



ARIZONA STATE SENATE
Fifty-Sixth Legislature, Second Regular Session

AMENDED
FACT SHEET FOR S.B. 1688

state hospital; governing board

Purpose

Effective January 1, 2026, establishes the State Hospital Governing Board (Board) and transfers oversight, authorities and responsibilities relating to the Arizona State Hospital (ASH) from the Department of Health Services (DHS) to the Board.

Background

ASH is a 260-bed facility, operated and regulated by DHS, that provides long-term inpatient psychiatric care to individuals with mental illnesses, personality disorders or emotional conditions who are under a court order to receive treatment. Treatment at ASH is considered the highest and most restrictive level of mental health care in Arizona. Patients are admitted as a result of an inability to be treated in a community facility or due to the patients' legal status ([DHS](#)). Statute outlines various administrative requirements of DHS relating to ASH, including submittal of an annual report outlining ASH finances, collecting census data for adult civil commitment treatment programs and administering the ASH Fund.

The ASH Civil Adult Rehabilitation Program includes treatment units that specialize in providing services to adults who are civilly committed as a danger to themselves or others, gravely disabled or persistently and acutely disabled. Patients admitted to ASH under the Civil Adult Rehabilitation Program must first have completed a minimum of 25 days of treatment in a community inpatient setting prior to admission. Forensic patients at ASH are court-ordered for either pre-trial or post-trial treatment as a result of involvement with the criminal justice system due to a mental health issue. The Forensic Adult Program includes individuals who have been committed through a court-order as part of a criminal process for patients who either: 1) are being housed in one unit providing pre-trial evaluation, treatment and restoration to competency to stand trial; or 2) have been adjudicated guilty except insane and are serving a sentence under the jurisdiction of the Psychiatric Security Review Board ([A.R.S. Title 36, Chapter 2, Article 1](#)).

On January 4, 2022, the Joint Legislative Psychiatric Hospital Review Council (Council) adopted a series of recommendations related to ASH, including that the state consider whether ASH should be extricated from DHS and operated by an appointed board ([Council 2022 Final Report](#)).

There may be a fiscal impact to the state General Fund associated with this legislation.

Provisions

State Hospital Governing Board

1. Establishes the Board, consisting of five Governor-appointed members with experience in hospital or health care administration, to administer the laws of Arizona relating to ASH.

2. Transfers authorities, powers, duties and responsibilities relating to ASH from DHS to the Board.
3. Sets the length of the term of a Board-member at five years, to expire on the third Monday in January of the appropriate year.
4. Sets the initial terms of the members of the Board as follows:
 - a) one term ending on January 1, 2028;
 - b) two terms ending on January 1, 2029; and
 - c) subsequent terms as prescribed by statute.
5. Requires members of the Board to have at least one of the following qualifications:
 - a) held an executive level position at a psychiatric or acute care hospital;
 - b) administrative experience in a behavioral health facility;
 - c) held a clinical leadership position for a behavioral health services provider; or
 - d) administrative experience at a health plan that provides behavioral health services.
6. Requires Board members, prior to appointment by the Governor, to submit a full set of fingerprints for purposes of a state and federal criminal records check.
7. Requires Board member appointments to be confirmed by the Senate.
8. Prohibits Board members from:
 - a) having any familial relationship with a patient in any of the facilities located at ASH;
 - b) being a party to or represent any party in any current pending litigation against ASH or any of ASH's employees;
 - c) being on either the U.S. Inspector General's list of excluded individuals and entities or the U.S. General Services Administration's system for award management database;
 - d) being employed by or associated with another psychiatric or behavioral entity that may refer patients for admission to ASH;
 - e) having had a license or certification revoked by any health professional licensing board;
 - f) having any official communication with ASH patients or patient's families outside of Board meetings, unless otherwise authorized by the Board;
 - g) participating in any matter in which the member has a conflict of interest;
 - h) voting on any measure in which the Board member or a Board member's family has a pecuniary interest; and
 - i) missing more than one meeting within a six-month period.
9. Requires the Chairperson of the Independent Oversight Committee on ASH to serve as a non-voting member of the Board that is not counted for purposes of determining a quorum.
10. Requires the Board to meet at least once each month.
11. Requires Board members to sign an agreement to comply with all confidentiality requirements on matters of the Board.
12. Requires Board members to sign a conflict-of-interest statement identifying and disclosing any potential conflict of interest.

13. Allows the Governor to remove a Board member only with cause, based on written findings that specify the reason for removal.
14. Specifies that a Board member that is removed must be provided written notice and an opportunity to respond.
15. Stipulates that, if the Board does not have enough members to take official action, the following state employees, in the following order, must serve as emergency Board members:
 - a) the DHS Director, or the Director's designee;
 - b) the Director of the Arizona Health Care Cost Containment System, or the Director's designee;
 - c) the Director of the Department of Veterans' Services (DVS), or the Director's designee;
 - d) the Director of the Department of Economic Security (DES); or
 - e) the Chief Medical Officer or Medical Director from DHS, DVS or DES.
16. Specifies that Board members are eligible to receive compensation not exceeding \$200 per day for each day spent in the discharge of their duties, as well as all expenses incurred in attending meetings.
17. Allows members of the existing ASH governing body who are serving on the effective date to serve as advisory, nonvoting members of the Board.
18. Establishes the following duties of the Board:
 - a) reviewing, modifying and adopting Board bylaws at least every two years;
 - b) setting goals for ASH and for achieving these goals;
 - c) advising the ASH Director on facilities, maintenance, staffing, programs, services and policies;
 - d) ensuring compliance with standards for patients' rights;
 - e) reviewing and approving budget requests for the annual budget;
 - f) assisting in educating the community concerning the role of ASH;
 - g) ensuring coordination of services, programs and policies between ASH and community mental health care programs and facilities, including admission, discharge and aftercare;
 - h) reviewing and approving contracts for the use of ASH facilities for other programs, services and agencies;
 - i) ensuring that all Board members are provided with an orientation to ASH;
 - j) providing for ongoing, effective communication between the Board, ASH administration and ASH medical staff;
 - k) ensuring full disclosure of ownership and control of ASH;
 - l) participating in accreditation, certification and licensure processes;
 - m) being available to attend summation and exit conferences;
 - n) evaluating ASH's performance annually in relation to ASH's vision, mission and goals;
 - o) reviewing and approving the quality assurance and performance improvement plan and institutional plan and budget at least annually;
 - p) evaluating and modifying the staffing acuity plan at least annually;
 - q) ensuring full implementation of ASH's quality and assurance and performance improvement plan and providing feedback to ASH's departments and teams regarding improvement activities
 - r) requesting information to monitor the status of individual projects;
 - s) reviewing ASH reports;

