House Engrossed

State of Arizona
House of Representatives
Forty-ninth Legislature
Third Special Session
2009

HOUSE BILL 2013

AN ACT

AMENDING SECTIONS 12-302, 23-722.01, 35-701 AND 36-405, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 4, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-414; AMENDING SECTION 36-550.06, ARIZONA REVISED STATUTES; AMENDING SECTION 36-882, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2009, CHAPTER 8, SECTION 8; AMENDING SECTION 36-897.01, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2009, CHAPTER 8, SECTION 10; AMENDING SECTIONS 36-1161 AND 36-2907, ARIZONA REVISED STATUTES; REPEALING SECTIONS 36-2930 AND 36-2981.01, ARIZONA REVISED STATUTES; AMENDING SECTIONS 38-651, 41-1954, 46-136, 46-217 AND 46-295, ARIZONA REVISED STATUTES; REPEALING LAWS 2007, CHAPTER 263, SECTION 42; AMENDING LAWS 2009, FIRST SPECIAL SESSION, CHAPTER 1, SECTION 3; MAKING APPROPRIATIONS; RELATING TO HEALTH AND WELFARE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 12-302, Arizona Revised Statutes, is amended to read:

12-302. Extension of time for payment of fees and costs; relief from default for nonpayment; deferral or waiver of court fees and costs; definitions

A. The court or any judge may for good cause shown extend the time for paying any court fees and costs required by law or may relieve against a default caused by nonpayment of a fee within the time provided by law, but no fees paid shall be refunded.

B. The supreme court shall adopt forms and procedures for deferral or waiver of court fees and costs.

C. Except as provided in subsection E of this section, the court shall grant an application for deferral of court fees and costs if the applicant establishes by affidavit, including supporting documentation, that the applicant either:

1. Is receiving benefits pursuant to one or more of the following programs:

(a) The temporary assistance for needy families program established by section 403 of title 4 of the social security act as it exists after August 21, 1996.

(b) The food stamp program (7 United States Code sections 2011 through 2029).

~~(c) The general assistance program pursuant to title 46, chapter 2, article 2.~~

2. Is receiving benefits pursuant to the supplemental security income program (42 United States Code sections 1381 through 1385).

3. Has an income that is insufficient or barely sufficient to meet the daily essentials of life and that includes no allotment that could be budgeted for the fees and costs that are required to gain access to the court. In considering insufficient income pursuant to this paragraph, the court may consider the following as evidence of insufficient income:

(a) The applicant has a gross income that as computed on a monthly basis is one hundred fifty per cent or less of the current poverty level established by the United States department of health and human services. Gross monthly income includes the applicant's share of community property income.

(b) The applicant's income is considered to be sufficient, but the applicant provides proof of extraordinary expenses, including medical expenses, costs of care for elderly or disabled family members or other expenses that are deemed extraordinary, that reduce the applicant's gross monthly income to at or below one hundred fifty per cent of the current poverty level established by the United States department of health and human services.

D. ~~Upon~~ ON proof that the applicant is permanently unable to pay fees or costs, the court shall waive them. For THE purposes of this subsection, "permanently unable to pay" means the applicant's income and liquid assets are insufficient or barely sufficient to meet the daily essentials of life and the income and liquid assets are unlikely to change in the foreseeable future.

E. Except in cases of dissolution of marriage, legal separation, annulment or establishment, enforcement or modification of child support, and notwithstanding subsection A of this section or chapter 9, article 4 of this title, if the applicant is an inmate who is confined to a correctional facility operated by the state department of corrections and who initiates a civil action or proceeding, the inmate is responsible for the full payment of actual court fees and costs. On filing the civil action or proceeding, the clerk of the court shall assess and, when monies exist, collect as a partial payment of any court fees and costs required by law a first time payment of twenty per cent. Thereafter the state department of corrections shall withhold twenty per cent of all deposits into the prisoner's spendable account administered by the department until the actual court fees and costs are collected in full. The state department of corrections shall annually forward any monies withheld to the clerk of the court of each court of jurisdiction before January 31. If a prisoner is released before the full fees and costs are collected, the state department of corrections shall forward the amount of fees and costs collected through the date of the prisoner's release. The clerk of the court of each court of jurisdiction is responsible for sending the state department of corrections a copy of the order mandating the amount of fees and costs to be paid. This subsection does not prohibit an applicant from filing a civil action or proceeding if the applicant is unable to pay the filing fees.

F. At the time an applicant signs and submits the application for deferral to the court, the applicant shall acknowledge under oath and sign a consent to judgment. By signing the consent to judgment, the applicant consents to judgment being entered against the applicant for all fees and costs that are deferred but that remain unpaid after thirty calendar days following the entry of final judgment or order. A consent judgment may be entered against the applicant unless one of the following applies:

1. The applicant has an established schedule of payment in effect and is current with payments.

2. A supplemental application for further deferral or waiver has been filed and is pending.

3. In response to a supplemental application, the court orders that the fees and costs be further deferred or waived.

4. Within twenty days of the date the court denies the supplemental application, the applicant either pays the fees or requests a hearing on the court's final order denying further deferral or waiver. If the applicant requests a hearing, the court shall not enter a consent judgment unless a

hearing is held, further deferral or waiver is denied and payment has not been made within the time prescribed by the court.

G. An applicant who is granted a deferral or waiver or a party to the action who knows of any change in the financial circumstances of the applicant shall promptly notify the court of the change in the applicant's financial circumstances during the pendency of the action that affects the applicant's ability to pay court fees and costs. If within ten days after notice and a hearing the court determines that the applicant's financial circumstances have changed and that the applicant no longer meets the eligibility requirements of this section, the court shall order the applicant to pay the deferred or waived fees and costs.

H. The following court fees and costs may be deferred or waived, except that the county shall pay the fees and costs in paragraphs 6 and 7 of this subsection on the granting of an application for deferral or waiver and an applicant who has been granted a deferral shall reimburse the county for the fees and costs in paragraphs 6 and 7 of this subsection:

1. Filing fees.

2. Fees for issuance of either a summons or subpoena.

3. Fees for obtaining one certified copy of a temporary order in a domestic relations case.

4. Fees for obtaining one certified copy of a final order, judgment or decree in all civil proceedings.

5. Sheriff, marshal, constable and law enforcement fees for service of process if any of the following applies:

(a) The applicant established by affidavit that the applicant has attempted without success to obtain voluntary acceptance of service of process.

(b) The applicant's attempt to obtain voluntary acceptance of service of process would be futile or dangerous.

(c) An order of protection or an injunction against harassment in favor of the applicant and against the party sought to be served exists and is enforceable.

6. The fee for service by publication if service is required by law and if the applicant establishes by affidavit specific facts to show that the applicant has exercised due diligence in attempting to locate the person to be served and has been unable to do so.

7. Court reporter's fees for the preparation of court transcripts if the court reporter is employed by the court.

8. Appeal preparation and filing fees at all levels of appeal and photocopy fees for the preparation of the record on appeal pursuant to sections 12-119.01, 12-120.31 and 12-2107 and section 12-284, subsection A.

I. If the case is appealed, the initial deferral or waiver remains in effect unless there is a change in the applicant's financial circumstances. If a case is appealed an applicant may be required to submit to the appellate court a new application for a deferral or waiver of the court fees and costs.

J. If a judgment is rendered for court fees and costs, the court fees and costs deferred but unpaid and the expenses paid by the county under this section shall be included in the judgment and shall be paid directly to the clerk of the court by the party against whom the court fees and costs were assessed.

K. A waiver of court fees or costs shall not be granted for:

1. Matters that are filed as class actions pursuant to rule 23 of the Arizona rules of civil procedure.

2. Civil actions other than cases of dissolution of marriage, legal separation, annulment or establishment, enforcement or modification of child support that are filed by persons who at the time of filing the application are incarcerated as a result of a felony conviction in an out-of-state correctional facility or in a jail waiting to be transported to a state department of corrections facility.

L. This section does not limit the court's discretion in deferring, waiving or ordering the county to pay any fees and costs as may be necessary and appropriate.

M. For the purposes of this section:

1. "Deferral" means either postponement of an obligation to pay fees or establishment of a schedule for payment of fees.

2. "Further deferral" means the establishment of a schedule for payment of fees.

Sec. 2. Section 23-722.01, Arizona Revised Statutes, is amended to read:

23-722.01. <u>Employer reporting; exceptions; retention of records; unauthorized disclosure; civil penalty; new hire directory; definitions</u>

A. Subject to the requirements of subsection E, the department of economic security shall implement a program to require all employers doing business in this state to report the following to the department of economic security:

1. The hiring of any employee who resides or works in this state.

2. The rehiring or returning to work of any employee who was laid off, furloughed, separated, granted a leave without pay or terminated from employment.

B. The department of economic security shall eliminate all unnecessary reporting in the information requested to reduce the burden of employers.

C. Employers shall report by submitting a W-4 form or an equivalent form at the option of the employer. The information may be submitted magnetically, electronically or by first class mail, telefacsimile or any other means that are authorized by the department of economic security.

D. Employers shall submit the reports within twenty days after the employee is hired or rehired or returns to work. Employers who submit reports magnetically or electronically shall submit the reports in two

monthly transmissions not more than sixteen days apart. The report shall contain all of the following:

1. The employee's name, address and social security number.

2. The employer's name, address and federal tax identification number.

E. An employer who has employees who are employed in two or more states and who transmits new hire reports magnetically or electronically may comply with the new hire reporting requirements by designating one state in which the employer has employees to transmit the report. An employer who has employees in two or more states shall notify the United States secretary of health and human services of the state to which the employer shall send reports.

F. Except as provided in subsection L, the department of economic security or its agent may use the information collected pursuant to this section only for the following purposes:

1. The administration and enforcement of child support pursuant to title IV-D of the social security act. Except as provided by federal law, the information collected shall only be used to locate a person to establish paternity and to establish, modify and enforce support obligations. The information may be disclosed to an agent under contract with the department of economic security to carry out this purpose. The information may also be disclosed to agencies of this state, political subdivisions of this state, federal agencies involved with support and other states and their political subdivisions seeking to locate persons to enforce support pursuant to title IV-D of the social security act.

2. The identification and prevention of benefit fraud in assistance programs under title 46, chapter 2, ~~articles 2 and~~ ARTICLE 5.

3. The administration of employment security services pursuant to this chapter and workers' compensation programs pursuant to chapter 6 of this title.

G. The information collected pursuant to this section shall not be disclosed pursuant to title 39, chapter 1. An employee or agent of this state who discloses any information collected pursuant to this section without authorization is subject to a civil penalty of one thousand dollars for each offense. The department of economic security may impose and collect the penalty and shall deposit any collections in the state general fund. Any unauthorized release of information is cause for the administrative discipline of the employee or agent.

H. The department shall operate a state directory of new hires comprised of information received from employers. The department shall enter information received from employers into the state directory of new hires within five business days after receipt. The information shall be forwarded to the national directory of new hires within three business days after entry into the state directory of new hires. For the purposes of this section, a business day is a day when state offices are open for regular business.

I. The department of economic security shall conduct, directly or by contract, an automated comparison of social security numbers reported by employers pursuant to this section and the social security numbers on record in the state case registry of child support orders.

J. If a comparison conducted pursuant to subsection I reveals a match of the social security number of an obligor required to pay support in a title IV-D case, the department, within two business days, shall issue an income withholding order to the employer of the person obligated to pay support directing the employer to withhold the ordered amount from the income of the employee.

K. This section does not allow the department to impose penalties on employers for failing to comply with this section's reporting requirements.

L. The department of economic security and the Arizona health care cost containment system administration may use the information collected pursuant to this section to verify eligibility under title XIX of the social security act.

M. For the purposes of this section:

1. "Employee" means a person who is employed within the meaning of chapter 24 of the internal revenue code of 1986. Employee does not include an employee of a federal or state agency performing intelligence or counterintelligence functions if the head of the agency has determined that reporting with respect to the employee could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.

2. "Employer" has the same meaning prescribed in section 3401(d) of the internal revenue code of 1986 and includes any governmental entity and any labor organization.

Sec. 3. Section 35-701, Arizona Revised Statutes, is amended to read:

35-701. <u>Definitions</u>

In this chapter, unless the context otherwise requires:

1. "Corporation" means any corporation organized as an authority as provided in this chapter.

