



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

**AMENDED**

FACT SHEET FOR S.B. 1057

AHCCCS; ambulance services; rates

Purpose

An emergency measure that sets statutory and session law remuneration for ambulance services for persons who are enrolled in or covered by the Arizona Health Care Cost Containment System (AHCCCS).

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.

Because the Joint Legislative Budget Committee baseline assumes the rate will continue at 68.59%, S.B. 1057 would have no fiscal impact until FY 2015 when the rate increases to 74.74%. At that time, it would cost an additional \$3 million to the state General Fund in FY 2015 (for nine months of cost) and \$4 million thereafter for a full year.

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 in an amount equal to 80 percent of the amounts prescribed by DHS as of July 1 of each year for specified services and mileage charges.
2. Requires AHCCCS to make annual adjustments to its fee schedule according to DHS's approved ambulance service rate in effect as of July 1 of each year. These rate adjustments are effective beginning October 1 of each year.
3. Couples the AHCCCS rates with the DHS rate setting process at 80 percent.
4. Requires reimbursement for ambulance service providers in the following amounts:

<b>Dates of Service</b>	<b>Reimbursement Percentage</b>	<b>Date of Prescription of Service by DHS</b>
October 1, 2012 – September 30, 2013	68.59%	August 2, 2012
October 1, 2013 – September 30, 2014	68.59%	August 2, 2013
October 1, 2014 – September 30, 2015	74.74%	August 2, 2014
Thereafter	80%	

5. Becomes effective on signature of the Governor, if the emergency clause is enacted.

Amendments Adopted by Committee of the Whole

1. Couples the AHCCCS rate with the ADHS rate setting process at 80 percent.
2. Continues existing rates through the next two contract years.
3. Sets a new blended rate of 74.75% beginning with contract year October 1, 2014.

Senate Action

APPROP      1/29/13    DP    8-0-1-0  
 3<sup>rd</sup> Read      3/4/13                    28-0-2

Prepared by Senate Research  
 March 4, 2013  
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