



Health System Alliance of Arizona

Legislative Summary

2017 Legislative Session

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Introduction

The Health System Alliance of Arizona is an advocacy organization that represents the interests of large, integrated health systems across Arizona. Alliance membership includes Banner Health, Dignity Health, HonorHealth and Tenet Healthcare.

The members represented in the Alliance have more than 80 acute hospitals and medical facilities across the state and employ more than 50,000 Arizonans, encompassing nearly all segments of our healthcare economy including physicians, nurses, emergency care, pharmacy, rehabilitation centers, academic medicine and other ancillary services.

The mission of the Alliance is to provide advocacy, education and partnership to policymakers, business leaders and stakeholders to ensure a sustainable, quality-driven healthcare system for the benefit of Arizona communities.

The Alliance played an active role in a number of policy deliberations during the 2017 Legislative Session, lending its voice and expertise on a variety of healthcare topics. Specifically, the Alliance initiated discussions on how to address the liability that hospitals face when holding patients experiencing a behavioral health crisis in an emergency department pending court-ordered evaluation. These discussions have prompted a broad coalition of healthcare providers, advocates and stakeholders to engage in a deliberation on how to improve and streamline the Involuntary Process for patients in crisis in Arizona.

Additionally, the Alliance served as a stakeholder in the development of a new surprise billing resolution process in Arizona. The purpose of this process is to enable patients who receive services from an out-of-network provider in an in-network healthcare facility to have recourse for their unanticipated medical bills through an arbitration process to be coordinated by the Arizona Department of Insurance.

In addition to these initiatives, the Alliance successfully advanced legislation directing the Arizona Secretary of State to create a process by which healthcare providers may access the Advanced Directives Registry. The purpose of this legislation is to ensure that hospitals have the ability to search the Registry in instances of incapacitation to ensure that services are performed in accordance with patients' wishes.

This Legislative Summary provides a comprehensive listing of the various healthcare initiatives enacted during the 2017 Legislative Session. These bills have been divided into several categories: Budget, AHCCCS, Regulation & Licensure, Provision of Healthcare Services, Pharmacy, Public Health, and Workers' Compensation. Unless otherwise noted, the effective date for these bills is August 9, 2017.

Budget

SB1527 health; budget reconciliation; 2017-2018

AHCCCS Covered Services

- AHCCCS members may receive up to \$1000 per year in emergency dental care and extractions.
- Occupational therapy is an AHCCCS covered service.

Safety Net Care Pool

- The Safety Net Care Pool is extended for Phoenix Children's Hospital until 2020.

KidsCare

- KidsCare enrollment shall be frozen if the federal match for CHIP drops below 100%. Previous statute required that enrollment be frozen if the CHIP match was insufficient to cover enrollment costs, or eliminated.

State Agency Reporting Requirements

- AHCCCS must prepare a report on the non-emergency use of the emergency room by December 1, 2017.
- AHCCCS must prepare a report on the availability of inpatient psychiatric treatment for both adults and children through the Regional Behavioral Health Authority (RBHA) by January 2, 2018.
- AHCCCS is required to report on the feasibility of applying the 340B pricing requirements to hospitals from both a cost and technological perspective no later than November 1, 2017.
- AHCCCS and ADHS are required to report on hospital chargemaster transparency by January 2, 2018.

Legislative Intent: AHCCCS

- It is the intent of the Legislature that AHCCCS implement a program within its available appropriation.

Public Health Emergency Fund

- The Public Health Emergency Fund is established within the Department of Health Services to be utilized for public health emergencies after a declaration of emergency by the Governor.

AHCCCS

[SB1440 AHCCCS Clinical Oversight Committee \(Effective August 9, 2017\)](#)

The AHCCCS Director is required to establish the AHCCCS Clinical Oversight Committee composed of the Director, along with experts in behavioral health, data analytics, operations, finance and quality performance. The purpose of the Committee is to review clinical data from agency initiatives, including behavioral health initiatives, and populations. AHCCCS is required to report on Committee activities and quality outcomes by February 1st of each year.

REGULATION & LICENSURE

[HB2041 DHS; health care institutions; licensure \(August 9, 2017\)](#)

Health care institution licenses remain valid provided the licensee pays the licensure renewal fee by the annual deadline and ADHS does not suspend or revoke the license. Health care institution compliance inspections shall be held annually, rather than at least once during a licensure period. The Department is required to adopt rules to allow a licensee to select a single date to renew all institution licenses for which they are licensed.