2. "Designated area" means any area of this state which is either designated pursuant to section 36-1479 as a slum or blighted area as defined in section 36-1471, designated by regulation as a pocket of poverty or a neighborhood strategy area by the United States department of housing and urban development pursuant to title I of the housing and community development act of 1977 (P.L. 95-128; 42 United States Code sections 5301 through 5320), as amended, and the department of housing and urban development act (P.L. 89-174; 42 United States Code section 3535(d)) or designated by the United States department of housing and urban development as an empowerment or enterprise zone pursuant to the federal omnibus budget reconciliation act of 1993 (P.L. 103-66; 26 United States Code section 1391(g)) or an area certified as an enterprise zone pursuant to section 41-1524, subsection B.

3. "Governing body" means:

(a) The board or body in which the general legislative powers of the municipality or the county are vested.

(b) The Arizona board of regents with respect to a corporation formed with the permission of the Arizona board of regents.

4. "Income" means gross earnings from wages, salary, commissions, bonuses or tips from all jobs, net earnings from such person's or family's own nonfarm business, professional practice or partnership, and net earnings from such person's or family's own farm. Income includes income, other than earnings, that consists of amounts received from social security or railroad retirement, interest, dividends, veterans payments, pensions and other regular payments, public assistance or welfare payments, including aid for dependent children, old age assistance~~, general assistance~~ and aid to the blind or totally disabled, but excluding separate payments for hospital or other medical care.

5. "Manufactured house" means a structure that is manufactured in a factory after June 15, 1976, that is delivered to a homesite in more than one section and that is placed on a permanent foundation. The dimensions of the completed house shall not be less than twenty feet by forty feet, the roof must be sloping, the siding and roofing must be the same as those found in site-built houses and the house must be eligible for thirty year real estate mortgage financing.

6. "Municipality" or "county" means the Arizona board of regents or any incorporated city or town, including charter cities, or any county in this state in which a corporation may be organized and in which it is contemplated the corporation will function.

7. "Persons of low and moderate income" means, for the purposes of financing owner-occupied single family dwelling units in areas which the municipality has found, pursuant to section 36-1479, to be slum or blighted areas, as defined in section 36-1471, persons and families whose income does not exceed two and one-half times the median family income of this state. In all other areas it means persons and families whose income does not exceed one and one-half times the median family income of this state.

8. "Project" means any land, any building or any other improvement and all real and personal properties, including machinery and equipment whether or not now in existence or under construction and whether located within or without this state or the municipality or county approving the formation of the corporation, that are suitable for any of the following:

(a) With respect to a corporation formed with the permission of a municipality or county other than the Arizona board of regents:

(i) Any enterprise for the manufacturing, processing or assembling of any agricultural or manufactured products.

(ii) Any commercial enterprise for the storing, warehousing, distributing or selling of products of agriculture, mining or industry, or of processes related thereto, including research and development.

(iii) Any office building or buildings for use as corporate or company headquarters or regional offices or the adaptive use for offices of any building within this state that is on the national register of historic places or rehabilitation of residential buildings located in registered historic neighborhoods.

(iv) A health care institution as defined in section 36-401.

(v) Residential real property for dwelling units located within the municipality or county approving the formation of the corporation and, in the case of a county, whether or not also within a municipality that is within the county.

(vi) Repairing or rehabilitating single family dwelling units or constructing or repairing residential fences and walls.

(vii) Convention or trade show facilities.

(viii) Airports, docks, wharves, mass commuting facilities, parking facilities or storage or training facilities directly related to any of the facilities as provided in this item.

(ix) Sewage or solid waste disposal facilities or facilities for the furnishing of electric energy, gas or water.

(x) Industrial park facilities.

(xi) Air or water pollution control facilities.

(xii) Any educational institution that is operated by a nonprofit educational organization that is exempt from taxation under section 501(c)(3) of the United States internal revenue code and that is not otherwise funded by state monies, any educational institution or organization that is established under title 15, chapter 1, article 8 and that is owned by a nonprofit organization, any private nonsectarian school or any private nonsectarian organization established for the purpose of funding a joint technological education school district.

(xiii) Research and development facilities.

(xiv) Commercial enterprises, including facilities for office, recreational, hotel, motel and service uses if the facilities authorized by this item are to be located in a designated area.

(xv) A child welfare agency, as defined in section 8-501, owned and operated by a nonprofit organization.

(xvi) A transportation facility constructed or operated pursuant to title 28, chapter 22, article 1 or 2.

(xvii) A museum operated by a nonprofit organization.

(xviii) Facilities owned or operated by a nonprofit organization described in section 501(c) of the United States internal revenue code of 1986.

(xix) New or existing correctional facilities within this state.

(b) With respect to a corporation formed with the permission of the Arizona board of regents, any facility consisting of classrooms, lecture halls or conference centers or any facility for research and development or for manufacturing, processing, assembling, marketing, storing and

transferring items developed through or connected with research and development or in which the results of such research and development are utilized, but only if the facility is located in an area designated as a research park by the Arizona board of regents.

9. "Property" means any land, improvements thereon, buildings and any improvements thereto, machinery and equipment of any and all kinds necessary to a project and any other personal properties deemed necessary in connection with a project.

10. "Research park" means an area of land that has been designated by the Arizona board of regents as a research park for a university and that, at the date of designation, is owned by this state or by the Arizona board of regents.

11. "Single family dwelling unit" includes any new, used or manufactured house that meets the insuring requirements of the federal housing administration, the veterans administration or any other insuring entity of the United States government or any private mortgage insurance or surety company that is approved by the federal home loan mortgage corporation or the federal national mortgage association.

Sec. 4. Section 36-405, Arizona Revised Statutes, is amended to read:

36-405. Powers and duties of the director

A. The director shall adopt rules to establish minimum standards and requirements for the construction, modification and licensure of health care institutions necessary to assure the public health, safety and welfare. The standards and requirements shall relate to the construction, equipment, sanitation, staffing for medical, nursing and personal care services, and record keeping pertaining to the administration of medical, nursing and personal care services, in accordance with generally accepted practices of health care. The director shall use the current standards adopted by the joint commission on accreditation of hospitals and the commission on accreditation of the American osteopathic association or those adopted by any recognized accreditation organization approved by the department as guidelines in prescribing minimum standards and requirements under this section.

B. The director ~~may~~, by rule, MAY:

1. Classify and subclassify health care institutions according to character, size, range of services provided, medical or dental specialty offered, duration of care and standard of patient care required for the purposes of licensure. Classes of health care institutions may include hospitals, infirmaries, outpatient treatment centers, health screening services centers and residential care facilities. Whenever the director reasonably deems distinctions in rules and standards to be appropriate among different classes or subclasses of health care institutions the director may make such distinctions.

2. Prescribe standards for determining a health care institution's substantial compliance with licensure requirements.

3. Prescribe the criteria for the licensure inspection process.

4. Prescribe standards for the selection of health care related demonstration projects.

5. Prescribe standards for training programs for assisted living facilities.

6. ESTABLISH AND COLLECT NONREFUNDABLE FEES FOR HEALTH CARE INSTITUTIONS FOR LICENSE APPLICATIONS, INITIAL LICENSES, RENEWAL LICENSES AND ARCHITECTURAL DRAWING REVIEWS.

C. The director may:

1. Grant, deny, suspend and revoke approval of training programs for assisted living facilities.

2. Impose a civil penalty pursuant to section 36-431.01 against a training program that violates this chapter or rules adopted pursuant to this chapter.

~~D. The director shall establish and collect the following nonrefundable fees for health care institutions:~~

~~1. Fees of not to exceed fifty dollars for a license application.~~

~~2. Architectural drawing review fees of not to exceed the following amounts:~~

~~(a) For a project with a cost of less than one hundred thousand dollars, fifty dollars.~~

~~(b) For a project with a cost of one hundred thousand dollars or more and less than five hundred thousand dollars, one hundred dollars.~~

~~(c) For a project with a cost of five hundred thousand dollars or more, one hundred fifty dollars.~~

~~3. Initial license and license renewal fees of not to exceed the following amounts:~~

~~(a) For a facility with no licensed capacity, one hundred dollars.~~

~~(b) For a facility with a licensed capacity of one to fifty-nine beds, one hundred dollars, plus an additional fee in the amount of the licensed capacity times ten dollars.~~

~~(c) For a facility with a licensed capacity of sixty to ninety-nine beds, two hundred dollars, plus an additional fee in the amount of the licensed capacity times ten dollars.~~

~~(d) For a facility with a licensed capacity of one hundred to one hundred forty-nine beds, three hundred dollars, plus an additional fee in the amount of the licensed capacity times ten dollars.~~

~~(e) For a facility with a licensed capacity of one hundred fifty beds or more, five hundred dollars, plus an additional fee in the amount of the licensed capacity times ten dollars.~~

D. BEGINNING JANUARY 1, 2010, NINETY PER CENT OF THE FEES COLLECTED PURSUANT TO THIS SECTION SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146 AND 35-147, IN THE HEALTH SERVICES LICENSING FUND ESTABLISHED BY SECTION 36-414 AND TEN PER CENT OF THE FEES COLLECTED PURSUANT TO THIS SECTION SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146 AND 35-147, IN THE STATE GENERAL FUND.

E. Subsection ~~D~~ B, PARAGRAPH 6 of this section does not apply to a health care institution operated by a state agency pursuant to state or federal law or to adult foster care residential settings.

Sec. 5. Title 36, chapter 4, article 1, Arizona Revised Statutes, is amended by adding section 36-414, to read:

36-414. Health services licensing fund; exemption

A. THE HEALTH SERVICES LICENSING FUND IS ESTABLISHED CONSISTING OF MONIES DEPOSITED PURSUANT TO SECTIONS 36-405, 36-882 AND 36-897.01. THE DEPARTMENT OF HEALTH SERVICES SHALL ADMINISTER THE FUND.

B. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION.

C. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

Sec. 6. Section 36-550.06, Arizona Revised Statutes, is amended to read:

36-550.06. Client eligibility

A. The seriously mentally ill are eligible for services under this article if they comply with the eligibility screening and application process prescribed in section 36-3408, and UNDER ANY OF THE FOLLOWING CIRCUMSTANCES:

1. They voluntarily seek the services. ~~; or~~

~~2. A court appointed guardian requests, in accordance with section 36-547.04, subsection B, that they receive the services; or~~

2. THE DEPARTMENT RECEIVES A REQUEST FOR THESE SERVICES FROM A GUARDIAN WHO IS AUTHORIZED TO CONSENT TO INPATIENT TREATMENT PURSUANT TO SECTION 14-5312.01.

3. A court orders that they receive the services. ~~; or~~

4. The chief medical officer of the Arizona state hospital recommends they receive such services.

B. Programs and services identified in section 36-550.05 may include purchase of care support payments to persons to supplement social security, supplemental security income~~, general assistance~~ or veterans administration disability payments, and client fees when available.

Sec. 7. Section 36-882, Arizona Revised Statutes, as amended by Laws 2009, chapter 8, section 8, is amended to read:

36-882. License; posting; transfer prohibited; fees; provisional license; renewal

A. A child care facility shall not receive any child for care, supervision or training unless the facility is licensed by the department of health services.

B. An application for a license shall be made on a written or electronic form prescribed by the department and shall include:

1. Information required by the department for the proper administration of this chapter and rules adopted pursuant to this chapter.

2. The name and business or residential address of each controlling person.

3. An affirmation by the applicant that no controlling person has been denied a certificate to operate a child care group home or a license to operate a child care facility for the care of children in this state or another state or has had a license to operate a child care facility or a certificate to operate a child care group home revoked for reasons that relate to the endangerment of the health and safety of children.

C. An application for an initial license shall include:

1. The form that is required pursuant to section 36-883.02, subsection C and that is completed by the applicant.

2. A copy of a valid fingerprint clearance card issued to the applicant pursuant to section 41-1758.07.

3. If the applicant's facility is located within one-fourth mile of any agricultural land, the names and addresses of the owners and lessees of the agricultural land and a copy of the agreement required pursuant to subsection D of this section.

