



ARIZONA STATE SENATE
Fifty-Sixth Legislature, First Regular Session

FACT SHEET FOR S.B. 1527

health care; 2023-2024.

Purpose

Makes session law changes relating to health care necessary to implement the FY 2024 state budget.

Background

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

S.B. 1527 contains the budget reconciliation provisions for changes relating to health care.

Provisions

Arizona Long-Term Care System (ALTCS)

1. Outlines the following FY 2024 county contributions for ALTCS:

County	Contribution Amount
Apache	\$692,800
Cochise	\$6,587,900
Coconino	\$2,080,000
Gila	\$2,852,300
Graham	\$1,540,200
La Paz	\$682,700
Maricopa	\$240,195,400
Mohave	\$10,847,500
Navajo	\$2,867,700
Pima	\$56,396,600
Pinal	\$18,011,700
Santa Cruz	\$2,582,800
Yavapai	\$9,820,100
Yuma	\$11,047,700

2. Directs the State Treasurer to collect from the counties the difference between the total contribution and the counties' share of the state's actual contribution, if the overall cost for ALTCS exceeds the amount specified in the General Appropriations Act for FY 2024.
3. Requires the counties' share of the state's contribution to comply with any federal maintenance of effort requirements.
4. Requires the Director of the Arizona Health Care Cost Containment System (AHCCCS) to notify the State Treasurer of the counties' share of the state's contribution and report the amount to the Director of the Joint Legislative Budget Committee (JLBC).
5. Directs the State Treasurer to:
 - a) withhold from any other monies payable to a county from any available state funding source, excluding the Highway User Revenue Fund (HURF), an amount necessary to fulfill that county's contribution requirement; and
 - b) deposit the withheld amounts and amounts paid by counties into the ALTCS Fund.

County Acute Care

6. Outlines the following FY 2024 county acute care contributions:

County	Contribution Amount
Apache	\$268,800
Cochise	\$2,214,800
Coconino	\$742,900
Gila	\$1,413,200
Graham	\$536,200
Greenlee	\$190,700
La Paz	\$212,100
Maricopa	\$15,703,400
Mohave	\$1,237,700
Navajo	\$310,800
Pima	\$14,951,800
Pinal	\$2,715,600
Santa Cruz	\$482,800
Yavapai	\$1,427,800
Yuma	\$1,325,100

7. Requires the State Treasurer, if a county does not provide funding as specified, to:
 - a) subtract the amount owed by the county from any payments required to be made by the State Treasurer to the county plus interest on that amount, retroactive to the first day the funding was due; and
 - b) if the amount withheld is insufficient to meet that county's funding requirement, withhold from any other monies payable to that county from any available state funding source, excluding HURF, an amount necessary to fulfill that county's requirement.

8. Requires payments equal to one twelfth of the total amount for county acute care contributions to be made to the State Treasurer by the fifth day of each month and requires the State Treasurer, on request from the Director of AHCCCS, to require that up to three months' payment be made in advance, if necessary.
9. Requires the State Treasurer to deposit the amounts paid and withheld into the AHCCCS Fund and the ALTCS Fund.
10. Allows the Director of AHCCCS, if payments made exceed the amount required to meet the costs incurred by AHCCCS for the hospitalization and medical care of eligible persons, to instruct the State Treasurer to:
 - a) reduce the remaining payments to be paid by a specified amount; or
 - b) provide to the counties specified amounts from the AHCCCS Fund and the ALTCS Fund.
11. Declares the Legislature's intent that Maricopa County acute care contributions be reduced in each subsequent year according to the changes in the Gross Domestic Product price deflator.

Disproportionate Share Hospital (DSH) Payments

12. Establishes the FY 2024 DSH payments as follows:
 - a) \$113,818,500 for a qualifying nonstate-operated public hospital, of which \$4,202,300 is distributed to the Maricopa County Special Health Care District (District) and the remaining federal portion is deposited in the state General Fund (state GF);
 - b) \$28,474,900 for the Arizona State Hospital (ASH), of which the federal portion is deposited in the state GF; and
 - c) \$884,800 for private qualifying DSHs, which are hospitals that meet the mandatory definition of *qualifying DSHs* as defined by the federal Social Security Act, or DSHs that are located in Yuma County and contain at least 300 beds.
13. Outlines the following requirements once AHCCCS files a claim with the federal government and receives federal financial participation based on the amount certified by the District:
 - a) if the certification is equal to or less than \$113,818,500 and AHCCCS determines that the revised amount is correct, AHCCCS must notify the Governor, the President of the Senate and the Speaker of the House of Representatives and distribute \$4,202,300 to the District and deposit the balance of the federal financial participation in the state GF;
 - b) if the certification is for an amount less than \$113,818,500 and AHCCCS determines that the revised amount is incorrect, AHCCCS must notify the Governor, the President of the Senate and the Speaker of the House of Representatives and must deposit the total amount of the federal financial participation in the state GF; or
 - c) if the certification is for an amount greater than \$113,818,500, AHCCCS must distribute \$4,202,300 to the District and deposit \$74,696,800 of the federal financial participation in the state GF.
14. Allows AHCCCS to make additional DSH payments to the District.

15. Outlines the following requirements once AHCCCS files a claim with the federal government and receives federal financial participation based on the amount certified by ASH:
 - a) if the certification is for an amount less than \$28,474,900, AHCCCS must notify the Governor, the President of the Senate and the Speaker of the House of Representatives and must deposit the entire amount of federal financial participation in the state GF; and
 - b) requires the certified public expense (CPE) form to contain both the total amount of qualifying DSH expenditures and the amount limited by the Social Security Act.
16. Stipulates that, after DSH payment distributions are made, the allocation of DSH payments designated to political subdivisions, tribal governments and universities must be provided in the following order of priority to qualifying private hospitals located:
 - a) in a county with a population of fewer than 400,000 persons;
 - b) in a county with a population of at least 400,000 but fewer than 900,000 persons; and
 - c) in a county with a population of at least 900,000 persons.
17. Requires the District, by May 1, 2024, and ASH, by March 31, 2024, to each provide a CPE form for qualifying DSH expenditures to AHCCCS.
18. Continues to require AHCCCS to assist the District and ASH in determining the amount of qualifying DSH expenditures.

AHCCCS

19. Continues to require AHCCCS to transfer to the counties any excess monies necessary to comply with the Patient Protection and Affordable Care Act, regarding the counties' proportional share of the state's contribution.
20. Declares the Legislature's intent that AHCCCS implement a Medicaid program within the available appropriation for FY 2024.
21. Continues to allow AHCCCS, for the contract year beginning October 1, 2023, and ending on September 30, 2024, to extend risk contingency rate settings for all managed care organizations (MCOs) and funding for all MCO administrative funding levels imposed for the contract year beginning October 1, 2010, and ending September 30, 2011.

Miscellaneous

22. Continues to exclude county contributions for Proposition 204 administrative costs from county expenditure limitations.
23. Continues to exclude county contributions related to the costs of inpatient, in-custody competency restoration treatment from county expenditure limitations.
24. Continues to allow monies in the Health Services Lottery Monies Fund to be used for purposes specified in the FY 2024 General Appropriations Act.
25. Becomes effective on the general effective date.