[HB2075 radiation regulatory agency; DHS; transfer \(Effective January 1, 2018\)](#)

All authority, responsibility and duties currently held by the Arizona Radiation Regulatory Agency will be transferred to ADHS effective January 1, 2018. The Arizona Radiation Regulatory Hearing Board is terminated effective July 1, 2018 and the Radiation Regulatory Agency itself is repealed on January 1, 2019.

[HB2195 medical board; licensure; disciplinary action \(Effective August 9, 2017\)](#)

Applicants for medical board licensure are no longer required to submit information related to hospital affiliations.

A person who has surrendered a license or had a license revoked may apply for licensure by endorsement, rather than have to reapply for licensure through the initial application process.

The Medical Board is granted additional authority related to the temporary licensure of physicians, including the ability to suspend, revoke or withdraw an application for temporary licensure if an applicant misrepresents information as part of the temporary licensure process.

The Medical Board may require a physician whose license has been suspended due to substance abuse to complete the Board's treatment program without having committed a statutory violation.

[HB2271 occupational licensing; military members \(Effective August 9, 2017\)](#)

Members of the armed forces or National Guard may completely or partially meet licensure requirements for professional and occupational licenses and certificates if they are able to demonstrate that they satisfied licensure and certification requirements as part of their military training and career. Regulatory boards and agencies are granted a one year exemption from rule-making requirements for the purpose of promulgating rules related to the implementation of this act.

[SB1027 respiratory care examiners; continuation \(Effective July 1, 2017\)](#)

The Board of Respiratory Care Examiners is continued until July 1, 2025.

[SB1028 osteopathic board; continuation \(Effective July 1, 2017\)](#)

The Board of Osteopathic Examiners is continued until July 1, 2025.

[SB1235 podiatry; amputation \(Effective August 9, 2017\)](#)

Podiatrists are permitted to perform partial-foot amputations.

[SB1336 nurse anesthetists; prescribing authority; limitation \(Effective August 9, 2017\)](#)

Certified Nurse Anesthetists (CRNAs) may issue a prescription for a controlled substance outside of the immediate presence and direction of a physician or surgeon.

Physicians and surgeons are not liable for any act of omission that is committed by a CRNA prescribing in accordance with this authority.

[SB1362 dental board; dentists; dental hygienists \(Effective August 9, 2017\)](#)

Dental hygienists are permitted to perform interim therapeutic restorations and administer local anesthesia and nitrous oxide provided certain conditions and training requirements are satisfied.

Affiliated practice dental hygienists may perform authorized dental procedures outside the presence of a dentist, and without a dentist's exam, unless otherwise specified in the Affiliated Practice Agreement.

Allows a dental assistant to perform expanded functions provided they have been in practice for a minimum of ten years and have satisfied the examination and fee requirements for licensure.

[SB1367 abortion; live delivery; report; definition](#)

Physicians who perform abortions are required to provide a report to the Department of Health Services on the measures that were taken to maintain the life of the fetus or embryo when the fetus or embryo is delivered alive.

All clinical staff present during abortion procedures must provide a report to the Department of Health Services attesting under penalty of perjury to the fact that a fetus or embryo was not delivered alive.

The Director of the Department of Health Services is required to promulgate rules for hospitals and abortion clinics that perform abortions at twenty weeks or more gestational age to comply with the duty to preserve the life of a fetus or embryo that is delivered alive.

[SB1435 health care professionals; fingerprinting \(Effective August 9, 2017\)](#)

Osteopathic and allopathic physicians must submit a set of fingerprints to their respective boards by September 1, 2017 in order to obtain a state and federal criminal background check.

Applicants for licensure will be required to submit fingerprints as part of their application beginning September 1, 2017.

Individuals seeking licensure as a physical therapists and physical therapists who received training outside of the United States are required to obtain a fingerprint clearance card.

[SB1451 orthotics; prosthetics; standards \(Effective January 1, 2018\)](#)

Beginning January 1, 2018, custom orthotics and prosthetic devices must be furnished with a prescription by a fabricator or supplier that meets accreditation standards established by the Secretary of the Department of Health & Human Services and who is a qualified health care practitioner under federal law. These requirements do not apply to devices furnished by podiatrists; allopathic or osteopathic physicians; physical therapists; physicians assistants; and occupational therapists.

Providers who issue custom orthotic and prosthetic devices are prohibited from balance billing patients if the patient's insurance company denies a portion of the insurance claim for the device based on the device itself, or because the provider does not meet the requirements set forth in this act.

[SB1452 health profession regulatory boards \(Effective January 1, 2018\)](#)

There is a four-year statute of limitations for allegations of unprofessional conduct, except in cases of medical malpractice judgments or settlements; allegations of sexual misconduct; abuse of a controlled substance while practicing; or a licensee's nondisclosure of unprofessional conduct.