D. The department shall deny any license that affects agricultural land regulated pursuant to section 3-365, except that the owner of the agricultural land may agree to comply with the buffer zone requirements of section 3-365. If the owner agrees in writing to comply with the buffer zone requirements and records the agreement in the office of the county recorder as a restrictive covenant running with the title to the land, the department may license the child care facility to be located within the affected buffer zone. The agreement may include any stipulations regarding the child care facility, including conditions for future expansion of the facility and changes in the operational status of the facility that will result in a breach of the agreement. This subsection shall not apply to the issuance or renewal of a license for a child care facility located in the same location for which a child care facility license was previously issued.

E. On receipt of an application for an initial license, the department shall inspect the applicant's physical space, activities and standards of care. If the department determines that the applicant and the applicant's facility are in substantial compliance with this chapter and rules adopted pursuant to this chapter and the applicant agrees to carry out a plan acceptable to the department to eliminate any deficiencies, the department shall issue an initial license to the applicant.

~~F. The fee for an initial application for licensure is one hundred fifty dollars and is not refundable. The application fee is for the first full licensure period, including any provisional period. The application fee for renewal of a license is one hundred fifty dollars and is not refundable. An applicant for renewal who fails to submit the application forty-five days before the expiration of the license is subject to a fifty dollar late filing fee. The department shall deposit, pursuant to sections 35-146 and 35-147, late filing fees in the state general fund.~~

F. THE DIRECTOR, BY RULE, MAY ESTABLISH AND COLLECT NONREFUNDABLE FEES FOR CHILD CARE FACILITIES FOR INITIAL AND RENEWAL LICENSE APPLICATIONS AND

FOR LATE FILING OF APPLICATIONS. BEGINNING JANUARY 1, 2010, NINETY PER CENT OF THE FEES COLLECTED PURSUANT TO THIS SECTION SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146 AND 35-147, IN THE HEALTH SERVICES LICENSING FUND ESTABLISHED BY SECTION 36-414 AND TEN PER CENT OF THE FEES COLLECTED PURSUANT TO THIS SECTION SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146 AND 35-147, IN THE STATE GENERAL FUND.

G. A license is valid for three years from the date of issuance and shall specify the following:

1. The name of the applicant.

2. The exact address where the applicant will locate the facility.

3. The maximum number and age limitations of children that shall be cared for at any one time.

4. The classification of services that the facility is licensed to provide.

H. The department may issue a provisional license, not to exceed six months, to an applicant or a licensed child care facility if:

1. The facility changes director.

2. The department determines that an applicant for an initial license or a licensed child care facility is not in substantial compliance with this chapter and rules adopted pursuant to this chapter and the immediate interests of children, families and the general public are best served if the child care facility or the applicant is given an opportunity to correct deficiencies.

I. A provisional license shall state the reason for the provisional status.

J. On the expiration of a provisional license, the department shall issue a regular license for the remainder of the license period if the department determines that the licensee and the child care facility are in substantial compliance with this chapter and rules adopted pursuant to this chapter and the applicant agrees to carry out a plan acceptable to the department to eliminate any deficiencies.

K. Except as provided in section 36-893, subsection A, on receipt of a renewal application that complies with this chapter and rules adopted pursuant to this chapter, the department shall issue a renewal license to the child care facility.

L. The licensee shall notify the department in writing within ten days of any change in the child care facility's director.

M. The license is not transferable from person to person and is valid only for the quarters occupied at the time of issuance.

N. The license shall be conspicuously posted in the child care facility.

O. The licensee shall conspicuously post a schedule of fees charged for services and the established policy for a refund of fees for services not rendered.

P. The licensee shall keep current department inspection reports at the child care facility and shall make them available to parents on request. The licensee shall conspicuously post a notice that identifies the location where these inspection reports are available for review.

Q. The department of health services shall notify the department of public safety if the department of health services receives credible evidence that a licensee who possesses a valid fingerprint clearance card either:

1. Is arrested for or charged with an offense listed in section 41-1758.07, subsection B.

2. Falsified information on any form required by section 36-883.02.

Sec. 8. Section 36-897.01, Arizona Revised Statutes, as amended by Laws 2009, chapter 8, section 10, is amended to read:

36-897.01. Certification; application; fees; rules; fingerprinting; renewal

A. A child care group home shall be certified by the department. An application for a certificate shall be made on a written or electronic form prescribed by the department and shall contain all information required by the department.

B. If a child care group home is within one-fourth mile of agriculture land, the application shall include the names and addresses of the owners and lessees of any agricultural land within one-fourth mile of the facility. Within ten days after receipt of an application for a certificate, the department shall notify the owners and lessees of agricultural land as listed on the application. The department shall deny a certificate that affects agricultural land regulated pursuant to section 3-365, except that the owner of the agricultural land may agree to comply with the buffer zone requirements of section 3-365. If the owner agrees in writing to comply with the buffer zone requirements and records the agreement in the office of the county recorder as a restrictive covenant running with the title to the land, the department may issue a certificate to the child care group home to be located within the affected buffer zone. The agreement may include any stipulations regarding the child care group home, including conditions for future expansion of the facility and changes in the operational status of the facility that will result in a breach of the agreement. This subsection applies to the renewal of a certificate for a child care group home located in the same location if the child care group home certificate was not previously issued under this subsection.

~~C. An application for an initial certificate shall be accompanied by a nonrefundable application fee of thirty dollars.~~

C. THE DIRECTOR, BY RULE, MAY ESTABLISH AND COLLECT NONREFUNDABLE FEES FOR CHILD CARE GROUP HOMES FOR INITIAL AND RENEWAL CERTIFICATE APPLICATIONS AND FOR LATE FILING FEES. BEGINNING JANUARY 1, 2010, NINETY PER CENT OF THE FEES COLLECTED PURSUANT TO THIS SECTION SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146 AND 35-147, IN THE HEALTH SERVICES LICENSING FUND ESTABLISHED BY SECTION 36-414 AND TEN PER CENT OF THE FEES COLLECTED PURSUANT TO THIS

SECTION SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146 AND 35-147, IN THE STATE GENERAL FUND.

D. The department shall issue an initial certificate if the department determines that the applicant and the applicant's child care group home are in substantial compliance with the requirements of this article and department rules and the facility agrees to carry out a plan acceptable to the director to eliminate any deficiencies.

E. A certificate is valid for three years and may be renewed for successive three-year periods by submitting a renewal application as prescribed by the department and submitting a nonrefundable renewal application fee ~~of thirty dollars~~ ESTABLISHED PURSUANT TO SUBSECTION C OF THIS SECTION. An applicant for renewal who fails to submit the application forty-five days before the expiration of the certificate is subject to a ~~twenty-five dollar~~ late filing fee ESTABLISHED PURSUANT TO SUBSECTION C OF THIS SECTION. ~~Late filing fees collected pursuant to this subsection shall be deposited, pursuant to sections 35-146 and 35-147, in the state general fund.~~

F. In order to ensure that the equipment and services of a child care group home and the good character of an applicant are conducive to the welfare of children, the department by rule shall establish the criteria for granting, denying, suspending and revoking a certificate.

G. The director shall adopt rules and prescribe forms as may be necessary for the proper administration and enforcement of this article.

H. The certificate shall be conspicuously posted in the child care group home for viewing by parents and the public.

I. Current department inspection reports shall be kept at the child care group home and shall be made available to parents on request.

J. A certificate is not transferable and is valid only for the location occupied at the time it is issued.

K. An application for an initial certificate shall include:

1. The form that is required pursuant to section 36-897.03, subsection B and that is completed by the applicant.

2. A copy of a valid fingerprint clearance card issued to the applicant pursuant to section 41-1758.07.

L. Except as provided in section 36-897.10, subsection A, on receipt of a renewal application that complies with this chapter and rules adopted pursuant to this chapter, the department shall issue a renewal certificate to the child care group home.

M. The department of health services shall notify the department of public safety if the department of health services receives credible evidence that a person who possesses a valid fingerprint clearance card either:

1. Is arrested for or charged with an offense listed in section 41-1758.07, subsection B.

2. Falsified information on any form required by section 36-897.03.

Sec. 9. Section 36-1161, Arizona Revised Statutes, is amended to read:

36-1161. Poison and drug information centers and Arizona poison control system established; staff; functions

A. The department of health services shall establish ~~a poison and drug information center located at and affiliated with the university of Arizona.~~ THE ARIZONA POISON CONTROL SYSTEM CONSISTING OF THE FOLLOWING TWO POISON CONTROL CENTERS:

1. THE ARIZONA POISON AND DRUG INFORMATION CENTER. THIS CENTER SHALL BE LOCATED AT AND AFFILIATED WITH THE UNIVERSITY OF ARIZONA COLLEGE OF PHARMACY, SHALL SERVE THE NEEDS OF CITIZENS IN ALL COUNTIES OUTSIDE OF MARICOPA COUNTY AND SHALL BE AFFILIATED WITH THE TOXICOLOGY TRAINING PROGRAMS OF THE ARIZONA HEALTH SCIENCES CENTER.

2. A POISON AND DRUG INFORMATION CENTER THAT SHALL SERVE THE NEEDS OF CITIZENS OF MARICOPA COUNTY AND THAT SHALL BE LOCATED IN MARICOPA COUNTY. THIS CENTER SHALL BE SEPARATE FROM THE CENTER SPECIFIED IN PARAGRAPH 1 OF THIS SUBSECTION, SHALL BE PRIVATELY OPERATED AND SHALL BE AFFILIATED WITH AN ACCREDITED MEDICAL TOXICOLOGY FELLOWSHIP POSTGRADUATE TRAINING PROGRAM FOR PHYSICIANS.

B. The ~~department of health services, in collaboration with the poison and drug information center, shall provide for the establishment of an~~ Arizona poison control system ~~to~~ SHALL provide comprehensive poison and drug information and management of ~~the~~ poisoned ~~person~~ PERSONS.

C. ~~The poison and drug information~~ EACH POISON CONTROL center shall ~~provide statewide coordination for the Arizona poison control system. The center shall~~ employ a full-time staff, including a clinical OR MEDICAL toxicologist and poison and drug information specialists and treatment consultants.

D. ~~The poison and drug information center, in conjunction with the department of health services and regional emergency medical services systems, shall establish or designate regional programs of the Arizona poison control system for purposes of assisting in the coordination of poison control in this state. The regional programs may~~ EACH POISON CONTROL CENTER SHALL assume responsibility for the following functions in ~~their~~ ITS respective ~~regions~~ REGION:

1. Poison prevention.
2. Data collection.
3. Education.
4. Management of ~~the~~ poisoned ~~person~~ PERSONS.
5. DRUG INFORMATION SERVICES.

Sec. 10. Section 36-2907, Arizona Revised Statutes, is amended to read:

36-2907. Covered health and medical services; modifications; related delivery of service requirements

A. Unless modified pursuant to this section, contractors shall provide the following medically necessary health and medical services:

1. Inpatient hospital services that are ordinarily furnished by a hospital for the care and treatment of inpatients and that are provided under the direction of a physician or a primary care practitioner. For the purposes of this section, inpatient hospital services ~~excludes~~ EXCLUDE services in an institution for tuberculosis or mental diseases unless authorized under an approved section 1115 waiver.

2. Outpatient health services that are ordinarily provided in hospitals, clinics, offices and other health care facilities by licensed health care providers. Outpatient health services include services provided by or under the direction of a physician or a primary care practitioner but do not include occupational therapy, or speech therapy for eligible persons who are twenty-one years of age or older.

3. Other laboratory and x-ray services ordered by a physician or a primary care practitioner.

4. Medications that are ordered on prescription by a physician or a dentist licensed pursuant to title 32, chapter 11. Beginning January 1, 2006, persons who are dually eligible for title XVIII and title XIX services must obtain available medications through a medicare licensed or certified medicare advantage prescription drug plan, a medicare prescription drug plan or any other entity authorized by medicare to provide a medicare part D prescription drug benefit.

5. Emergency dental care and extractions for persons who are at least twenty-one years of age.

6. Medical supplies, equipment and prosthetic devices, not including hearing aids OR DENTURES, ordered by a physician or a primary care practitioner ~~or dentures ordered by a dentist licensed pursuant to title 32, chapter 11~~. Suppliers of durable medical equipment shall provide the administration with complete information about the identity of each person who has an ownership or controlling interest in their business and shall comply with federal bonding requirements in a manner prescribed by the administration.

