Sec. 5. Title 36, chapter 29, article 1, Arizona Revised Statutes, is amended by adding sections 36-2901.07, 36-2901.08 and 36-2901.09, to read: 36-2901.07. Definition of eligible person: conditional eligibility

- A. BEGINNING JANUARY 1, 2014, FOR THE PURPOSES OF SECTION 36-2901, "ELIGIBLE PERSON" INCLUDES A PERSON WHO IS ELIGIBLE PURSUANT TO 42 UNITED STATES CODE SECTION 1396a(a)(10)(A)(i)(VIII) AND WHOSE HOUSEHOLD'S MODIFIED ADJUSTED GROSS INCOME IS MORE THAN ONE HUNDRED PER CENT BUT EQUAL TO OR LESS THAN ONE HUNDRED THIRTY-THREE PER CENT OF THE FEDERAL POVERTY GUIDELINES.
- B. THE ADMINISTRATION SHALL DISCONTINUE ELIGIBILITY FOR A PERSON WHO IS ELIGIBLE PURSUANT TO SUBSECTION A OF THIS SECTION IF THE FEDERAL MEDICAL ASSISTANCE PERCENTAGE ESTABLISHED PURSUANT TO 42 UNITED STATES CODE SECTION 1396d(y) OR 1396d(z) THAT IS APPLICABLE TO THIS STATE IS LESS THAN EIGHTY PER CENT.
- C. THE ADMINISTRATION SHALL DISCONTINUE ELIGIBILITY FOR PERSONS WHO ARE ELIGIBLE PURSUANT TO SUBSECTION A OF THIS SECTION IF THE MAXIMUM AMOUNT THAT CAN BE ASSESSED UNDER SECTION 36-2901.08 WITHOUT CAUSING A REDUCTION IN FEDERAL FINANCIAL PARTICIPATION, IN COMBINATION WITH THE MONIES SPECIFIED IN SECTION 36-2901.09 AND ANY OTHER MONIES APPROPRIATED FOR THE COSTS OF THIS SECTION AND COSTS SPECIFIED IN SECTION 36-2901.08, SUBSECTION A, IS INSUFFICIENT TO COVER THOSE COSTS.

36-2901.08. Hospital assessment

- A. THE DIRECTOR SHALL ESTABLISH, ADMINISTER AND COLLECT AN ASSESSMENT ON HOSPITAL REVENUES, DISCHARGES OR BED DAYS FOR THE PURPOSE OF FUNDING THE NONFEDERAL SHARE OF THE COSTS, EXCEPT FOR COSTS OF THE SERVICES DESCRIBED IN SECTION 36-2907, SUBSECTION F, THAT ARE INCURRED BEGINNING JANUARY 1, 2014 AND THAT ARE NOT COVERED BY THE PROPOSITION 204 PROTECTION ACCOUNT ESTABLISHED BY SECTION 36-778 AND THE ARIZONA TOBACCO LITIGATION SETTLEMENT FUND ESTABLISHED BY SECTION 36-2901.02 OR ANY OTHER MONIES APPROPRIATED TO COVER THESE COSTS, FOR ALL OF THE FOLLOWING INDIVIDUALS:
 - 1. PERSONS WHO ARE DEFINED AS ELIGIBLE PURSUANT TO SECTION 36-2901.07.
- 2. PERSONS WHO DO NOT MEET THE ELIGIBILITY STANDARDS DESCRIBED IN THE STATE PLAN OR THE SECTION 1115 WAIVER THAT WERE IN EFFECT IMMEDIATELY BEFORE NOVEMBER 27, 2000, BUT WHO MEET THE ELIGIBILITY STANDARDS DESCRIBED IN THE STATE PLAN AS EFFECTIVE OCTOBER 1, 2001.
- 3. PERSONS WHO ARE DEFINED AS ELIGIBLE PURSUANT TO SECTION 36-2901.01 BUT WHO DO NOT MEET THE ELIGIBILITY STANDARDS IN EITHER SECTION 36-2934 OR THE STATE PLAN IN EFFECT AS OF JANUARY 1, 2013.
- B. THE DIRECTOR SHALL ADOPT RULES REGARDING THE METHOD FOR DETERMINING THE ASSESSMENT, THE AMOUNT OR RATE OF THE ASSESSMENT, AND MODIFICATIONS OR EXEMPTIONS FROM THE ASSESSMENT. THE ASSESSMENT IS SUBJECT TO APPROVAL BY THE FEDERAL GOVERNMENT TO ENSURE THAT THE ASSESSMENT IS NOT ESTABLISHED OR ADMINISTERED IN A MANNER THAT CAUSES A REDUCTION IN FEDERAL FINANCIAL PARTICIPATION.

