

REFERENCE TITLE: AHCCCS; occupational therapy; speech therapy

State of Arizona  
Senate  
Forty-eighth Legislature  
Second Regular Session  
2008

# **SB 1234**

Introduced by  
Senator Allen (By Request)

AN ACT

AMENDING SECTION 36-2907, ARIZONA REVISED STATUTES; RELATING TO THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 36-2907, Arizona Revised Statutes, is amended to  
3 read:  
4 36-2907. Covered health and medical services; modifications;  
5 related delivery of service requirements  
6 A. Unless modified pursuant to this section, contractors shall provide  
7 the following medically necessary health and medical services:  
8 1. Inpatient hospital services that are ordinarily furnished by a  
9 hospital for the care and treatment of inpatients and that are provided under  
10 the direction of a physician or a primary care practitioner. For the  
11 purposes of this section, inpatient hospital services excludes services in an  
12 institution for tuberculosis or mental diseases unless authorized under an  
13 approved section 1115 waiver.  
14 2. Outpatient health services that are ordinarily provided in  
15 hospitals, clinics, offices and other health care facilities by licensed  
16 health care providers. Outpatient health services include services provided  
17 by or under the direction of a physician or a primary care practitioner ~~but~~  
18 ~~do not include occupational therapy, or speech therapy for eligible persons~~  
19 ~~who are twenty-one years of age or older.~~ BEGINNING OCTOBER 1, 2008, AND  
20 PURSUANT TO RULES ADOPTED BY THE ADMINISTRATION, OUTPATIENT HEALTH SERVICES  
21 INCLUDE OCCUPATIONAL THERAPY AND SPEECH THERAPY.  
22 3. Other laboratory and x-ray services ordered by a physician or a  
23 primary care practitioner.  
24 4. Medications that are ordered on prescription by a physician or a  
25 dentist licensed pursuant to title 32, chapter 11. Beginning January 1,  
26 2006, persons who are dually eligible for title XVIII and title XIX services  
27 must obtain available medications through a medicare licensed or certified  
28 medicare advantage prescription drug plan, a medicare prescription drug plan  
29 or any other entity authorized by medicare to provide a medicare part D  
30 prescription drug benefit.  
31 5. Emergency dental care and extractions for persons who are at least  
32 twenty-one years of age.  
33 6. Medical supplies, equipment and prosthetic devices, not including  
34 hearing aids, ordered by a physician or a primary care practitioner or  
35 dentures ordered by a dentist licensed pursuant to title 32, chapter 11.  
36 Suppliers of durable medical equipment shall provide the administration with  
37 complete information about the identity of each person who has an ownership  
38 or controlling interest in their business and shall comply with federal  
39 bonding requirements in a manner prescribed by the administration.  
40 7. For persons who are at least twenty-one years of age, treatment of  
41 medical conditions of the eye excluding eye examinations for prescriptive  
42 lenses and the provision of prescriptive lenses.  
43 8. Early and periodic health screening and diagnostic services as  
44 required by section 1905(r) of title XIX of the social security act for  
45 members who are under twenty-one years of age.

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

9           10. Podiatry services performed by a podiatrist licensed pursuant to  
10 title 32, chapter 7 and ordered by a primary care physician or primary care  
11 practitioner.

12           11. Nonexperimental transplants approved for title XIX reimbursement.

13           12. Ambulance and nonambulance transportation.

14           B. Beginning on October 1, 2002, circumcision of newborn males is not  
15 a covered health and medical service.

16           C. The system shall pay noncontracting providers only for health and  
17 medical services as prescribed in subsection A of this section and as  
18 prescribed by rule.

19           D. The director shall adopt rules necessary to limit, to the extent  
20 possible, the scope, duration and amount of services, including maximum  
21 limitations for inpatient services that are consistent with federal  
22 regulations under title XIX of the social security act (P.L. 89-97; 79 Stat.  
23 344; 42 United States Code section 1396 (1980)). To the extent possible and  
24 practicable, these rules shall provide for the prior approval of medically  
25 necessary services provided pursuant to this chapter.