7. For persons who are at least twenty-one years of age, treatment of medical conditions of the eye excluding eye examinations for prescriptive lenses and the provision of prescriptive lenses.

8. Early and periodic health screening and diagnostic services as required by section 1905(r) of title XIX of the social security act for members who are under twenty-one years of age.

9. Family planning services that do not include abortion or abortion counseling. If a contractor elects not to provide family planning services, this election does not disqualify the contractor from delivering all other covered health and medical services under this chapter. In that event, the administration may contract directly with another contractor, including an outpatient surgical center or a noncontracting provider, to deliver family planning services to a member who is enrolled with the contractor that elects not to provide family planning services.

1 10. Podiatry services performed by a podiatrist licensed pursuant to
2 title 32, chapter 7 and ordered by a primary care physician or primary care
3 practitioner.
4 11. Nonexperimental transplants approved for title XIX reimbursement.
5 12. Ambulance and nonambulance transportation.
6 B. Beginning on October 1, 2002, circumcision of newborn males is not
7 a covered health and medical service.
8 C. The system shall pay noncontracting providers only for health and
9 medical services as prescribed in subsection A of this section and as
10 prescribed by rule.
11 D. The director shall adopt rules necessary to limit, to the extent
12 possible, the scope, duration and amount of services, including maximum
13 limitations for inpatient services that are consistent with federal
14 regulations under title XIX of the social security act (P.L. 89-97; 79 Stat.
15 344; 42 United States Code section 1396 (1980)). To the extent possible and
16 practicable, these rules shall provide for the prior approval of medically
17 necessary services provided pursuant to this chapter.
18 E. The director shall make available home health services in lieu of
19 hospitalization pursuant to contracts awarded under this article. For the
20 purposes of this subsection, "home health services" means the provision of
21 nursing services, home health aide services or medical supplies, equipment
22 and appliances, which are provided on a part-time or intermittent basis by a
23 licensed home health agency within a member's residence based on the orders
24 of a physician or a primary care practitioner. Home health agencies shall
25 comply with the federal bonding requirements in a manner prescribed by the
26 administration.
27 F. The director shall adopt rules for the coverage of behavioral
28 health services for persons who are eligible under section 36-2901, paragraph
29 6, subdivision (a). The administration shall contract with the department of
30 health services for the delivery of all medically necessary behavioral health
31 services to persons who are eligible under rules adopted pursuant to this
32 subsection. The division of behavioral health in the department of health
33 services shall establish a diagnostic and evaluation program to which other
34 state agencies shall refer children who are not already enrolled pursuant to
35 this chapter and who may be in need of behavioral health services. In
36 addition to an evaluation, the division of behavioral health shall also
37 identify children who may be eligible under section 36-2901, paragraph 6,
38 subdivision (a) or section 36-2931, paragraph 5 and shall refer the children
39 to the appropriate agency responsible for making the final eligibility
40 determination.
41 G. The director shall adopt rules for the provision of transportation
42 services and rules providing for copayment by members for transportation for
43 other than emergency purposes. Prior authorization is not required for
44 medically necessary ambulance transportation services rendered to members or

1 eligible persons initiated by dialing telephone number 911 or other
2 designated emergency response systems.
3 H. The director may adopt rules to allow the administration, at the
4 director's discretion, to use a second opinion procedure under which surgery
5 may not be eligible for coverage pursuant to this chapter without
6 documentation as to need by at least two physicians or primary care
7 practitioners.
8 I. If the director does not receive bids within the amounts budgeted
9 or if at any time the amount remaining in the Arizona health care cost
10 containment system fund is insufficient to pay for full contract services for
11 the remainder of the contract term, the administration, on notification to
12 system contractors at least thirty days in advance, may modify the list of
13 services required under subsection A of this section for persons defined as
14 eligible other than those persons defined pursuant to section 36-2901,
15 paragraph 6, subdivision (a). The director may also suspend services or may
16 limit categories of expense for services defined as optional pursuant to
17 title XIX of the social security act (P.L. 89-97; 79 Stat. 344; 42 United
18 States Code section 1396 (1980)) for persons defined pursuant to section
19 36-2901, paragraph 6, subdivision (a). Such reductions or suspensions do not
20 apply to the continuity of care for persons already receiving these services.
21 J. Additional, reduced or modified hospitalization and medical care
22 benefits may be provided under the system to enrolled members who are
23 eligible pursuant to section 36-2901, paragraph 6, subdivision (b), (c), (d)
24 or (e).
25 K. All health and medical services provided under this article shall
26 be provided in the geographic service area of the member, except:
27 1. Emergency services and specialty services provided pursuant to
28 section 36-2908.
29 2. That the director may permit the delivery of health and medical
30 services in other than the geographic service area in this state or in an
31 adjoining state if the director determines that medical practice patterns
32 justify the delivery of services or a net reduction in transportation costs
33 can reasonably be expected. Notwithstanding the definition of physician as
34 prescribed in section 36-2901, if services are procured from a physician or
35 primary care practitioner in an adjoining state, the physician or primary
36 care practitioner shall be licensed to practice in that state pursuant to
37 licensing statutes in that state similar to title 32, chapter 13, 15, 17 or
38 25 and shall complete a provider agreement for this state.
39 L. Covered outpatient services shall be subcontracted by a primary
40 care physician or primary care practitioner to other licensed health care
41 providers to the extent practicable for purposes including, but not limited
42 to, making health care services available to underserved areas, reducing
43 costs of providing medical care and reducing transportation costs.
44 M. The director shall adopt rules that prescribe the coordination of
45 medical care for persons who are eligible for system services. The rules

shall include provisions for the transfer of patients, the transfer of medical records and the initiation of medical care.

Sec. 11. Repeal; temporary medical coverage program; reversion

A. Section 36-2930, Arizona Revised Statutes, is repealed.

B. Any monies remaining in the temporary medical coverage program fund on the effective date of this act revert to the state general fund.

Sec. 12. Repeal; KidsCare parents; retroactivity

A. Section 36-2981.01, Arizona Revised Statutes, is repealed.

B. This section is effective retroactively to from and after September 30, 2009.

Sec. 13. Section 38-651, Arizona Revised Statutes, is amended to read:

38-651. Expenditure of monies for health and accident insurance; definition

A. The department of administration may expend public monies appropriated for such purpose to procure health and accident coverage for full-time officers and employees of ~~the~~ THIS state and its departments and agencies. The department of administration may adopt rules ~~which~~ THAT provide that if an employee dies while the employee's surviving spouse's health insurance is in force, the surviving spouse ~~shall be~~ IS entitled to no more than thirty-six months of extended coverage at one hundred two per cent of the group rates by paying the premiums. No public monies may be expended to pay all or any part of the premium of health insurance continued in force by the surviving spouse. The department of administration shall seek a variety of plans, including indemnity health insurance, hospital and medical service plans, dental plans and health maintenance organizations. On a recommendation of the department of administration and the review of the joint legislative budget committee, the department of administration may self-insure for the purposes of this subsection. If the department of administration self-insures, the department may contract directly with preferred provider organizations, physician and hospital networks, indemnity health insurers, hospital and medical service plans, dental plans and health maintenance organizations. If the department self-insures, the department shall provide that the self-insurance program include all health coverage benefits that are mandated pursuant to title 20. The self-insurance program shall include provisions to provide for the protection of the officers and employees, including grievance procedures for claim or treatment denials, creditable coverage determinations, dissatisfaction with care and access to care issues. The department of administration by rule shall designate and adopt performance standards, including cost competitiveness, utilization review issues, network development and access, conversion and implementation, report timeliness, quality outcomes and customer satisfaction for qualifying plans. The qualifying plans for which the standards are adopted include indemnity health insurance, hospital and medical service plans, closed panel medical and dental plans and health maintenance organizations, and for eligibility of officers and employees to participate in such plans. Any

1 indemnity health insurance or hospital and medical service plan designated as
2 a qualifying plan by the department of administration must be open for
3 enrollment to all permanent full-time state employees, except that any plan
4 established prior to June 6, 1977 may be continued as a separate plan. Any
5 closed panel medical or dental plan or health maintenance organization
6 designated as the qualifying plan by the department of administration must be
7 open for enrollment to all permanent full-time state employees residing
8 within the geographic area or area to be served by the plan or organization.
9 Officers and employees may select coverage under the available options.
10 B. The department of administration may expend public monies
11 appropriated for such purpose to procure health and accident coverage for the
12 dependents of full-time officers and employees of ~~the~~ THIS state and its
13 departments and agencies. The department of administration shall seek a
14 variety of plans, including indemnity health insurance, hospital and medical
15 service plans, dental plans and health maintenance organizations. On a
16 recommendation of the department of administration and the review of the
17 joint legislative budget committee, the department of administration may
18 self-insure for the purposes of this subsection. If the department of
19 administration self-insures, the department may contract directly with
20 preferred provider organizations, physician and hospital networks, indemnity
21 health insurers, hospital and medical service plans, dental plans and health
22 maintenance organizations. If the department self-insures, the department
23 shall provide that the self-insurance program include all health coverage
24 benefits that are mandated pursuant to title 20. The self-insurance program
25 shall include provisions to provide for the protection of the officers and
26 employees, including grievance procedures for claim or treatment denials,
27 creditable coverage determinations, dissatisfaction with care and access to
28 care issues. The department of administration by rule shall designate and
29 adopt performance standards, including cost competitiveness, utilization
30 review issues, network development and access, conversion and implementation,
31 report timeliness, quality outcomes and customer satisfaction for qualifying
32 plans. The qualifying plans for which the standards are adopted include
33 indemnity health insurance, hospital and medical service plans, closed panel
34 medical and dental plans and health maintenance organizations, and for
35 eligibility of the dependents of officers and employees to participate in
36 such plans. Any indemnity health insurance or hospital and medical service
37 plan designated as a qualifying plan by the department of administration must
38 be open for enrollment to all permanent full-time state employees, except
39 that any plan established prior to June 6, 1977 may be continued as a
40 separate plan. Any closed panel medical or dental plan or health maintenance
41 organization designated as a qualifying plan by the department of
42 administration must be open for enrollment to all permanent full-time state
43 employees residing within the geographic area or area to be served by the
44 plan or organization. Officers and employees may select coverage under the
45 available options.

C. The department of administration may designate the Arizona health care cost containment system established by title 36, chapter 29 as a qualifying plan for the provision of health and accident coverage to full-time state officers and employees and their dependents. The Arizona health care cost containment system shall not be the exclusive qualifying plan for health and accident coverage for state officers and employees either on a statewide or regional basis.

D. Except as provided in section 38-652, public monies expended pursuant to this section each month shall not exceed:

1. Five hundred dollars multiplied by the number of officers and employees who receive individual coverage.

2. One thousand two hundred dollars multiplied by the number of married couples if both members of the couple are either officers or employees and each receives individual coverage or family coverage.

3. One thousand two hundred dollars multiplied by the number of officers or employees who receive family coverage if the spouses of the officers or employees are not officers or employees.

E. Subsection D of this section:

1. Establishes a total maximum expenditure of public monies pursuant to this section.

2. Does not establish a minimum or maximum expenditure for each individual officer or employee.

F. In order to ensure that an officer or employee does not suffer a financial penalty or receive a financial benefit based on the officer's or employee's age, gender or health status, the department of administration shall consider implementing the following:

1. Requests for proposals for health insurance that specify that the carrier's proposed premiums for each plan be based on the expected age, gender and health status of the entire pool of employees and officers and their family members enrolled in all qualifying plans and not on the age, gender or health status of the individuals expected to enroll in the particular plan for which the premium is proposed.

2. Recommendations from a legislatively established study group on risk adjustments relating to a system for reallocating premium revenues among the contracting qualifying plans to the extent necessary to adjust the revenues received by any carrier to reflect differences between the average age, gender and health status of the enrollees in that carrier's plan or plans and the average age, gender and health status of all enrollees in all qualifying plans.

G. Each officer or employee shall certify on the initial application for family coverage that ~~such~~ THE officer or employee is not receiving more than the contribution for which eligible pursuant to subsection D of this section. Each officer or employee shall also provide ~~such~~ THE certification on any change of coverage or marital status.

