



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature  
First Regular Session

Senate: APPROP DP 6-4-0-0 | 3<sup>rd</sup> Read 16-14-0

House: 3<sup>rd</sup> Read 31-27-2-0

## **SB 1527: health care; 2023-2024. (Substituted for HB 2574)**

**Sponsor: Senator Kavanagh, LD 3**

**Transmitted to Governor**

### **Overview**

Contains provisions relating to health care needed to implement the FY 2024 budget.

### **History**

The Arizona Legislature adopts a budget for each fiscal year (FY) that contains general appropriations. [Article IV, Section 20, Part 2](#), Constitution of Arizona, requires the *General Appropriations Act* (feed bill) to contain only appropriations for the different state departments, state institutions, public schools and interest on public debt. Statutory changes necessary to reconcile the appropriations made in the feed bill and other changes are drafted into separate budget bills. These bills are prepared according to subject area.

### **Provisions**

#### ***Arizona Health Care Cost Containment System (AHCCCS)***

1. As session law, requires, by December 31, 2024, AHCCCS to transfer to the counties any portion necessary to comply with the Patient Protection and Affordable Care Act regarding the counties' proportional share of this state's contribution. (Sec. 3)
2. As session law, allows, for the contract year beginning October 1, 2023 and ending September 30, 2024, AHCCCS to continue the risk contingency rate settings for all managed care organizations (MCO) and funding for all MCO administrative funding levels that were imposed for the contract year beginning October 1, 2010 and ending September 30, 2011. (Sec. 7)
3. As session law, continues to state that it is the intent of the Legislature for FY 2024 that AHCCCS implement a program within its available appropriation. (Sec. 9)

#### ***Counties***

4. As session law, sets the annual county Arizona Long Term Care System (ALTCS) contributions for FY 2024 at \$366,205,400 million and:
  - a) Outlines each county's contribution;
  - b) Requires the State Treasurer to recover the cost of any funding that was not provided; and
  - c) Requires the State Treasurer to deposit monies received into the ALTCS fund. (Sec. 1)
5. As session law, requires the counties' share of the state's contribution to comply with federal maintenance of effort requirements. (Sec. 1)
6. As session law, sets the FY2024 county acute care contributions at \$43,733,700 and:
  - a) Outlines each county's contribution;
  - b) Outlines payment processes and requirements;

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- c) Requires the State Treasurer to recover the cost of any funding that was not provided by a county from other funds owed to that county, excluding the Highway User Revenue Fund; and
  - d) States that the Legislature intends that the Maricopa County contribution be reduced in each subsequent year according to changes in the GDP price deflator. (Sec. 4)
7. As session law, continues to exclude the Proposition 204 administration costs from the county expenditure limitations. (Sec. 5)

***Disproportionate Share Hospital (DSH) Payments***

8. As session law, sets the annual DSH payment allotment for the Maricopa County Special Health Care District (District) at \$113,818,500 for FY 2024 and:
- a) Requires the District to provide a certified public expense form for the amount of qualifying DSH expenditures made to AHCCCS by May 1, 2024 for all state plan years as required by the AHCCCS Section 1115 waiver;
  - b) States that if the certification is equal to or less than \$113,818,500 and AHCCCS determines the revised amount is correct, AHCCCS must:
    - i. Notify the Governor and the Legislature; and
    - ii. Distribute \$4,202,300 to the District and deposit the balance in the state GF.
  - c) States that if the certification is less than \$113,818,500 and AHCCCS determines the revised amount is not correct, AHCCCS must:
    - i. Notify the Governor and the Legislature; and
    - ii. Deposit the total amount in the state GF.
  - d) Provides that if the certification is greater than \$113,818,500, AHCCCS must:
    - i. Distribute \$4,202,300 to the District; and
    - ii. \$71,248,000 of the federal financial participation in the state GF; and
  - e) Allows AHCCCS to make additional DSH payments to the District pursuant to statute. (Sec. 2)
9. As session law, sets the annual DHS payment allotment to the Arizona State Hospital (ASH) at \$28,474,900 for FY 2024 and:
- a) Requires ASH to provide a certified public expense form for the amount of qualifying DSH expenditures made to AHCCCS by March 31, 2024;
  - b) Directs AHCCCS to:
    - i. Assist ASH in determining the amount of qualifying DSH expenditures; and
    - ii. Deposit the entire amount of federal financial participation in the state GF;
  - c) States that if the certification is less than \$28,474,900, AHCCCS must:
    - i. Notify the Governor and the Legislature; and
    - ii. Deposit the entire amount of federal financial participation in the state GF; and
  - d) Requires the certified public expense form to contain the total amount of qualifying DSH expenditures and the amount limited by federal law. (Sec. 2)
10. As session law, establishes the annual DSH payment allotment for private qualifying DSH hospitals at \$884,800 for FY 2024, consistent with the appropriation and the terms of the State plan and:
- a) Limits payments to hospitals that either:
    - i. Meet the mandatory definition of DSH qualifying hospital under Section 1923 of the Social Security Act; or
    - ii. Are located in Yuma County and contain at least 300 beds. (Sec. 2)
11. As session law, outlines the following order of DSH payment allotments for private qualifying hospitals once the above-mentioned DSH distributions are made. (Sec. 2)

**Arizona Department of Health Services (DHS)**

- 12. As session law, exempts county expenditures for restoration to competency treatment from the county expenditure limitation. (Sec. 6)
- 13. As session law, allows the Health Services Lottery Fund monies to be used for purposes specified in the FY2024 General Appropriations Act. (Sec. 8)

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