Regulatory boards are required to establish a process to publish a digital recording of all proceedings. Pending complaints and investigations are prohibited from being disclosed to the public; however, disciplinary proceedings must be made available on the Board's website.

Regulatory boards are authorized to establish programs for licensee's suffering from substance abuse or chemical dependency. Licensees who participate in these programs are responsible for program costs and fees.

PROVISION OF HEALTHCARE SERVICES

[HB2076 advanced directives registry; provider access \(Effective August 9, 2017\)](#)

The Secretary of State is required to establish a process by which a medical provider or emergency responder can access the Advanced Directive Registry no later than December 31, 2018.

[HB2196 residential care institutions; employment \(Effective August 9, 2017\)](#)

Authorized adult residential care facilities are permitted to employ recidivism reduction staff who have completed recidivism reduction services and who have completed a screening and background check.

Adult residents residing in these facilities may be referred to recidivism reduction services if they have been charged with or convicted of one or more criminal offenses; been referred by a probation officer; or been approved for placement by a licensed medical professional who works in recidivism reduction.

[HB2197 telemedicine; audio visual requirements \(Effective August 9, 2017\)](#)

The requirement that telemedicine audio and video capability meet standards outlined by the Centers for Medicare and Medicaid Services when a physical or mental health examination is conducted or for the purposes of filling a prescription during a telemedicine encounter is removed.

[HB2268 sexual assault evidence; submission; reports \(Effective August 9, 2017\)](#)

Timeframes and crime laboratory testing requirements are established for the retrieval, testing and entry of evidence in sexual assault cases, including a requirement that a health care institution notify law enforcement of the collection of evidence within 48 hours, with the written consent of the patient.

[HB237 victims; medical bills; prohibited acts \(Effective August 9, 2017\)](#)

A medical provider who accepts payment from the Victim's Compensation and Assistance Fund (VCAF) is deemed to have been paid in full if that provider has agreed to and accepted the VCAF payment for services.

These providers are prohibited from participating in debt collection activity if a person has filed a VCAF claim, until a determination of the claim status has been made.

[SB1128 hospital survey; exclusion; fetal death \(Effective August 9, 2017\)](#)

The Director of ADHS is required to promulgate rule to exclude questions related to fetal demise from the HCAHPS Survey.

The HCAHPS Survey shall not include patients who experience fetal demise until these rules are adopted.

[SB1325 nursing facilities; assisted living advertising \(Effective August 9, 2017\)](#)

Nursing facilities may not use the results of ADHS compliance surveys in advertisements unless certain disclosures and conditions are met.

[SB1439 end of life; discrimination; prohibition \(Effective August 9, 2017\)](#)

Discrimination against a health care entity based on the entity not providing or assisting or facilitating the provision of any item or service to cause or assist in causing the death of an individual is prohibited.

Health care entities are not held liable for refusing to provide an item or service to cause or assist in the death of an individual. Health care entities have a cause of action if they are discriminated against based on their withholding of assisted death or suicide services.

The exemption from withholding Cardio Pulmonary Resuscitation (CPR) is extended for patients with advanced medical directives.

[SB1441 insurers; health providers; claims arbitration \(Effective January 1, 2019\)](#)

A prescribed claims arbitration and resolution process is established for patients who receive covered health care services in excess of \$1000 from an out-of-network provider in an in-network health care institution. The Department of Insurance is responsible for coordinating and administering the claims resolution process and is authorized to contract with third-party arbitrators for the purpose of carrying out these requirements.

In order to seek resolution through the arbitration process, a patient must first participate in an informal settlement conference with the provider and the insurance company that is coordinated by the Department of Insurance.

Except in cases of emergency, including an services provided that are related to the emergency, out-of-network providers are required to provide patients with a disclosure detailing that the provider is out-of-network and the estimated cost of the health care service that will be provided. If the patient signs the disclosure, he or she agrees to pay the out-of-network cost of the service. If the patient does not sign the disclosure, the patient is eligible to participate in the claims settlement and arbitration process established by this act.

PHARMACY

[HB2031 pharmacy virtual manufacturers; virtual wholesalers \(Effective August 9, 2017\)](#)

“Virtual wholesalers” are added to the list of permittees that are regulated under the definitions “full service wholesale permittee” and “nonprescription drug wholesale permittee”. “Virtual manufacturers” are added to the list of permittees that are regulated under the definition of “manufacturer”.