H. If a qualifying health maintenance organization is not available to an officer or employee within fifty miles of the officer's or employee's residence and the officer or employee is enrolled in a qualifying plan, the officer or employee shall be offered the opportunity to enroll with a health maintenance organization when the option becomes available. If a health maintenance organization is available within fifty miles and it is determined by the department of administration that there is an insufficient number of medical providers in the organization, the department may provide for a change in enrollment from plans designated by the director when additional medical providers join the organization.

I. Notwithstanding ~~the provisions of~~ subsection H of this section, officers and employees who enroll in a qualifying plan and reside outside the area of a qualifying health maintenance organization shall be offered the option to enroll with a qualified health maintenance organization offered through their provider under the same premiums as if they lived within the area boundaries of the qualified health maintenance organization, ~~provided that~~ IF:

1. All medical services are rendered and received at an office designated by the qualifying health maintenance organization or at a facility referred by the health maintenance organization.

2. All nonemergency or nonurgent travel, ambulatory and other expenses from the residence area of the officer or employee to the designated office of the qualifying health maintenance organization or the facility referred by the health maintenance organization ~~shall be~~ ARE the responsibility of and at the expense of the officer or employee.

3. All emergency or urgent travel, ambulatory and other expenses from the residence area of the officer or employee to the designated office of the qualifying health maintenance organization or the facility referred by the health maintenance organization ~~shall be~~ ARE paid pursuant to any agreement between the health maintenance organization and the officer or employee living outside the area of the qualifying health maintenance organization.

J. The department of administration shall allow any school district in this state that meets the requirements of section 15-388, a charter school in this state that meets the requirements of section 15-187.01 or a city, town, county, community college district, special taxing district, authority or public entity organized pursuant to the laws of this state that meets the requirements of section 38-656 to participate in the health and accident coverage prescribed in this section, except that participation is only allowed in a health plan that is offered by the department and that is subject to title 20, chapter 1, article 1. A school district, a charter school, a city, a town, a county, a community college district, a special taxing district, an authority or any public entity organized pursuant to the laws of this state rather than ~~the~~ THIS state shall pay directly to the benefits provider the premium for its employees.

K. The department of administration shall determine the actual administrative and operational costs associated with school districts, charter schools, cities, towns, counties, community college districts, special taxing districts, authorities and public entities organized pursuant to the laws of this state participating in the state health and accident insurance coverage. These costs shall be allocated to each school district, charter school, city, town, county, community college district, special taxing district, authority and public entity organized pursuant to the laws of this state based ~~upon~~ ON the total number of employees participating in the coverage. This subsection only applies to a health plan that is offered by the department and that is subject to title 20, chapter 1, article 1.

L. Insurance providers contracting with ~~the~~ THIS state shall separately maintain records that delineate claims and other expenses attributable to participation of a school district, charter school, city, town, county, community college district, special taxing district, authority and public entity organized pursuant to the laws of this state in the state health and accident insurance coverage and, by November 1 of each year, shall report to the department of administration the extent to which state costs are impacted by participation of school districts, charter schools, cities, towns, counties, community college districts, special taxing districts, authorities and public entities organized pursuant to the laws of this state in the state health and accident insurance coverage. By December 1 of each year, the director of the department of administration shall submit a report to the president of the senate and the speaker of the house of representatives detailing the information provided to the department by the insurance providers and including any recommendations for possible legislative action.

M. Notwithstanding subsection J of this section, any school district in this state that meets the requirements of section 15-388, a charter school in this state that meets the requirements of section 15-187.01 or a city, town, county, community college district, special taxing district, authority or public entity organized pursuant to the laws of this state that meets the requirements of section 38-656 may apply to the department of administration to participate in the self-insurance program that is provided by this section pursuant to rules adopted by the department. A participating entity shall reimburse the department for all premiums and administrative or other insurance costs. The department shall actuarially prescribe the annual premium for each participating entity to reflect the actual cost of each participating entity.

N. Any person that submits a bid to provide health and accident coverage pursuant to this section shall disclose any court or administrative judgments or orders issued against that person within the last ten years before the submittal.

O. FOR THE PURPOSES OF THIS SECTION, BEGINNING OCTOBER 1, 2009, "DEPENDENT" MEANS A SPOUSE UNDER THE LAWS OF THIS STATE, A CHILD WHO IS UNDER

1 NINETEEN YEARS OF AGE OR A CHILD WHO IS UNDER TWENTY-THREE YEARS OF AGE AND
2 WHO IS A FULL-TIME STUDENT.
3 Sec. 14. Section 41-1954, Arizona Revised Statutes, is amended to
4 read:
5 41-1954. Powers and duties
6 A. In addition to the powers and duties of the agencies listed in
7 section 41-1953, subsection E, the department shall:
8 1. Administer the following services:
9 (a) Employment services, which shall include manpower programs and
10 work training, field operations, technical services, unemployment
11 compensation, community work and training and other related functions in
12 furtherance of programs under the social security act, as amended, the
13 Wagner-Peyser act, as amended, the federal unemployment tax act, as amended,
14 33 United States Code, the family support act of 1988 (P.L. 100-485) and
15 other related federal acts and titles.
16 (b) Individual and family services, which shall include a section on
17 aging, services to children, youth and adults and other related functions in
18 furtherance of social service programs under the social security act, as
19 amended, title IV, grants to states for aid and services to needy families
20 with children and for child-welfare services, title XX, grants to states for
21 services, the older Americans act, as amended, the family support act of 1988
22 (P.L. 100-485) and other related federal acts and titles.
23 (c) Income maintenance services, which shall include categorical
24 assistance programs, special services unit, child support collection
25 services, establishment of paternity services, maintenance and operation of a
26 state case registry of child support orders, a state directory of new hires,
27 a support payment clearinghouse and other related functions in furtherance of
28 programs under the social security act, title IV, grants to states for aid
29 and services to needy families with children and for child-welfare services,
30 title XX, grants to states for services, as amended, and other related
31 federal acts and titles.
32 (d) Rehabilitation services, which shall include vocational
33 rehabilitation services and sections for the blind and visually impaired,
34 communication disorders, correctional rehabilitation and other related
35 functions in furtherance of programs under the vocational rehabilitation act,
36 as amended, the Randolph-Sheppard act, as amended, and other related federal
37 acts and titles.
38 (e) Administrative services, which shall include the coordination of
39 program evaluation and research, interagency program coordination and
40 in-service training, planning, grants, development and management,
41 information, legislative liaison, budget, licensing and other related
42 functions.
43 (f) Manpower planning, which shall include a state manpower planning
44 council for the purposes of the federal-state-local cooperative manpower
45 planning system and other related functions in furtherance of programs under

the comprehensive employment and training act of 1973, as amended, and other related federal acts and titles.

(g) Economic opportunity services, which shall include the furtherance of programs prescribed under the economic opportunity act of 1967, as amended, and other related federal acts and titles.

(h) Mental retardation and other developmental disability programs, with emphasis on referral and purchase of services. The program shall include educational, rehabilitation, treatment and training services and other related functions in furtherance of programs under the developmental disabilities services and facilities construction act, Public Law 91-517, and other related federal acts and titles.

(i) Nonmedical home and community based services and functions including department designated case management, housekeeping services, chore services, home health aid, personal care, visiting nurse services, adult day care or adult day health, respite sitter care, attendant care, home delivered meals and other related services and functions.

2. Provide a coordinated system of initial intake, screening, evaluation and referral of persons served by the department.

3. Adopt rules it deems necessary or desirable to further the objectives and programs of the department.

4. Formulate policies, plans and programs to effectuate the missions and purposes of the department.

5. Employ, determine the conditions of employment and prescribe the duties and powers of administrative, professional, technical, secretarial, clerical and other persons as may be necessary in the performance of its duties, contract for the services of outside advisors, consultants and aides as may be reasonably necessary and reimburse department volunteers, designated by the director, for expenses in transporting clients of the department on official business.

6. Make contracts and incur obligations within the general scope of its activities and operations subject to the availability of funds.

7. Contract with or assist other departments, agencies and institutions of the state, local and federal governments in the furtherance of its purposes, objectives and programs.

8. Be designated as the single state agency for the purposes of administering and in furtherance of each federally supported state plan.

9. Accept and disburse grants, matching funds and direct payments from public or private agencies for the conduct of programs which are consistent with the overall purposes and objectives of the department.

10. Provide information and advice on request by local, state and federal agencies and by private citizens, business enterprises and community organizations on matters within the scope of its duties subject to the departmental rules on the confidentiality of information.

11. Establish and maintain separate financial accounts as required by federal law or regulations.

12. Advise with and make recommendations to the governor and the legislature on all matters concerning its objectives.

13. Have an official seal which shall be judicially noticed.

14. Annually estimate the current year's population of each county, city and town in this state, using the periodic census conducted by the United States department of commerce, or its successor agency, as the basis for such estimates and deliver such estimates to the economic estimates commission before December 15.

15. Estimate the population of any newly annexed areas of a political subdivision as of July 1 of the fiscal year in which the annexation occurs and deliver such estimates as promptly as is feasible after the annexation occurs to the economic estimates commission.

16. Establish and maintain a statewide program of services for persons who are both hearing impaired and visually impaired and coordinate appropriate services with other agencies and organizations to avoid duplication of these services and to increase efficiency. The department of economic security shall enter into agreements for the utilization of the personnel and facilities of the department of economic security, the department of health services and other appropriate agencies and organizations in providing these services.

17. Establish and charge fees for deposit in the department of economic security prelayoff assistance services fund to employers who voluntarily participate in the services of the department which provide job service and retraining for persons who have been or are about to be laid off from employment. The department shall charge only those fees necessary to cover the costs of administering the job service and retraining services.

18. Establish a focal point for addressing the issue of hunger in Arizona and provide coordination and assistance to public and private nonprofit organizations which aid hungry persons and families throughout this state. Specifically such activities shall include:

(a) Collecting and disseminating information regarding the location and availability of surplus food for distribution to needy persons, the availability of surplus food for donation to charity food bank organizations, and the needs of charity food bank organizations for surplus food.

(b) Coordinating the activities of federal, state, local and private nonprofit organizations that provide food assistance to the hungry.

(c) Accepting and disbursing federal monies, and any state monies appropriated by the legislature, to private nonprofit organizations in support of the collection, receipt, handling, storage and distribution of donated or surplus food items.

(d) Providing technical assistance to private nonprofit organizations that provide or intend to provide services to the hungry.

(e) Developing a state plan on hunger which, at a minimum, identifies the magnitude of the hunger problem in this state, the characteristics of the population in need, the availability and location of charity food banks and

1 the potential sources of surplus food, assesses the effectiveness of the
2 donated food collection and distribution network and other efforts to
3 alleviate the hunger problem, and recommends goals and strategies to improve
4 the status of the hungry. The state plan on hunger shall be incorporated
5 into the department's state comprehensive plan prepared pursuant to section
6 41-1956.
7 (f) Establishing a special purpose advisory council on hunger pursuant
8 to section 41-1981.
9 19. Establish an office to address the issue of homelessness and to
10 provide coordination and assistance to public and private nonprofit
11 organizations that prevent homelessness or aid homeless individuals and
12 families throughout this state. These activities shall include:
13 (a) Promoting and participating in planning for the prevention of
14 homelessness and the development of services to homeless persons.
15 (b) Identifying and developing strategies for resolving barriers in
16 state agency service delivery systems that inhibit the provision and
17 coordination of appropriate services to homeless persons and persons in
18 danger of being homeless.
19 (c) Assisting in the coordination of the activities of federal, state
20 and local governments and the private sector that prevent homelessness or
21 provide assistance to homeless people.
22 (d) Assisting in obtaining and increasing funding from all appropriate
23 sources to prevent homelessness or assist in alleviating homelessness.
24 (e) Serving as a clearinghouse on information regarding funding and
25 services available to assist homeless persons and persons in danger of being
26 homeless.
27 (f) Developing an annual state comprehensive homeless assistance plan
28 to prevent and alleviate homelessness.
29 (g) Submitting an annual report by January 1, 1992 and each year
30 thereafter to the governor, the president of the senate and the speaker of
31 the house of representatives on the status of homelessness and efforts to
32 prevent and alleviate homelessness.
33 20. Cooperate with the Arizona-Mexico commission in the governor's
34 office and with researchers at universities in this state to collect data and
35 conduct projects in the United States and Mexico on issues that are within
36 the scope of the department's duties and that relate to quality of life,
37 trade and economic development in this state in a manner that will help the
38 Arizona-Mexico commission to assess and enhance the economic competitiveness
39 of this state and of the Arizona-Mexico region.
40 B. If the department has responsibility for the care, custody or
41 control of a child or is paying the cost of care for a child, it may serve as
42 representative payee to receive and administer social security and veterans
43 administration benefits and other benefits payable to such child.
44 Notwithstanding any law to the contrary, the department:

1. Shall deposit, pursuant to sections 35-146 and 35-147, such monies as it receives to be retained separate and apart from the state general fund on the books of the department of administration.

