



**ARIZONA STATE SENATE**  
*Fifty-First Legislature, First Regular Session*

FACT SHEET FOR S.B. 1057

AHCCCS; ambulance services; rates

Purpose

An emergency measure that requires AHCCCS to reimburse ambulance providers at a specified statutory rate set by DHS.

Background

In order to operate an ambulance service, a certificate of necessity (CON) must be obtained from the Department of Health Services (DHS). An ambulance service must meet certain response times and performance standards to maintain that CON.

DHS is charged by statute with setting three primary rates for ambulances: advance life support, basic life support, and mileage. An ambulance service that applies for an adjustment in its rates shall be granted an automatic increase if the requested increase does not exceed a formulaic amount. The ambulance inflation factor (AIF) is based on the average annual change in two categories of the consumer price index of the United States Department of Labor:

<p><b>Transportation category</b> is 17.3% of the CPI and is composed of such things as: motor vehicles (new and used), motor fuel, parts and equipment, maintenance and repair, public transportation.</p>	<p><b>Medical care category</b> is 6.6% of the CPI and is composed of such things as: medical care commodities and medical care services, i.e., professional, hospital and related services.</p>
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Since 2008, the Arizona Health Care Cost Containment System (AHCCCS) has been required to pay ambulance services a percentage of the rates set by DHS. Laws 2012, Chapter 299 continued to set ambulance payments for AHCCCS reimbursement at 68.59% of the DHS-set rate from October 1, 2012 to September 30, 2013. The bill also statutorily eliminated the requirement that AHCCCS reimburse ambulance providers in proportion to the DHS-set rate.

A fiscal note has been requested. The AHCCCS Administration estimates that the fiscal impact of the bill is approximately \$5 million in FY 2014 from the state General Fund and \$16 million from total funds.

Provisions

1. Requires that each contract year, the AHCCCS administration and its contractors and subcontractors shall provide remuneration for ambulance services for persons who are covered by AHCCCS as of March 1 of each year in an amount equal to:

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- a) 80% of the amounts prescribed by DHS for ambulance transports and mileage charges that originate from the 911 system or a similarly designated emergency dispatch system.
  - b) 70% of the amounts prescribed by DHS for ambulance transports and mileage charges that do not originate from the 911 system or a similarly designated emergency dispatch system.
2. Reassigns fee setting authority for ambulance services from AHCCCS to DHS.
  3. Requires the AHCCCS administration to make annual adjustments to its fee schedule according to DHS's approved ambulance service rate in effect as of March 1 of each year. These adjustments become effective beginning October 1 of each year.
  4. Becomes effective on signature of the Governor, if the emergency clause is enacted.

Prepared by Senate Research

January 18, 2013

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