

STATE OF ARIZONA

Joint Legislative Budget Committee

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ANNA TOVAR

MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

June 9, 2011

The Chairman called the meeting to order at 9:30 a.m., Thursday, June 9, 2011, in House Hearing Room 4. The following were present:

Members:	Representative Kavanagh, Chairman	Senator Biggs, Vice-Chairman
	Representative Alston	Senator Aboud
	Representative Court	Senator Cajero Bedford
	Representative Harper	Senator Klein
	Representative Jones	Senator Murphy
	Representative Tovar	Senator Yarbrough
Absent:	Representative Fillmore	Senator Crandall
	Representative Heinz	

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of April 14, 2011, Chairman John Kavanagh stated that the minutes would stand approved.

REVIEW OF REQUESTED EXCHANGE OF FUND TRANSFERS.

Mr. Stefan Shepherd, JLBC Staff, stated that the FY 2011 General Appropriation Act (Laws 2010, 7th Special Session, Chapter 1, Section 114 and Laws 2011, Chapter 24, Section 109) require that the Joint Legislative Budget Committee review agency requests to transfer monies between their own funds in order to comply with transfers to the General Fund required by these acts. The requested exchange of transfers consisted of:

Arizona Department of Administration (ADOA) - A transfer of \$1,090,000 from the Risk Management Fund into the Telecommunications Fund.

Arizona Department of Education - Transfers of \$791,900 from the Special Education Fund into the Internal Services Fund, \$355,800 from the Special Education Fund into the Production Revolving Fund and \$372,500 from the Special Education Fund into the Teacher Certification Fund.

(Continued)

Arizona Department of Environmental Quality (ADEQ)

- \$800,000 from the Air Quality Fund into the Indirect Cost Fund,
- \$500,000 from the Underground Storage Tank Revolving Fund into the Indirect Cost Fund,
- \$37,300 from the Underground Storage Tank Revolving Fund into the Institutional and Engineering Control Fund,
- \$60,600 from the Underground Storage Tank Revolving Fund into the Solid Waste Fee Fund,
- \$250,000 from the Underground Storage Tank Revolving Fund into the Solid Waste Fee Fund, and
- \$317,300 from the Underground Storage Tank Revolving Fund into the Solid Waste Fee Fund.

Arizona State Parks Board (SPB) - Transfer of \$1,491,100 from the State Parks Enhancement Fund into the State Lake Improvement Fund (SLIF).

Department of Transportation - Transfer of \$851,400 from the Transportation Department Equipment Fund into the Arizona Highways Magazine Fund.

The JLBC Staff presented options to the Committee.

Mr. Jim Buster, Legislative Liaison, ADEQ, responded to member questions.

Senator Biggs moved that the Committee give a favorable review of the agency request with the following modifications: 1) the transfers into the Solid Waste Fee Fund for ADEQ be limited to \$369,500 with an unfavorable review of any transfers above that amount, and 2) a favorable review of SPB's transfer of \$1,491,100 into SLIF, with the request that SPB submit their internal and external SLIF capital projects for review to the Joint Committee on Capital Review. The motion carried.

AHCCCS - Review of Revised Acute Care Capitation Rate Changes - Agency Request.

Ms. Amy Upston, JLBC Staff, stated that this item is a review of the AHCCCS revised capitation rates for Acute Care, Long Term Care, and Children's Rehabilitation Services effective April 1, 2011. AHCCCS' new capitation rates lowered many of the provider rates by (5)%. The JLBC Staff presented options to the Committee.

Senator Klein requested that AHCCCS provide additional information on hospital emergency room usage.

Ms. Shelli Silver, Assistant Director, AHCCCS, responded to member questions.

Ms. Jennifer Carusetta, Chief Legislative Liaison, AHCCCS, responded to member questions.

Representative Kavanagh moved that the Committee give a favorable review to AHCCCS's proposed Acute Care, Long Term Care, and Children's Rehabilitative Services capitation rate changes effective April 1, 2011. The motion carried.

ATTORNEY GENERAL - Review of Allocation of Settlement Monies.

Ms. Marge Zylla, JLBC Staff, stated that this item is a review of a \$2,093,300 allocation to the Attorney General from the AstraZeneca Pharmaceuticals settlement. The JLBC Staff recommended a favorable review.

Senator Biggs moved that the Committee give a favorable review of the allocation plans from the AstraZeneca Pharmaceuticals settlement. The motion carried.

(Continued)

EXECUTIVE SESSION

Senator Biggs moved that the Committee go into Executive Session. The motion carried.

At 10:05 a.m. the Joint Legislative Budget Committee went into Executive Session.

Senator Biggs moved that the Committee reconvene into open session. The motion carried.

At 11:15 a.m. the Committee reconvened into open session.

A. Arizona Department of Administration, Risk Management Services - Consideration of Proposed Settlements under Rule 14.

Senator Biggs moved that the Committee approve the recommended settlement proposals by the Attorney General's Office in the cases of:

- *Li, Zhang, Shen v. State of Arizona*
- *Brown v. State of Arizona*

The motion carried.

B. Arizona Department of Administration - Review for Committee the Planned Contribution Strategy for State Employee and Retiree Health Plans as Required under A.R.S. § 38-658A.

Senator Biggs moved that the Committee recommend that ADOA provide additional analysis on several topics by December 1, 2011. This submission is to include: 1) an updated Health Insurance Trust Fund balance, 2) additional options for encouraging greater use of Health Savings Accounts, and 3) an actuarial analysis of savings from converting to a self-insured dental plan.

The motion carried.

Without objection, the meeting adjourned at 11:17 a.m.

Respectfully submitted:

Sandy Kelley, Secretary

Richard Stavneak, Director

Representative John Kavanagh, Chairman