26           E. The director shall make available home health services in lieu of  
27 hospitalization pursuant to contracts awarded under this article. For the  
28 purposes of this subsection, "home health services" means the provision of  
29 nursing services, home health aide services or medical supplies, equipment  
30 and appliances, which are provided on a part-time or intermittent basis by a  
31 licensed home health agency within a member's residence based on the orders  
32 of a physician or a primary care practitioner. Home health agencies shall  
33 comply with the federal bonding requirements in a manner prescribed by the  
34 administration.

35           F. The director shall adopt rules for the coverage of behavioral  
36 health services for persons who are eligible under section 36-2901, paragraph  
37 6, subdivision (a). The administration shall contract with the department of  
38 health services for the delivery of all medically necessary behavioral health  
39 services to persons who are eligible under rules adopted pursuant to this  
40 subsection. The division of behavioral health in the department of health  
41 services shall establish a diagnostic and evaluation program to which other  
42 state agencies shall refer children who are not already enrolled pursuant to  
43 this chapter and who may be in need of behavioral health services. In  
44 addition to an evaluation, the division of behavioral health shall also  
45 identify children who may be eligible under section 36-2901, paragraph 6,

1 subdivision (a) or section 36-2931, paragraph 5 and shall refer the children  
2 to the appropriate agency responsible for making the final eligibility  
3 determination.

4 G. The director shall adopt rules for the provision of transportation  
5 services and rules providing for copayment by members for transportation for  
6 other than emergency purposes. Prior authorization is not required for  
7 medically necessary ambulance transportation services rendered to members or  
8 eligible persons initiated by dialing telephone number 911 or other  
9 designated emergency response systems.

10 H. The director may adopt rules to allow the administration, at the  
11 director's discretion, to use a second opinion procedure under which surgery  
12 may not be eligible for coverage pursuant to this chapter without  
13 documentation as to need by at least two physicians or primary care  
14 practitioners.

15 I. If the director does not receive bids within the amounts budgeted  
16 or if at any time the amount remaining in the Arizona health care cost  
17 containment system fund is insufficient to pay for full contract services for  
18 the remainder of the contract term, the administration, on notification to  
19 system contractors at least thirty days in advance, may modify the list of  
20 services required under subsection A of this section for persons defined as  
21 eligible other than those persons defined pursuant to section 36-2901,  
22 paragraph 6, subdivision (a). The director may also suspend services or may  
23 limit categories of expense for services defined as optional pursuant to  
24 title XIX of the social security act (P.L. 89-97; 79 Stat. 344; 42 United  
25 States Code section 1396 (1980)) for persons defined pursuant to section  
26 36-2901, paragraph 6, subdivision (a). Such reductions or suspensions do not  
27 apply to the continuity of care for persons already receiving these services.

28 J. Additional, reduced or modified hospitalization and medical care  
29 benefits may be provided under the system to enrolled members who are  
30 eligible pursuant to section 36-2901, paragraph 6, subdivision (b), (c), (d)  
31 or (e).

32 K. All health and medical services provided under this article shall  
33 be provided in the geographic service area of the member, except:

34 1. Emergency services and specialty services provided pursuant to  
35 section 36-2908.

36 2. That the director may permit the delivery of health and medical  
37 services in other than the geographic service area in this state or in an  
38 adjoining state if the director determines that medical practice patterns  
39 justify the delivery of services or a net reduction in transportation costs  
40 can reasonably be expected. Notwithstanding the definition of physician as  
41 prescribed in section 36-2901, if services are procured from a physician or  
42 primary care practitioner in an adjoining state, the physician or primary  
43 care practitioner shall be licensed to practice in that state pursuant to  
44 licensing statutes in that state similar to title 32, chapter 13, 15, 17 or  
45 25 and shall complete a provider agreement for this state.

1           L. Covered outpatient services shall be subcontracted by a primary  
2 care physician or primary care practitioner to other licensed health care  
3 providers to the extent practicable for purposes including, but not limited  
4 to, making health care services available to underserved areas, reducing  
5 costs of providing medical care and reducing transportation costs.

6           M. The director shall adopt rules that prescribe the coordination of  
7 medical care for persons who are eligible for system services. The rules  
8 shall include provisions for the transfer of patients, the transfer of  
9 medical records and the initiation of medical care.