2. May use such monies to defray the cost of care and services expended by the department for the benefit, welfare and best interests of the child and invest any of the monies that the director determines are not necessary for immediate use.

3. Shall maintain separate records to account for the receipt, investment and disposition of funds received for each child.

4. On termination of the department's responsibility for the child, shall release any funds remaining to the child's credit in accordance with the requirements of the funding source or in the absence of such requirements shall release the remaining funds to:

(a) The child, if the child is at least eighteen years of age or is emancipated.

(b) The person responsible for the child if the child is a minor and not emancipated.

C. Subsection B of this section does not pertain to benefits payable to or for the benefit of a child receiving services under title 36.

D. Volunteers reimbursed for expenses pursuant to subsection A, paragraph 5 of this section are not eligible for workers' compensation under title 23, chapter 6.

E. In implementing the temporary assistance for needy families program pursuant to Public Law 104-193, the department shall provide for cash assistance to two parent families if both parents are able to work only upon documented participation by both parents in work activities described in title 46, chapter 2, article 5, except that payments may be made to families who do not meet the participation requirements if:

1. It is determined on an individual case basis that they have emergency needs.

2. The family is determined to be eligible for diversion from long-term cash assistance pursuant to title 46, chapter 2, article 5.

F. The department shall provide for cash assistance under temporary assistance for needy families pursuant to Public Law 104-193 to two parent families for no longer than six months if both parents are able to work, except that additional assistance may be provided on an individual case basis to families with extraordinary circumstances. The department shall establish by rule the criteria to be used to determine eligibility for additional cash assistance.

~~G. The department may establish a representative payee program to provide representative payee services to manage social security or supplemental security income benefits for persons who are receiving general assistance benefits pursuant to section 46-233 and who require the services of a representative payee to manage social security or supplemental security income benefits. The department may use not more than an average of eight~~

~~hundred fifty dollars for any one person annually from monies appropriated for general assistance benefits for the purpose of paying persons or agencies to provide representative payee services.~~

~~H.~~ G. The department shall adopt the following discount medical payment system no later than October 1, 1993 for persons who the department determines are eligible and who are receiving rehabilitation services pursuant to subsection A, paragraph 1, subdivision (d) of this section:

1. For inpatient hospital admissions and outpatient hospital services the department shall reimburse a hospital according to the tiered per diem rates and outpatient cost-to-charge ratios established by the Arizona health care cost containment system pursuant to section 36-2903.01, subsection H.

2. The department's liability for a hospital claim under this subsection is subject to availability of funds.

3. A hospital bill is considered received for purposes of paragraph 5 of this subsection upon initial receipt of the legible, error-free claim form by the department if the claim includes the following error-free documentation in legible form:

(a) An admission face sheet.

(b) An itemized statement.

(c) An admission history and physical.

(d) A discharge summary or an interim summary if the claim is split.

(e) An emergency record, if admission was through the emergency room.

(f) Operative reports, if applicable.

(g) A labor and delivery room report, if applicable.

4. The department shall require that the hospital pursue other third party payors before submitting a claim to the department. Payment received by a hospital from the department pursuant to this subsection is considered payment by the department of the department's liability for the hospital bill. A hospital may collect any unpaid portion of its bill from other third party payors or in situations covered by title 33, chapter 7, article 3.

5. For inpatient hospital admissions and outpatient hospital services rendered on and after October 1, 1997, if the department receives the claim directly from the hospital, the department shall pay a hospital's rate established according to this section subject to the following:

(a) If the hospital's bill is paid within thirty days of the date the bill was received, the department shall pay ninety-nine per cent of the rate.

(b) If the hospital's bill is paid after thirty days but within sixty days of the date the bill was received, the department shall pay one hundred per cent of the rate.

(c) If the hospital's bill is paid any time after sixty days of the date the bill was received, the department shall pay one hundred per cent of the rate plus a fee of one per cent per month for each month or portion of a month following the sixtieth day of receipt of the bill until the date of payment.

6. For medical services other than those for which a rate has been established pursuant to section 36-2903.01, subsection H, the department shall pay according to the Arizona health care cost containment system capped fee-for-service schedule adopted pursuant to section 36-2904, subsection L or any other established fee schedule the department determines reasonable.

~~I.~~ H. The department shall not pay claims for services pursuant to this section that are submitted more than nine months after the date of service for which the payment is claimed.

~~J.~~ I. To assist in the location of persons or assets for the purpose of establishing paternity, establishing, modifying or enforcing child support obligations and other related functions, the department has access, including automated access if the records are maintained in an automated ~~data base~~ DATABASE, to records of state and local government agencies, including:

1. Vital statistics, including records of marriage, birth and divorce.

2. State and local tax and revenue records, including information on residence address, employer, income and assets.

3. Records concerning real and titled personal property.

4. Records of occupational and professional licenses.

5. Records concerning the ownership and control of corporations, partnerships and other business entities.

6. Employment security records.

7. Records of agencies administering public assistance programs.

8. Records of the motor vehicle division of the department of transportation.

9. Records of the state department of corrections.

10. Any system used by a state agency to locate a person for motor vehicle or law enforcement purposes, including access to information contained in the Arizona criminal justice information system.

~~K.~~ J. Notwithstanding subsection ~~J~~ I of this section, the department or its agents shall not seek or obtain information on the assets of an individual unless paternity is presumed pursuant to section 25-814 or established.

~~L.~~ K. Access to records of the department of revenue pursuant to subsection ~~J~~ I of this section shall be provided in accordance with section 42-2003.

~~M.~~ L. The department also has access to certain records held by private entities with respect to child support obligors or obligees, or individuals against whom such an obligation is sought. The information shall be obtained as follows:

1. In response to a child support subpoena issued by the department pursuant to section 25-520, the names and addresses of these persons and the names and addresses of the employers of these persons, as appearing in customer records of public utilities and cable television companies.

2. Information on these persons held by financial institutions.

~~N.~~ M. Pursuant to department rules, the department may compromise or settle any support debt owed to the department if the director or an authorized agent determines that it is in the best interest of the state and after considering each of the following factors:

1. The obligor's financial resources.
2. The cost of further enforcement action.
3. The likelihood of recovering the full amount of the debt.

~~O.~~ N. Notwithstanding any law to the contrary, a state or local governmental agency or private entity is not subject to civil liability for the disclosure of information made in good faith to the department pursuant to this section.

Sec. 15. Section 46-136, Arizona Revised Statutes, is amended to read:

46-136. Powers of state department regarding work projects for unemployed persons

A. The state department may institute work projects for the employment of needy unemployed persons being granted public assistance. The nature of the work projects shall be determined by the state department and the governing body of the county, municipal government or school district involved~~,~~ to be projects necessary and desirable to the community including projects designed to improve health and public safety. County or municipal governments, including school districts, shall cooperate in such projects by furnishing supervision, transportation and payment of industrial commission insurance.

B. The state department shall act as the official agency for the state in any social welfare activity initiated by the federal government and shall administer state funds appropriated or made available for the relief of dependent persons, except as otherwise provided by law.

C. The state department shall expend from ~~appropriations available for general assistance, or from~~ any amounts otherwise available by law~~,~~ amounts ~~as~~ THAT, in the discretion of the director, are determined necessary for such purpose in conjunction with any agency or department of the federal government for the purpose of receiving and distributing food stamps offered to public welfare agencies for needy persons. The amount so determined may be expended by the department in payment of expenses necessarily incurred by reason of the receipt or distribution of such food stamps.

Sec. 16. Section 46-217, Arizona Revised Statutes, is amended to read:

46-217. Finger imaging program; temporary assistance to needy families

A. The department shall establish a finger imaging program.

B. Every adult applicant for~~,~~ OR adult recipient or eligible minor parent recipient of ~~general assistance or~~ temporary assistance for needy families as a condition of eligibility for assistance is required to be finger imaged as required by this section.

C. Finger images obtained pursuant to this section shall be used only for the purposes of determining eligibility for temporary assistance for

needy families and ~~general assistance and~~ preventing multiple enrollments in assistance programs and may not be accessed by any other agency of this state for another purpose.

D. The department shall adopt rules:

1. Setting forth the finger imaging requirements and any exceptions to these requirements for physical or other impairment.

2. For administratively appealing multiple enrollment determinations.

E. An applicant for or recipient of temporary assistance for needy families ~~or general assistance~~ is not eligible for this assistance unless the adult applicant, adult recipient or eligible minor parent provides finger images pursuant to the finger imaging program.

F. If an adult applicant for~~,~~ OR adult recipient or eligible minor parent recipient of temporary assistance for needy families ~~or general assistance~~ refuses to comply with the finger imaging requirements the department shall deny these benefits to the assistance unit.

G. If an adult applicant for~~,~~ OR adult recipient or eligible minor parent recipient of temporary assistance for needy families ~~or general assistance~~ complies with the finger imaging requirements and meets all other eligibility requirements, the department shall approve these benefits. If the finger image of an applicant, adult recipient or eligible minor parent for assistance matches another finger image on file, a fraud investigator shall be notified and the applicant or recipient shall be made aware of the match. If a finger image is not accessed within a one year period, it shall be purged from the file. If the investigator verifies the fraud, the department shall terminate benefits. The applicant or recipient may appeal this termination pursuant to section 46-205. If the match is appealed, the finger image match shall be verified by a trained individual before the termination of benefits.

H. The director of the department of economic security shall report to the chairperson of the senate appropriations committee and the chairperson of the house of representatives appropriations committee on February 15, 1997, and each year thereafter as to the actual and projected savings from reduced caseloads in the temporary assistance for needy families ~~or general assistance programs~~ PROGRAM directly attributable to the finger imaging program prescribed by this section.

Sec. 17. Section 46-295, Arizona Revised Statutes, is amended to read:

46-295. <u>Recovery of public assistance from legally responsible persons; fund; definition</u>

A. If a recipient of public assistance has a person WHO IS legally responsible for that person's support AND who is presently able to reimburse the department for public assistance provided, the department, through the attorney general or county attorney, shall proceed in the following order against:

1. The spouse of a recipient.

2. The former spouse of a recipient.

3. A father or mother not presently receiving public assistance.

4. Any other legally responsible person.

B. If a recipient of public assistance receives an overpayment of support or is determined ineligible pursuant to section ~~46-233, 46-234,~~ 46-292 or 46-293, the department may recover the support incorrectly paid during that time period. The department shall deposit monies recovered in the public assistance collections fund established pursuant to this section.

C. On request of the department, the attorney general or county attorney shall commence an action in the superior court in the county where the recipient of public assistance resides or in the superior court in Maricopa county, against the persons in the order specified in subsection A of this section, to recover the assistance granted and to secure an order requiring payment of amounts that become due in the future for which the person is liable.

D. The public assistance collections fund is established consisting of monies received pursuant to this section and section 41-2752. The department shall administer the fund. Subject to legislative appropriation, the department shall use fund monies to improve public assistance collection activities. The department shall deposit, pursuant to sections 35-146 and 35-147, twenty-five per cent of the monies collected pursuant to this section in the public assistance collections fund and seventy-five per cent of the monies collected pursuant to this section in the state general fund. Notwithstanding this subsection, pursuant to sections 35-146 and 35-147, the department shall deposit fifty per cent of the monies collected pursuant to section 41-2752 in the public assistance fund and the remaining fifty per cent of the monies collected pursuant to section 41-2752 shall be deposited in the state general fund.