- t) reviewing and approving ASH medical staff bylaws and medical staff rules and regulations to address self-governance and ensure that the staff is accountable for quality of medical care, treatment and services;
 - u) performing all functions and duties required for governance by the Joint Commission, the Centers for Medicare and Medicaid Services and DHS for state licensure;
 - v) reviewing reports of contractor performance for direct care patient services at least annually;
 - w) consulting directly with the ASH Chief Medical Officer periodically on matters related to the quality of medical care at ASH;
 - x) ensuring that systems are in place and operational at ASH for tracking all infection, surveillance, prevention and control, as well as antibiotic use activities, to demonstrate the implementation, success and sustainability of such activities; and
 - y) ensuring that all hospital-acquired infections and other infectious diseases, as well as antibiotic use issues, are addressed in collaboration with ASH quality assurance and performance improvement leadership.
19. Requires ASH to authorize, approve and support ASH medical staff by:
- a) reviewing credentials and approving or denying individual privileges;
 - b) approving individuals for medical staff membership after considering the recommendations of the existing medical staff;
 - c) ensuring that the criteria for staff selection include individual character, competence, training, experience and judgment and that staff membership or professional privileges at ASH are not accepted based solely on certification, fellowship or membership in a specialty body or society;
 - d) rendering the final determination concerning individual credentials and privileges;
 - e) prescribing termination procedures for medical staff;
 - f) prescribing fair hearing procedures at the medical executive committee level; and
 - g) providing for appeals of medical executive committee credentialing and privileging decisions to the Board.
20. Requires the Board, at least 30 days before issuing a request for proposals, to renovate or develop ASH property, to hold a public hearing to receive community and provider input regarding the highest and best use of the property.
21. Requires the Board to report, to the Joint Committee on Capital Review (JCCR), the terms, conditions and purpose of any lease or sublease agreement entered into relating to ASH lands or buildings or the disposition of real property, as well as the associated fiscal impact on the Board and any revenues generated by the agreement.
22. Requires JCCR to review any lease or sublease agreement entered into by the Board that relates to ASH lands or buildings or the disposition of real property.
- ASH Director***
23. Removes the role of the ASH Superintendent and assigns applicable duties and responsibilities to the ASH Director, under the supervision of the Board.
24. Specifies that the ASH Director is the ASH Chief Administrative Officer.
25. Requires the ASH Director to have hospital administrative experience in the private sector.

26. Establishes the State Hospital Donations Fund (Fund) for the benefit of ASH patients and requires the ASH Director to administer the Fund, which is continuously appropriated.
27. Requires any donations received by the Board for the benefit of ASH patients to be deposited in the Fund.
28. Allows the ASH Director, after consultation with the Arizona Department of Administration, to take all necessary steps to enhance the highest and best use of ASH property, including entering into short-term lease agreements with third parties to occupy or renovate existing buildings and entering into long-term lease agreements to develop the land and buildings.
29. Requires the ASH Director to deposit any monies collected from contracts and lease agreements into the ASH Charitable Trust Fund.

Miscellaneous

30. Allows the Department of Public Safety to exchange Board-member fingerprint data to the Federal Bureau of Investigation.
31. Specifies that this legislation does not alter the effect of any action or impair the valid obligations of DHS relating to ASH that existed before January 1, 2026.
32. States that DHS administrative rules and orders relating to ASH remain in effect until superseded by administrative action of the Board.
33. Specifies that all pending or completed matters of DHS relating to ASH, including contracts, orders and judicial actions, are transferred to the Board on January 1, 2026, and maintain the same status.
34. Specifies that all ASH-related certificates, licenses, registrations and permits issued by DHS, regardless of status, retain their validity for the duration of their respective terms.
35. Transfers all equipment, records, furnishings, data, investigative findings, obligations and appropriated monies that remain unused and unencumbered on January 1, 2026, to the Board.
36. Transfers all ASH-related DHS personnel to comparable positions and pay classifications in the administrative units of the Board.
37. Makes technical and conforming changes.
38. Becomes effective on January 1, 2026.

Amendments Adopted by Committee

- Makes technical changes.

Amendments Adopted by Committee of the Whole

1. Removes the limits on political party affiliation and county residence of Board members.

2. Allows members of the existing ASH governing body who are serving on the effective date to serve as advisory, nonvoting members of the Board.

Senate Action

HHS 2/13/24 DPA 7-0-0

Prepared by Senate Research

March 4, 2024

MM/sdr/slp