces the FY 2007-2008 appropriation from the Emergency Health Services Account to AHCCCS by \$4.1M
- Requires counties with a population of two million or more persons to transfer \$5.5M to AHCCCS for deposit in the Budget Neutrality Compliance Fund

- Requires counties with a population of less than two million persons to transfer \$1.5M to AHCCCS for deposit in the Budget Neutrality Compliance Fund
  - Appropriates \$7,026,800 from the Budget Neutrality Compliance Fund to AHCCCS.
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**HB2857**                      **fiscal year 2007-2008 budget adjustments (Representative Boone)**

Disposition              Vetoed

Effective Date              Emergency Measure

Summary                      • Prohibits state agencies from expending or encumbering various state funds in anticipation of the FY 07-08 budget adjustment

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