[HB2032 pharmacy board; notice requirements \(Effective August 9, 2017\)](#)

Licensees and permittees that are regulated by the Board of Pharmacy are required to create and maintain a current online profile using the Board’s licensing software.

[HB2033 controlled substances; definition \(August 9, 2017\)](#)

The list of “dangerous drugs”, “narcotic drugs, and Schedule I drugs is expanded to include a number of additional drugs.

[HB2307 controlled substance prescription monitoring program \(Effective August 9, 2017\)](#)

It is now the responsibility of the medical practitioner, rather than the regulatory board to gain access to the Controlled Substance Monitoring Program (CSPMP). CSPMP registration must be completed biennially with an active Drug Enforcement Agency number and valid medical license.

AHCCCS may use information in the CSPMP to complete utilization review, to combat opioid overuse and abuse, and for ensuring continuity of care.

[HB2308 pharmacy board; logistics providers; permits \(Effective August 9, 2017\)](#)

A third-party logistics provider who engages in the logistics of over-the-counter dangerous drugs or devices in Arizona must obtain a permit from the Pharmacy Board. The provider must comply with outlined storage and inspection requirements, to have representatives obtain a fingerprint clearance card and provide the Board with a list of all manufacturers, distributors and dispensers for whom the provider provides services.

[HB2382 pharmaceuticals; misbranding; enforcement prohibited \(Effective August 9, 2017\)](#)

A drug manufacturer may engage in truthful promotion of the off-label use of a drug. Provided the promotion is truthful, no enforcement action may be taken against the manufacturer. Health insurance companies and third party payors are not required to cover drugs for off-label use.

[SB1023 dispensers; prescription drug monitoring \(Effective August 9, 2017\)](#)

Schedule V drugs are added to the list of drugs that must be reported through the Controlled Substances Prescription Monitoring Program (CSPMP).

ADHS is permitted to utilize the CSPMP to implement a health response to combat opioid abuse and overuse.

[SB1029 pharmacy board; licensure; fees \(Effective August 9, 2017\)](#)

The licensure period for a pharmacy technician trainee is extended from 24 to 36 months. Trainee licenses may not be renewed or reissued.

The Board of Pharmacy is exempt from rule-making for a period of one year to promulgate rules to address licenses for technician trainees issued prior to the effective date of this act.

[SB1134 pharmacy board; required permitting; violation \(Effective August 9, 2017\)](#)

Individuals who sell narcotics; controlled substances; prescription-only drugs or devices; nonprescription drugs; precursor chemicals; nonprescription chemicals; or restricted chemicals in Arizona must obtain a Board-issued permit. Failure to obtain the required permit will result in a civil penalty up to \$1000.

[SB1269 pharmacists; scope of practice \(August 9, 2017\)](#)

Pharmacists' scope of practice is expanded to include dispensing of emergency refills for certain medications, prescription and dispensing of tobacco cessation drug therapies and prescription and administration of oral fluoride varnish, provided prescribed training and dispensing requirements are met.

[SB1377 controlled substances; approved medications \(Effective August 9, 2017\)](#)

Compounds, mixtures or preparations containing cannabidiol are added to the Controlled Substances Act, conditional upon the approval of cannabidiol as a prescription medication under federal law or regulation by January 1, 2020.

Public Health

[HB2042 DHS; fingerprinting requirements \(Effective August 9, 2017\)](#)

Volunteers who provide medical services, nursing services, behavioral health services or health related services in a residential care or nursing care institution or a home health agency are required to obtain a fingerprint clearance card within 20 days of starting volunteer service. Employees and contractors may apply for a good cause exception from this requirement if they are working under the supervision of an employee who meets the fingerprinting requirement.

[HB2043 state hospital; property leases \(Effective August 9, 2017\)](#)

The Director of ADHS is authorized to enter into short or long-term lease agreements with private entities for the development and use of properties on the grounds of the Arizona State Hospital. Proceeds from any lease agreements executed in accordance with this act must be deposited into the Arizona State Hospital Charitable Trust Fund.

[HB2205 DHS; commissions; task force; repeal \(Effective August 9, 2017\)](#)

The Arizona Biomedical Research Commission and the Advisory Health Council are repealed.

The statutes governing the Prostate Cancer Task Force are repealed.

[HB2493 drug overdose; review team; confidentiality \(Effective August 9, 2017\)](#)

The Drug Overdose Review Team is established consisting of representatives from AHCCCS, ADHS, the Attorney General's Office, ADES, the Governor's Office of Youth, Faith and Families, ADOC, the Council of Human Service Providers and DPS. In addition, the Director of ADHS is required to appoint specified healthcare providers and representatives to participate including physicians, hospitals, substance abuse and behavioral health professionals.