E. For the purposes of this section, "public assistance" includes monies paid by the department to or for the benefit of a dependent child and foster care maintenance paid pursuant to 42 United States Code sections 670 through 676.

Sec. 18. Repeal

Laws 2007, chapter 263, section 42 is repealed.

Sec. 19. Laws 2009, first special session, chapter 1, section 3 is amended to read:

Sec. 3. Appropriation reductions; fiscal year 2008-2009

Notwithstanding any other law, the following state general fund amounts are reduced from appropriations made to state agencies in fiscal year 2008-2009 as listed below:

1. Department of administration - $7,624,900.

2. Office of administrative hearings - $128,500.

3. Arizona department of agriculture - $1,164,000.

4. Arizona health care cost containment system - $24,931,100.

Notwithstanding any other law, $29,497,100 is reduced from federal title XIX expenditure authority in fiscal year 2008-2009.

5. Commission on the arts - $402,300.
6. Attorney general - $1,500,000.

The attorney general shall report by April 1, 2009 estimated fiscal year 2008-2009 revenues and expenditures for the legal services cost allocation fund to the governor's office of strategic planning and budgeting and the joint legislative budget committee staff. These two offices shall jointly determine whether any shortfall exists in fund revenues in comparison to ninety per cent of the attorney general's appropriation. If the two offices report a shortfall to the governor, the speaker of the house of representatives and the president of the senate by May 1, 2009, any lump sum reduction for fiscal year 2008-2009 enacted for the attorney general's budget after January 1, 2009 shall be adjusted downward by the amount of the shortfall.

7. State capital postconviction defender office - $87,100.
8. State board for charter schools - $82,900.
9. Department of commerce - $738,500.
10. Corporation commission - $428,100.
11. State department of corrections - $21,851,900.
12. Arizona criminal justice commission - $117,200.
13. Arizona state schools for the deaf and the blind - $738,000.
14. Department of economic security - $83,301,400.
15. Department of education - $9,582,000.
16. Department of emergency and military affairs - $1,352,600.
17. Department of environmental quality - $4,088,300.
18. State board of equalization - $32,800.
19. Board of executive clemency - $50,000.
20. Department of financial institutions - $380,900.
21. Department of fire, building and life safety - $358,700.
22. Arizona geological survey - $110,300.
23. Government information technology agency - $2,193,900.
24. Office of the governor - $351,100.
25. Governor's office of strategic planning and budgeting - $219,900.
26. Department of health services - $26,157,500.

~~By May 1, 2009, the department of health services shall issue a request for proposals for a statewide poison control center.~~

27. Arizona historical society - $324,100.
28. Prescott historical society - $76,300.
29. Arizona commission of Indian affairs - $23,400.
30. Department of insurance - $737,000.
31. Judiciary - supreme court - $1,072,200.
32. Judiciary - court of appeals - $50,400.
33. Judiciary - superior court - $2,447,700.
34. Department of juvenile corrections - $2,500,000.
35. State land department - $2,944,800.
36. Auditor general - $1,750,300.

37. Joint legislative budget committee - $143,000.
38. Legislative council - $541,500.
39. Arizona state library, archives & public records - $737,900.
40. Senate - $401,200.
41. Department of liquor licenses and control - $347,500.
42. State mine inspector - $62,400.
43. Department of mines and mineral resources - $47,400.
44. Arizona navigable stream adjudication commission - $18,100.
45. State board of nursing - $69,700.
46. Arizona state parks board - $4,656,100.
47. Personnel board - $37,200.
48. Arizona pioneers' home - $24,000.
49. Department of public safety - $6,948,100.
50. Arizona department of racing - $262,300.
51. Radiation regulatory agency - $116,300.
52. State real estate department - $423,700.
53. Department of revenue - $7,391,900.
54. School facilities board - $394,900.
55. Secretary of state - $150,000.
56. State board of tax appeals - $15,600.
57. Department of transportation - $8,500.
58. State treasurer - $275,400.
59. Universities - all campuses - $141,500,000.

On or before March 2, 2009, the Arizona board of regents shall report to the joint legislative budget committee the final allocation of the $141,500,000. The final allocation shall not increase differences in per student funding among the universities.

60. Department of veterans' services - $210,000.
61. Department of water resources - $5,785,800.
62. Department of weights and measures - $159,400.

Sec. 20. <u>Competency restoration treatment; city and county reimbursement; fiscal year 2009-2010; deposit; tax withholding</u>

A. Notwithstanding section 13-4512, Arizona Revised Statutes, if this state pays the costs of a defendant's inpatient competency restoration treatment pursuant to section 13-4512, Arizona Revised Statutes, the city or county shall reimburse the department of health services for one hundred per cent of these costs for fiscal year 2009-2010.

B. The department of health services shall deposit the reimbursements, pursuant to sections 35-146 and 35-147, Arizona Revised Statutes, in the Arizona state hospital fund established by section 36-545.08, Arizona Revised Statutes.

C. Each city and county shall make the reimbursements for these costs as specified in subsection A of this section within thirty days after a request by the department of health services. If the city or county does not

make the reimbursement, the superintendent of the Arizona state hospital shall notify the state treasurer of the amount owed and the treasurer shall withhold the amount, including any additional interest as provided in section 42-1123, Arizona Revised Statutes, from any transaction privilege tax distributions to the city or county. The treasurer shall deposit the withholdings, pursuant to sections 35-146 and 35-147, Arizona Revised Statutes, in the Arizona state hospital fund established by section 36-545.08, Arizona Revised Statutes.

D. Notwithstanding any other law, a county may meet any statutory funding requirements of this section from any source of county revenue designated by the county, including funds of any countywide special taxing district in which the board of supervisors serves as the board of directors.

E. County contributions made pursuant to this section are excluded from the county expenditure limitations.

Sec. 21. State employee health benefits; retroactivity

A. Beginning October 1, 2009, for fiscal year 2009-2010, the department of administration shall not implement a differentiated health insurance premium based on the integrated or nonintegrated status of a health insurance provider available through the state employee health insurance program.

B. This section is effective retroactively to from and after September 30, 2009.

Sec. 22. AHCCCS; reimbursement rates; retroactivity

A. Notwithstanding any other law, for rates effective October 1, 2009 through September 30, 2010, the Arizona health care cost containment system administration shall not increase the inpatient hospital per diem rates, inpatient hospital outlier thresholds or aggregate outpatient hospital fee schedule rates above the rates in effect on September 30, 2009, except that the administration shall continue the phase-in of outlier cost-to-charge ratios as required by section 36-2903.01, subsection H, paragraph 10, Arizona Revised Statutes.

B. Notwithstanding any other law, in addition to any rate adjustments made pursuant to subsection A of this section, for rates effective October 1, 2009 through September 30, 2010, the Arizona health care cost containment system administration may reduce noninstitutional provider rates up to five per cent.

C. This section is effective retroactively to from and after September 30, 2009.

Sec. 23. AHCCCS; disproportionate share payments

Disproportionate share payments for fiscal year 2009-2010 made pursuant to section 36-2903.01, subsection P, Arizona Revised Statutes, include:

1. $89,877,700 for a qualifying nonstate operated public hospital. The Maricopa county special health care district shall provide a certified public expense form for the amount of qualifying disproportionate share hospital expenditures made on behalf of this state to the administration on

1 or before May 1, 2010 for all state plan years as required by the Arizona
2 health care cost containment system 1115 waiver standard terms and
3 conditions. The administration shall assist the district in determining the
4 amount of qualifying disproportionate share hospital expenditures. Once the
5 administration files a claim with the federal government and receives federal
6 funds participation based on the amount certified by the Maricopa county
7 special health care district, if the certification is equal to or greater
8 than $89,877,700, the administration shall distribute $4,202,300 to the
9 Maricopa county special health care district and deposit the balance of the
10 federal funds participation in the state general fund. If the certification
11 provided is for an amount less than $89,877,700, and the administration
12 determines that the revised amount is correct pursuant to the methodology
13 used by the administration pursuant to section 36-2903.01, Arizona Revised
14 Statutes, the administration shall notify the governor, the president of the
15 senate and the speaker of the house of representatives, shall distribute
16 $4,202,300 to the Maricopa county special health care district and shall
17 deposit the balance of the federal funds participation in the state general
18 fund. If the certification provided is for an amount less than $89,877,700
19 and the administration determines that the revised amount is not correct
20 pursuant to the methodology used by the administration pursuant to section
21 36-2903.01, Arizona Revised Statutes, the administration shall notify the
22 governor, the president of the senate and the speaker of the house of
23 representatives and shall deposit the total amount of the federal funds
24 participation in the state general fund.
25 2. $28,474,900 for the Arizona state hospital. The Arizona state
26 hospital shall provide a certified public expense form for the amount of
27 qualifying disproportionate share hospital expenditures made on behalf of the
28 state to the administration on or before March 31, 2010. The administration
29 shall assist the Arizona state hospital in determining the amount of
30 qualifying disproportionate share hospital expenditures. Once the
31 administration files a claim with the federal government and receives federal
32 funds participation based on the amount certified by the Arizona state
33 hospital, the administration shall distribute the entire amount of federal
34 financial participation to the state general fund. If the certification
35 provided is for an amount less than $28,474,900, the administration shall
36 notify the governor, the president of the senate and the speaker of the house
37 of representatives and shall distribute the entire amount of federal
38 financial participation to the state general fund. The certified public
39 expense form provided by the Arizona state hospital shall contain both the
40 total amount of qualifying disproportionate share hospital expenditures and
41 the amount limited by section 1923(g) of the social security act.
42 3. $26,147,700 for private qualifying disproportionate share
43 hospitals.

1 Sec. 24. County acute care contribution; fiscal year 2009-2010
2 A. Notwithstanding section 11-292, Arizona Revised Statutes, for
3 fiscal year 2009-2010 for the provision of hospitalization and medical care,
4 the counties shall contribute the following amounts:

5	1. Apache	$ 268,800
6	2. Cochise	$ 2,214,800
7	3. Coconino	$ 742,900
8	4. Gila	$ 1,413,200
9	5. Graham	$ 536,200
10	6. Greenlee	$ 190,700
11	7. La Paz	$ 212,100
12	8. Maricopa	$21,035,400
13	9. Mohave	$ 1,237,700
14	10. Navajo	$ 310,800
15	11. Pima	$14,951,800
16	12. Pinal	$ 2,715,600
17	13. Santa Cruz	$ 482,800
18	14. Yavapai	$ 1,427,800
19	15. Yuma	$ 1,325,100

20 B. If a county does not provide funding as specified in subsection A
21 of this section, the state treasurer shall subtract the amount owed by the
22 county to the Arizona health care cost containment system fund and the
23 long-term care system fund established by section 36-2913, Arizona Revised
24 Statutes, from any payments required to be made by the state treasurer to
25 that county pursuant to section 42-5029, subsection D, paragraph 2, Arizona
26 Revised Statutes, plus interest on that amount pursuant to section 44-1201,
27 Arizona Revised Statutes, retroactive to the first day the funding was due.
28 If the monies the state treasurer withholds are insufficient to meet that
29 county's funding requirements as specified in subsection A of this section,
30 the state treasurer shall withhold from any other monies payable to that
31 county from whatever state funding source is available an amount necessary to
32 fulfill that county's requirement. The state treasurer shall not withhold
33 distributions from the highway user revenue fund pursuant to title 28,
34 chapter 18, article 2, Arizona Revised Statutes.
35 C. Payment of an amount equal to one-twelfth of the total amount
36 determined pursuant to subsection A of this section shall be made to the
37 state treasurer on or before the fifth day of each month. On request from
38 the director of the Arizona health care cost containment system
39 administration, the state treasurer shall require that up to three months'
40 payments be made in advance, if necessary.
41 D. The state treasurer shall deposit the amounts paid pursuant to
42 subsection C of this section and amounts withheld pursuant to subsection B of
43 this section in the Arizona health care cost containment system fund and the
44 long-term care system fund established by section 36-2913, Arizona Revised
45 Statutes.

