

REFERENCE TITLE: **ALTCS; developmental disabilities; reimbursement rates**

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
First Regular Session  
2007

## **HB 2253**

Introduced by  
Representatives Adams: Anderson, Crandall

**AN ACT**

**AMENDING SECTION 36-2959, ARIZONA REVISED STATUTES; RELATING TO THE ARIZONA  
LONG-TERM CARE SYSTEM.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 36-2959, Arizona Revised Statutes, is amended to  
3 read:

4 36-2959. Reimbursement rates; capitation rates; annual review

5 A. The department shall contract with an independent consulting firm  
6 for an annual study of the adequacy and appropriateness of RATES ESTABLISHED  
7 PURSUANT TO SECTION 36-557 AND title XIX ~~reimbursement rates~~ to service  
8 providers for the developmentally disabled ~~program of both the Arizona~~  
9 ~~long-term care system and the state-only program~~ PROGRAMS ADMINISTERED BY THE  
10 DIVISION OF DEVELOPMENTAL DISABILITIES. THE DEPARTMENT SHALL NOT USE THE  
11 SAME CONSULTING FIRM FOR TWO CONSECUTIVE ANNUAL STUDIES. The consultant  
12 shall also include a recommendation for annual inflationary costs. The  
13 department may require, and the department's contracted providers shall  
14 provide, financial data to the department in the format prescribed by the  
15 department to assist in the study. A complete study of ~~reimbursement rates~~  
16 EACH RATE shall be completed AND THE NEW RATE IMPLEMENTED no less than once  
17 every five years AS MEASURED FROM THE LAST IMPLEMENTATION DATE OF THE RATE.  
18 THE DEPARTMENT SHALL NOT USE THE SAME CONSULTING FIRM FOR TWO CONSECUTIVE  
19 COMPLETE STUDIES. BEFORE BEGINNING A STUDY, THE CONSULTING FIRM SHALL  
20 SOLICIT COMMENTS FROM SERVICE PROVIDERS REGARDING CONCERNS IN THE PREVIOUS  
21 RATE METHODOLOGY. IN DETERMINING THE ADEQUACY OF THE RATES IN THE FIVE YEAR  
22 STUDY, THE CONSULTING FIRM SHALL EXAMINE IN DETAIL THE COSTS ASSOCIATED WITH  
23 THE DELIVERY OF SERVICES IN URBAN AND RURAL AREAS OF THIS STATE, INCLUDING  
24 PROGRAMMATIC, ADMINISTRATIVE AND INDIRECT COSTS.

25 B. Capitation rate adjustments shall be limited to utilization of  
26 existing services and inflation unless policy changes, including creation or  
27 expansion of programs, have been approved by the legislature or are  
28 specifically required by federal law or court mandate.

29 C. The administration shall contract with an independent consulting  
30 firm for an annual study of the adequacy and appropriateness of title XIX  
31 reimbursement rates to service providers for the elderly and physically  
32 disabled program of the Arizona long-term care system. The administration  
33 may require, and the administration's contracted providers shall provide,  
34 financial data to the administration in the format prescribed by the  
35 administration to assist in the study. A complete study of reimbursement  
36 rates shall be completed no less than once every five years. In determining  
37 the adequacy of the rates in the five year study, the consulting firm shall  
38 examine in detail the costs associated with the delivery of services,  
39 including programmatic, administrative and indirect costs in providing  
40 services in rural and urban Arizona.

41 D. The department and the administration shall provide each of their  
42 reports to the joint legislative budget committee and the administration by  
43 October 1 of each year.

1           E. The department shall include the results of the study in its yearly  
2           capitation rate request to the administration.

3           F. If results of the study are not completely incorporated into the  
4           capitation rate, the administration shall provide a report to the joint  
5           legislative budget committee within thirty days of setting the final  
6           capitation rate, including reasons for differences between the rate and the  
7           study.