

REFERENCE TITLE: AHCCCS; covered services

State of Arizona
Senate
Forty-eighth Legislature
First Regular Session
2007

SB 1526

Introduced by
Senators O'Halleran; Aboud; Representative Tobin

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.~~ PURSUANT TO RULES ADOPTED BY THE
20 ADMINISTRATION, OUTPATIENT HEALTH SERVICES INCLUDE OCCUPATIONAL THERAPY AND
21 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~~ DEFINED in section 36-2901, if services are procured from a
42 physician or primary care practitioner in an adjoining state, the physician
43 or primary care practitioner shall be licensed to practice in that state
44 pursuant to licensing statutes in that state similar to title 32, chapter 13,
45 15, 17 or 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.