



ARIZONA STATE SENATE
Fifty-First Legislature, Second Regular Session

FACT SHEET FOR S.B 1491

health; welfare; budget reconciliation; 2014-2015

Purpose

Makes statutory and session law changes relating to health and welfare to reconcile the FY 2015 state budget.

Background

The Arizona Constitution prohibits substantive law from being included in the general appropriations, capital outlay appropriations and supplemental appropriations bills. However, it is often necessary to make statutory and session law changes to effectuate the budget. Thus, separate bills called budget reconciliation bills (BRBs) are introduced to enact these provisions. Because BRBs contain substantive law changes, the Arizona Constitution provides that they become effective on the general effective date, unless an emergency clause is enacted.

Provisions

Arizona Health Care Cost Containment System (AHCCCS)

1. Stipulates all monies in the Arizona Long-Term Care System (ALTCS) Fund unexpended and unencumbered at the end of the fiscal year revert to the state General Fund by June 30 and allows for the transfer amount to be adjusted for unpaid claims and estimated unreported claims subject to AHCCCS approval.

AHCCCS Reporting Requirements

2. Codifies the requirement for AHCCCS to annually report to the Legislature, Joint Legislative Budget Committee (JLBC) and the Governor's Office of Strategic Planning and Budgeting (OSPB) on the change in uncompensated costs and profitability experienced during the previous fiscal year by hospitals.
3. Codifies the requirement for AHCCCS to annually report to the Legislature, JLBC and OSPB the following:
 - a) the amount each hospital contributed for the hospital assessment in the previous fiscal year; and
 - b) the amount of estimated payments each hospital received from the coverage funded by the assessment

4. Continues to require AHCCCS to report by December 1, 2014 to the Directors of JLBC and OSPB on the use of emergency departments for nonemergency purposes by AHCCCS enrollees.
5. Continues to require the Directors of AHCCCS and DHS, by January 1, 2015, to submit a joint report on hospital charge master transparency as outlined to the Governor, Legislature and Secretary of State.

Disproportionate Share Hospital (DSH) Payments

6. Continues to allow political subdivisions, tribal governments and public state universities to provide matching monies for disproportionate share hospital (DSH) payments to designated hospitals, subject to the limitations prescribed by federal law.
7. Requires the Maricopa County Special Health Care District (District) and the Arizona State Hospital (State Hospital) to each provide a Certified Public Expense (CPE) form for the amount of qualifying DSH expenditures to the AHCCCS Administration by May 1, 2015, for the District and March 31, 2015, for the State Hospital.
8. Establishes the FY 2015 DSH payments at the following amounts:
 - a) \$89,877,700 attributed to the District, of which \$4,202,300 is distributed to the District and the remaining federal portion is deposited into the state GF;
 - b) \$28,474,900 attributed to the State Hospital, of which the federal portion is deposited into the state GF; and
 - c) \$9,284,800 for private qualifying DSH hospitals.
9. Continues to require AHCCCS to assist the District and State Hospital in determining the amount of qualifying expenditures and maintains reporting requirements and distribution procedures of received federal matching funds in FY 2015.

County Contributions

10. Establishes county contributions for ALTCS in FY 2015 totaling \$245,196,200, increased from FY 2013 by \$500,100. Continues the collection procedure by the state Treasurer of any costs exceeding the amount specified in the General Appropriations Act in FY 2015.
11. Continues to require AHCCCS to transfer to the counties the excess state match monies, if any, which is proportional to the counties' share of the state contribution in order to comply with the Patient Protection and Affordable Care Act. Requires the transfer to be made by December 31, 2015.
12. Sets total county contributions for acute care for FY 2015 at \$47,553,700. Decreases Maricopa County's acute care contribution to \$19,523,400 pursuant to the stated legislative intent that Maricopa County's contribution be reduced by an inflation index. Continues the FY 2015 acute care contributions and related requirements for all other counties at the FY 2014 levels.

13. Continues county contributions to AHCCCS in FY 2015 for the provision of hospitalization and medical care at FY 2014 levels, for a total amount of \$2,646,200. Continues to exempt Maricopa County from these payments. Continues payment procedures and exclusions for counties from expenditure limitations.
14. Continues to exclude county contributions for Proposition 204 administrative costs from county expenditure limitations.