E. If payments made pursuant to subsection C of this section exceed the amount required to meet the costs incurred by the Arizona health care cost containment system for the hospitalization and medical care of those persons defined as an eligible person pursuant to section 36-2901, paragraph 6, subdivisions (a), (b) and (c), Arizona Revised Statutes, the director of the Arizona health care cost containment system administration may instruct the state treasurer either to reduce remaining payments to be paid pursuant to this section by a specified amount or to provide to the counties specified amounts from the Arizona health care cost containment system fund and the long-term care system fund.

F. It is the intent of the legislature that the Maricopa county contribution pursuant to subsection A of this section be reduced in each subsequent year according to the changes in the GDP price deflator. For the purposes of this subsection, "GDP price deflator" has the same meaning prescribed in section 41-563, Arizona Revised Statutes.

Sec. 25. Hospitalization and medical care contribution; fiscal year 2009-2010

A. Notwithstanding any other law, for fiscal year 2009-2010, beginning with the second monthly distribution of transaction privilege tax revenues, the state treasurer shall withhold one-eleventh of the following amounts from state transaction privilege tax revenues otherwise distributable, after any amounts withheld for the county long-term care contribution or the county administration contribution pursuant to section 11-292, subsection O, Arizona Revised Statutes, for deposit in the Arizona health care cost containment system fund established by section 36-2913, Arizona Revised Statutes, for the provision of hospitalization and medical care:

1.	Apache	$ 87,300
2.	Cochise	$ 162,700
3.	Coconino	$ 160,500
4.	Gila	$ 65,900
5.	Graham	$ 46,800
6.	Greenlee	$ 12,000
7.	La Paz	$ 24,900
8.	Mohave	$ 187,400
9.	Navajo	$ 122,800
10.	Pima	$1,115,900
11.	Pinal	$ 218,300
12.	Santa Cruz	$ 51,600
13.	Yavapai	$ 206,200
14.	Yuma	$ 183,900

B. If the monies the state treasurer withholds are insufficient to meet that county's funding requirement as specified in subsection A of this section, the state treasurer shall withhold from any other monies payable to that county from whatever state funding source is available an amount necessary to fulfill that county's requirement. The state treasurer shall

not withhold distributions from the highway user revenue fund pursuant to title 28, chapter 18, article 2, Arizona Revised Statutes.

C. On request from the director of the Arizona health care cost containment system administration, the state treasurer shall require that up to three months' payments be made in advance.

D. In fiscal year 2009-2010, the sum of $2,646,200 withheld pursuant to subsection A of this section is allocated for the county acute care contribution for the provision of hospitalization and medical care services administered by the Arizona health care cost containment system administration.

E. County contributions made pursuant to this section are excluded from the county expenditure limitations.

Sec. 26. Proposition 204 administration; county expenditure limitation

County contributions for the administrative costs of implementing sections 36-2901.01 and 36-2901.04, Arizona Revised Statutes, that are made pursuant to section 11-292, subsection O, Arizona Revised Statutes, are excluded from the county expenditure limitations.

Sec. 27. Department of economic security; drug testing; TANF cash benefits recipients

During fiscal year 2009-2010, the department of economic security shall screen and test each adult recipient who is otherwise eligible for temporary assistance for needy families cash benefits and who the department has reasonable cause to believe engages in the illegal use of controlled substances. Any recipient who is found to have tested positive for the use of a controlled substance that was not prescribed for the recipient by a licensed health care provider is ineligible to receive benefits for a period of one year.

Sec. 28. AHCCCS; capitation payments; suspension

A. Notwithstanding any other law, the Arizona health care cost containment system shall suspend one hundred per cent of the June 2010 capitation payments for one month for acute care health care plans that have at least one hundred thousand members enrolled in May 2010 and fifty per cent of the June 2010 capitation payments for one month for acute care health care plans that have less than one hundred thousand members enrolled in May 2010.

B. Notwithstanding sections 35-342 and 44-1201, Arizona Revised Statutes, delinquent payments to health care plans that are made pursuant to subsection A of this section and that are due in June 2010 bear interest at a rate of five-tenths of one per cent a year.

Sec. 29. Hospital provider assessments; analysis; report; retroactivity

A. The Arizona health care cost containment system administration shall analyze a variety of methods for provider assessments for federally matched programs, shall examine the potential for enhanced revenue generated based on hospital patient stays, shall review what has been done in other

states and shall consider a distribution formula for all hospital providers. The Arizona health care cost containment system administration shall report to the president of the senate, the speaker of the house of representatives and the governor on its findings on or before October 1, 2009.

B. This section is effective retroactively to from and after September 30, 2009.

Sec. 30. AHCCCS; ambulance rates; fiscal year 2009-2010

For fiscal year 2009-2010, section 36-2239, subsections D, F and G, Arizona Revised Statutes, do not apply to a remuneration made pursuant to the Arizona health care cost containment system.

Sec. 31. Department of health services; behavioral health services; priority; liability

A. For fiscal year 2009-2010, the department of health services when allocating the available appropriated monies to behavioral health services shall establish a list of priority services for the nontitle XIX behavioral health population and post this list on its website. The department shall provide at least thirty days notice before changing the list of priorities.

B. During fiscal year 2009-2010, behavioral health providers and contractors with the division of behavioral health services shall not be liable for failing or refusing to provide uncompensated or underfunded nonemergency, nontitle XIX behavioral health services to persons who are not seriously mentally ill.

Sec. 32. Sexually violent persons; city and county reimbursement; fiscal year 2009-2010; deposit; tax withholding

A. Notwithstanding any other law, if this state pays the costs of a commitment of an individual determined to be sexually violent by the court, the city or county shall reimburse the department of health services for twenty-five per cent of these costs for fiscal year 2009-2010.

B. The department of health services shall deposit the reimbursements, pursuant to sections 35-146 and 35-147, Arizona Revised Statutes, in the Arizona state hospital fund established by section 36-545.08, Arizona Revised Statutes.

C. Each city and county shall make the reimbursements for these costs as specified in subsection A of this section within thirty days after a request by the department of health services. If the city or county does not make the reimbursement, the superintendent of the Arizona state hospital shall notify the state treasurer of the amount owed and the treasurer shall withhold the amount, including any additional interest as provided in section 42-1123, Arizona Revised Statutes, from any transaction privilege tax distributions to the city or county. The treasurer shall deposit the withholdings, pursuant to sections 35-146 and 35-147, Arizona Revised Statutes, in the Arizona state hospital fund established by section 36-545.08, Arizona Revised Statutes.

D. Notwithstanding any other law, a county may meet any statutory funding requirements of this section from any source of county revenue designated by the county, including funds of any countywide special taxing district in which the board of supervisors serves as the board of directors.

E. County contributions made pursuant to this section are excluded from the county expenditure limitations.

Sec. 33. Appropriation; department of health services

The sum of $4,493,400 is appropriated in fiscal year 2009-2010 from the health services licensing fund established by section 36-414, Arizona Revised Statutes, as added by this act, to the department of health services for assurance and licensure expenditures.

Sec. 34. AHCCCS; patient costs; reinsurance; retroactivity

A. Notwithstanding any other law, for the contract year beginning October 1, 2009 and ending September 30, 2010, the Arizona health care cost containment system administration may reduce by one level the thresholds beyond which patient costs are paid by reinsurance.

B. This section is effective retroactively to from and after September 30, 2009.

Sec. 35. AHCCCS; risk contingency rate setting; retroactivity

A. Notwithstanding any other law, for the contract year beginning October 1, 2009 and ending September 30, 2010, the Arizona health care cost containment system administration may reduce the risk contingency rate setting for all managed care organizations by fifty per cent and may impose a five and eighty-eight one-hundredths per cent reduction on funding for all managed care organizations administrative funding levels.

B. This section is effective retroactively to from and after September 30, 2009.

Sec. 36. Department of health services; continuing fee authority

A. Notwithstanding any other law, beginning on the effective date of this act through December 31, 2009, the department of health services has continuing authority to collect the following nonrefundable fees from health care institutions:

1. Fees of not to exceed fifty dollars for a license application.

2. Architectural drawing review fees of not to exceed the following amounts:

(a) For a project with a cost of less than one hundred thousand dollars, fifty dollars.

(b) For a project with a cost of one hundred thousand dollars or more and less than five hundred thousand dollars, one hundred dollars.

(c) For a project with a cost of five hundred thousand dollars or more, one hundred fifty dollars.

3. Initial license and license renewal fees of not to exceed the following amounts:

1 (a) For a facility with no licensed capacity, one hundred dollars.
2 (b) For a facility with a licensed capacity of one to fifty-nine beds,
3 one hundred dollars, plus an additional fee in the amount of the licensed
4 capacity times ten dollars.
5 (c) For a facility with a licensed capacity of sixty to ninety-nine
6 beds, two hundred dollars, plus an additional fee in the amount of the
7 licensed capacity times ten dollars.
8 (d) For a facility with a licensed capacity of one hundred to one
9 hundred forty-nine beds, three hundred dollars, plus an additional fee in the
10 amount of the licensed capacity times ten dollars.
11 (e) For a facility with a licensed capacity of one hundred fifty beds
12 or more, five hundred dollars, plus an additional fee in the amount of the
13 licensed capacity times ten dollars.
14 B. Notwithstanding any other law, beginning on the effective date of
15 this act through December 31, 2009, the department of health services has
16 continuing authority to collect the following nonrefundable fees from child
17 care facilities:
18 1. For an initial application for licensure, one hundred fifty
19 dollars.
20 2. For a renewal application of a license, one hundred fifty dollars
21 3. For a late filing fee for a renewal application, fifty dollars.
22 C. Notwithstanding any other law, beginning on the effective date of
23 this act through December 31, 2009, the department of health services has
24 continuing authority to collect the following nonrefundable fees from child
25 care group homes:
26 1. For an application for an initial certificate, thirty dollars.
27 2. For a renewal application, thirty dollars.
28 3. For a late filing fee for a renewal application, twenty-five
29 dollars.
30 Sec. 37. Exemption from rule making
31 For the purposes establishing licensing fees pursuant to sections
32 36-405, 36-882 and 36-897.01, Arizona Revised Statutes, as amended by this
33 act, the department of health services is exempt from the rule making
34 requirements of title 41, chapter 6, Arizona Revised Statutes, for eighteen
35 months after the effective date of this act.
36 Sec. 38. Intent
37 It is the intent of the legislature that the additional revenue
38 generated beginning January 1, 2010 through June 30, 2010 by the fees
39 authorized in sections 36-405, 36-882 and 36-897.01, Arizona Revised
40 Statutes, as amended by this act, not exceed $5,000,000.
41 Sec. 39. Intent; false claims act; savings
42 It is the intent of the legislature that the Arizona health care cost
43 containment system administration comply with the federal false claims act
44 and maximize savings in, and continue to consider best available technologies
45 in detecting fraud in, the administration's programs.

1 Sec. 40. Child care assistance eligibility; report
2 Notwithstanding section 46-803, Arizona Revised Statutes, for fiscal
3 year 2009-2010, the department of economic security may reduce maximum income
4 eligibility levels for child care assistance in order to manage within
5 appropriated and available monies. The department of economic security shall
6 notify the joint legislative budget committee of any change in maximum income
7 eligibility levels for child care within fifteen days after implementing the
8 change.
9 Sec. 41. Conforming legislation
10 The legislative council staff shall prepare proposed legislation
11 conforming the Arizona Revised Statutes to the provisions of this act for
12 consideration in the forty-ninth legislature, second regular session.
13 Sec. 42. Retroactivity
14 A. Section 36-2907, Arizona Revised Statutes, as amended by this act,
15 applies retroactively to from and after September 30, 2009.
16 B. Section 38-651, Arizona Revised Statutes, as amended by this act,
17 applies retroactively to from and after September 30, 2009.

Passed the House July 31, 20 09

by the following vote: 35 Ayes,

11 Nays, 14 Not Voting

Speaker of the House

Norman L. Moore

Chief Clerk of the House

Passed the Senate August 12, 20 09

by the following vote: 16 Ayes,

8 Nays, 6 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

20 day of August, 20 09

at 2:38 o'clock P. M.

Susan Kilgus

Secretary to the Governor

Approved this 4th day of

September

at 1:21 o'clock P. M.

Janice K. Brewer

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this _____ day of _____, 20 _____

at _____ o'clock _____ M.

Secretary of State

Third Special Session
H.B. 2013