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- C. THE DIRECTOR MAY ESTABLISH MODIFICATIONS OR EXEMPTIONS TO THE ASSESSMENT. IN DETERMINING THE MODIFICATIONS OR EXEMPTIONS, THE DIRECTOR MAY CONSIDER FACTORS INCLUDING THE SIZE OF THE HOSPITAL, THE SPECIALTY SERVICES AVAILABLE TO PATIENTS AND THE GEOGRAPHIC LOCATION OF THE HOSPITAL.
- D. BEFORE IMPLEMENTING THE ASSESSMENT, AND THEREAFTER IF THE METHODOLOGY IS MODIFIED, THE DIRECTOR SHALL PRESENT THE METHODOLOGY TO THE JOINT LEGISLATIVE BUDGET COMMITTEE FOR REVIEW.
- E. THE ADMINISTRATION SHALL NOT COLLECT AN ASSESSMENT FOR COSTS ASSOCIATED WITH SERVICE AFTER THE EFFECTIVE DATE OF ANY REDUCTION OF THE FEDERAL MEDICAL ASSISTANCE PERCENTAGE ESTABLISHED BY 42 UNITED STATES CODE SECTION 1396d(y) OR 1396d(z) THAT IS APPLICABLE TO THIS STATE TO LESS THAN EIGHTY PER CENT.
- F. THE ADMINISTRATION SHALL DEPOSIT THE REVENUES COLLECTED PURSUANT TO THIS SECTION IN THE HOSPITAL ASSESSMENT FUND ESTABLISHED BY SECTION 36-2901.09.
- G. A HOSPITAL SHALL NOT PASS THE COST OF THE ASSESSMENT ON TO PATIENTS OR THIRD-PARTY PAYORS THAT ARE LIABLE TO PAY FOR CARE ON A PATIENT'S BEHALF. AS PART OF ITS FINANCIAL STATEMENT SUBMISSIONS PURSUANT TO SECTION 36-125.04, A HOSPITAL SHALL SUBMIT TO THE DEPARTMENT OF HEALTH SERVICES AN ATTESTATION THAT IT HAS NOT PASSED ON THE COST OF THE ASSESSMENT TO PATIENTS OR THIRD-PARTY PAYORS.
- H. IF A HOSPITAL DOES NOT COMPLY WITH THIS SECTION AS PRESCRIBED BY THE DIRECTOR, THE DIRECTOR MAY SUSPEND OR REVOKE THE HOSPITAL'S ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM PROVIDER AGREEMENT REGISTRATION. IF THE HOSPITAL DOES NOT COMPLY WITHIN ONE HUNDRED EIGHTY DAYS AFTER THE DIRECTOR SUSPENDS OR REVOKES THE HOSPITAL'S PROVIDER AGREEMENT, THE DIRECTOR SHALL NOTIFY THE DIRECTOR OF THE DEPARTMENT OF HEALTH SERVICES, WHO SHALL SUSPEND OR REVOKE THE HOSPITAL'S LICENSE PURSUANT TO SECTION 36-427.

36-2901.09. Hospital assessment fund

- A. THE HOSPITAL ASSESSMENT FUND IS ESTABLISHED CONSISTING OF MONIES COLLECTED PURSUANT TO SECTION 36-2901.08. THE DIRECTOR SHALL ADMINISTER THE FUND.
- B. THE DIRECTOR SHALL USE FUND MONIES ONLY AS NECESSARY TO SUPPLEMENT MONIES IN THE PROPOSITION 204 PROTECTION ACCOUNT ESTABLISHED BY SECTION 36-778 AND THE ARIZONA TOBACCO LITIGATION SETTLEMENT FUND ESTABLISHED BY SECTION 36-2901.02.
 - C. MONIES IN THE FUND:
 - 1. DO NOT REVERT TO THE STATE GENERAL FUND.
- 2. ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.
 - 3. ARE CONTINUOUSLY APPROPRIATED.

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 B. The first report shall be submitted on or before October 15, 2013, the second report shall be submitted on or before March 15, 2014 and the final report shall be submitted on or before October 15, 2014.

Sec. 34. AHCCCS; air ambulances; report

- A. The Arizona health care cost containment system administration shall prepare a report on the use of air ambulance services by the administration in the preceding five years. The report shall determine:
 - 1. The cost of the administration's use of air ambulance service.
- 2. Whether the use of air ambulances complied with rules adopted by the administration relating to the use of this form of medical transport.
- 3. The number of times reimbursement for air ambulance services was denied.
- 4. The specific medical conditions that required immediate intervention as prescribed by rule.
- B. On or before December 31, 2013, the administration shall submit a report to the governor, the president of the senate and the speaker of the house of representatives of its findings and recommendations for any statutory or administrative changes to the criteria used to determine the appropriate use of air ambulance services. The administration shall provide a copy of this report to the secretary of state.

Sec. 35. <u>Arizona health care cost containment system; hospital</u> work groups

The Arizona health care cost containment system administration shall establish work groups to study and provide input on the development of the hospital assessment established pursuant to this act. The work groups shall include, at a minimum, representatives from the urban, rural and critical access hospital communities.

Sec. 36. <u>Arizona health care cost containment system; cost sharing; exemption from rule making</u>

- A. The Arizona health care cost containment system administration shall pursue cost sharing requirements for members to the maximum extent allowed under federal law.
- B. Subject to approval by the centers for medicare and medicaid services, beginning January 1, 2014, the administration shall charge and collect from each person who is enrolled pursuant to section 36-2901.07, Arizona Revised Statutes, as added by this act:
- 1. A premium of not more than two per cent of the person's household income.
- 2. A copayment of two hundred dollars for nonemergency use of an emergency room if the person is not admitted to the hospital. The administration shall not impose a copayment on a person who is admitted to the hospital by the emergency department.
- 3. A copayment of two hundred dollars for nonemergency use of an emergency room if there is a community health center, rural health center or urgent care center within twenty miles of the hospital.

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