Medicare Liability Waiver

15. Continues AHCCCS's ability to participate in any Special Disability Workload 1115 Demonstration Waiver offered by the Centers for Medicare and Medicaid Services, and requires any credits provided by the waiver process to be used in the fiscal year when those credits are made available to fund the state share of medical assistance expenditures for participation under the Medicaid program.
16. Requires AHCCCS to report the receipt of any credits to the JLBC Director by December 31, 2014 and June 30, 2015.

AHCCCS Miscellaneous

17. Allows AHCCCS, in contract year (CY) 2015, to continue the risk contingency rate setting and funding for all managed care organizations, at the levels imposed in CY 2011.
18. States it is the Legislature's intent for AHCCCS:
 - a) to implement a program within the available appropriation for FY 2015;
 - b) to comply with the Federal False Claims Act, to maximize savings and continue to consider the best available technologies in detecting fraud; and
 - c) not to exceed a three percent capitation rate increase in FY 2015, FY 2016 and FY 2017.

Department of Health Services (DHS)

19. Requires, by October 1, 2014, for JLBC and OSPB Directors to agree on a revenue and expenditure report of DHS Intergovernmental Agreement/County Contributions Fund. Requires, beginning November 1, 2014, for DHS to report annually to JLBC on the revenues, expenditures and ending balances from the previous, current and subsequent fiscal years.
20. Requires DHS's annual report to JLBC on behavioral health expenditures to include client income.
21. Continues to allow DHS to use monies in the Health Research Account as specified in the General Appropriations Act for Alzheimer's disease research.
22. States it is the Legislature's intent that DHS may increase behavioral health service provider rates up to three percent above the September 30, 2014 rates beginning October 1, 2014.

Counties to Reimburse DHS for State Hospital Services

23. Requires counties to reimburse DHS for 32 percent of the costs for commitment to the State Hospital of individuals determined by the court to be sexually violent persons (SVP) and prohibits DHS from including indirect and administrative costs when determining the reimbursed amount for FY 2015.
24. Continues to require cities and counties to reimburse DHS 100 percent of the costs of a defendant's inpatient, in custody competency restoration treatment (CRT) at the State Hospital in FY 2015 and maintains reimbursement procedures.
25. Continues to allow a county to meet the reimbursement requirement for SVP and CRT costs from any source of county revenue, including funds of any countywide special taxing district in which the Board of Supervisors serves as the board of directors. Excludes the reimbursement payments from county expenditure limitations.

Department of Economic Security (DES)

26. Continues, in FY 2015, the requirement that DES screen and test adult Cash Assistance recipients who DES has reasonable cause to believe engage in the illegal use of controlled substances. Renders a recipient who tests positive for a non-prescribed controlled substance ineligible for benefits for one year.
27. Continues the ability of DES to reduce the maximum income eligibility levels for child care assistance in FY 2015 in order to manage within appropriated and available monies. Requires DES to notify JLBC within 15 days of making a change.

DES Reporting Requirements

28. Requires the Early Childhood Development and Health Board (ECDHB) and DES to jointly report to JLBC on their collaborative efforts to address child welfare issues of common concern, including information on the level of coordination among DES, ECDHB and community groups to promote the well-being of children and families identified in abuse or neglect reports, by February 1, 2015, for the prior year.
29. Requires the Office of the Auditor General (OAG) to provide the following report to the Governor, Legislature, JLBC and OSPB containing information on child safety and family services in DES:
 - a) the rate of substantiated child abuse or neglect cases for other states compared to Arizona's rate, based on the ratio of the total number of children in each state to the substantiated cases;
 - b) the average number of reports of child abuse or neglect for other states over the past five years compared to Arizona's number of reports over the same time period; and
 - c) the number of states with a child safety organization similar to the Office of Child Welfare Investigations, including a description of how other states with state-level child safety law enforcement organizations, avoid redundancies among child safety

caseworkers, child safety law enforcement and local law enforcement when investigating criminal allegations of abuse.

Miscellaneous

30. Makes technical and conforming changes.

31. Becomes effective on the general effective date.

Prepared by Senate Research

March 17, 2014

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