The purpose of the Drug Overdose Review Team is to develop a drug fatalities data collection system; conduct an annual analysis on the incidence of drug fatalities in Arizona and develop protocols for drug fatality investigations.

Pharmacists are permitted to dispense Naloxone for the purpose of reversing drug overdoses under a standing order instead of a prescription.

[SB1201 medical examiner; communicable diseases; disclosure \(Effective August 9, 2017\)](#)

A medical examiner is required to provide a blood sample of a deceased person for the purpose of communicable disease testing if the blood is available and the testing won't interfere with the medical examination and autopsy.

A good Samaritan who had contact with the deceased individual may petition the court for testing of communicable diseases if he or she has reason to believe the deceased individual had a communicable disease or if there was contact with the deceased's bodily fluids.

[SB1368 newborn screening; fees \(Effective August 9, 2017\)](#)

The maximum fee for the newborn screening programs initial screening test is increased from \$30 to \$36.

Workers Compensation

[SB1332 workers' compensation; settlement; travel expenses \(Effective August 9, 2017\)](#)

The existing requirements of a final settlement agreement in a workers' compensation case, including that the agreement only covers known conditions described in the agreement are repealed. Effective November 1, 2017, an interested party in a workers' compensation claim may settle and release all or part of an accepted claim for compensation, benefits, penalties or interest; and negotiate a full and final settlement agreement if the period of disability is terminated by the carrier, self-insured employer or Industrial Commission of Arizona.

2017 Legislative Membership

Senate Members

<u>Member</u>	<u>District</u>
Steve Yarbrough <i>President</i>	17
Kimberly Yee <i>Majority Leader</i>	20
Gail Griffin <i>Majority Whip</i>	14
Katie Hobbs <i>Minority Leader</i>	24
Steve Farley <i>Assistant Minority Leader</i>	9
Martin Quezada <i>Minority Whip</i>	29
Lupe Contreras <i>Minority Whip</i>	19
Nancy Barto	15
Sonny Borrelli	5
Sean Bowie	18
David Bradley	10
Kate Brophy McGee	28
Judy Burges	22
Olivia Cajero Bedford	3
Andrea Dalessandro	2
Karen Fann	1
David C. Farnsworth	16
John Kavanagh	23
Debbie Lesko	21
Juan Mendez	26
Robert Meza	30
Catherine Miranda	27
Steve Montenegro	13
Lisa Otondo	4
Jamescita Peshlakai	7
Warren Petersen	12
Frank Pratt	8
Martin Quezada	29
Steve Smith	11
Bob Worsley	25

2017 Legislative Membership
House of Representatives Members

<u>Member</u>	<u>District</u>
J.D. Mesnard <i>Speaker of the House</i>	17
T.J. Shope <i>Speaker Pro Tempore</i>	13
John Allen <i>Majority Leader</i>	15
Kelly Townsend <i>Majority Whip</i>	16
Rebecca Rios <i>Minority Leader</i>	27
Randy Friese <i>Assistant Minority Leader</i>	9
Charlene Fernandez <i>Minority Whip</i>	4
Lela Alston	24
Richard C. Andrade	29
Brenda Barton	6
Wenona Benally	7
Isela Blanc	26
Reginald Bolding Jr.	27
Russell "Rusty" Bowers	25
Paul Boyer	20
Kelli Butler	28
Noel W. Campbell	1
Mark A. Cardenas	19
Heather Carter	15
Cesar Chavez	29
Ken Clark	24
Todd Clodfelter	10
Regina Cobb	5
Doug Coleman	16
David Cook	8
Eric Descheenie	7
Kirsten Engel	10
Mitzi Epstein	18
Diego Espinoza	19
Eddie Farnsworth	12
Mark Finchem	11
Rosanna Gabaldón	2

Sally Ann Gonzales	3
Travis Grantham	12
Daniel Hernandez	2
Drew John	14
Anthony Kern	20
Jay Lawrence	23
Vince Leach	11
David Livingston	22
Ray Martinez	30
Darin Mitchell	13
Paul Mosley	5
Tony Navarette	30
Jill Norgaard	18
Becky Nutt	14
Kevin Payne	21
Pamela Powers Hanley	9
Tony Rivero	21
Jesus Rubacalva	4
Macario Saldate	3
Athena Salman	26
Don Shooter	13
David Stringer	1
Maria Syms	28
Bob Thorpe	6
Ben Toma	22
Michelle Udall	25
Michelle B. Ugenti-Rita	23
Jeff Weninger	17