

STATE OF ARIZONA

**Joint Legislative Budget Committee**

STATE  
SENATE

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**MINUTES OF THE MEETING**

**JOINT LEGISLATIVE BUDGET COMMITTEE**

October 4, 2012

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The Chairman called the meeting to order at 1:10 p.m., Thursday, October 4, 2012, in Senate Appropriations Room 109. The following were present:

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

**APPROVAL OF MINUTES**

Hearing no objections from the members of the Committee to the minutes of June 26, 2012, Chairman Don Shooter stated that the minutes would stand approved.

**ARIZONA DEPARTMENT OF ADMINISTRATION**

**A. Review of Dental Self-Insurance Plan and Planned Contribution Strategy for State Employee and Retiree Dental Plans.**

Ms. Amy Upston, JLBC Staff, stated that this item is a review of the Arizona Department of Administration (ADOA) self-funded dental plan and dental contribution strategy for state employees. The Committee reviewed the health insurance plans at its meeting of June 26, 2012 but the details of the dental plan were not yet available. The JLBC Staff presented options to the Committee.

*Representative Kavanagh moved that the Committee give a favorable review to the proposed ADOA dental self-funded program and the planned contribution strategy. The motion carried.*

(Continued)

**B. Review of Automation Projects Fund FY 2013 Expenditure Plan.**

Mr. Brett Searle, JLBC Staff, stated that this item is a review of \$830,000 in proposed FY 2013 expenditures from the Automation Projects Fund for an Arizona Health Care Cost Containment System (AHCCCS) security enhancement project. The FY 2013 Government Budget Reconciliation Bill established the Automation Projects Fund which is administered by ADOA. The JLBC Staff presented options to the Committee.

Mr. Scott Smith, Director, ADOA, and Deputy Chief of Staff to Governor Brewer, responded to member questions and statements.

Mr. Aaron Sandeen, Deputy Director, ADOA, and State Chief Information Officer, responded to member questions and statements.

*Representative Kavanagh moved that the Committee give a favorable review of the ADOA expenditure plan, with the provision that the AHCCCS project be subject to approval by the Arizona Strategic Enterprise Technology Offices (ASET). The motion carried.*

**AHCCCS/DEPARTMENT OF ECONOMIC SECURITY - Review of Proposed Capitation Rate Changes.**

Ms. Amy Upston, JLBC Staff, stated that this item is a review of Medicaid capitation rates for AHCCCS and the Department of Economic Security (DES). The JLBC Staff presented options to the Committee and answered questions from members.

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

*Representative Kavanagh moved that the Committee give a favorable review to the proposed AHCCCS/DES Acute Care, Long-Term Care for the Elderly and Physically Disabled, Long-Term Care for the Developmentally Disabled, and Children's Rehabilitative Services capitation rate changes, with rates set for the beginning of the contract year. The motion carried.*

In addition, the Committee would like AHCCCS to provide the JLBC with information on how many people are expected to be receiving the new treatment for Hepatitis C, and further what the cost of a liver transplant is for one individual.

**DEPARTMENT OF HEALTH SERVICES - Review of Behavioral Health Medicaid Capitation Rate Changes.**

Mr. Art Smith, JLBC Staff, stated that this item is a review of Medicaid behavioral health capitation rates for the Department of Health Services (DHS). The JLBC Staff presented options to the Committee.

*Representative Kavanagh moved that the Committee give a favorable review to the proposed Medicaid Behavioral Health Program Capitation rate changes for DHS, with rates set for the beginning of the contract year. The motion carried.*

**ATTORNEY GENERAL - Review of Allocation of Settlement Monies.**

Mr. Andrew Hartsig, JLBC Staff, stated that this item is a review of the Attorney General's (AG) expenditure plan for a total of \$215,100 from 2 settlements: 1) a \$100,000 allocation to the AG from a consent judgment with QuinStreet, Inc., the former owner of the website *GIBill.com*; and 2) a \$115,100 settlement from a consent judgment with Skechers USA, Inc., a footwear company. The JLBC Staff recommended a favorable review of this item.

(Continued)

*Representative Kavanagh moved that the Committee give a favorable review of the AG allocation plans from the \$100,000 consent judgment with QuinStreet, Inc. and the \$115,100 settlement with Skechers USA, Inc. The motion carried.*

**ARIZONA DEPARTMENT OF CORRECTIONS - Review of FY 2012 Bed Capacity Report.**

Mr. Brett Searle, JLBC Staff, stated this item is for a review of the Arizona Department of Corrections (ADC) FY 2012 bed capacity report. The report also explains the reasons for any changes in the level of bed capacity during the past year. The JLBC Staff presented options to the Committee and answered questions from members.

Mr. Chuck Ryan, Director, ADC, responded to member questions.

*Representative Kavanagh moved that the Committee give a favorable review of the ADC FY 2012 bed capacity report. The motion carried.*

In addition, the Committee would like ADC to provide JLBC members with information on building deficiencies at the Cheyenne Unit.

**ARIZONA BOARD OF REGENTS - Review of FY 2013 Tuition Revenues.**

Ms. Leatta McLaughlin, JLBC Staff, stated this item is for a review of the Arizona Board of Regents (ABOR) tuition collections. The JLBC Staff presented options to the Committee and answered questions from members.

Ms. Christine Thompson, Assistant Vice President for Government Relations, ABOR, responded to member questions.

*Representative Kavanagh moved that the Committee give a favorable review of the ABOR expenditure plan for tuition revenue amounts appropriated by the Legislature, and all non-appropriated tuition and fee revenue expenditures for the current fiscal year. The motion carried.*

**REVIEW OF AGENCY LEGAL SERVICES CHARGES**

Ms. Marge Zylla, JLBC Staff, stated this item was for a review of technical changes to agency payments for the legal services charges that go to the AG's office.

*Representative Kavanagh moved that the Committee give a favorable review of the of the fund source reports for the AG legal services charges with the provision that the following 4 agencies be exempt from the charge: Office of Tourism, School Facilities Board, Governor's Office of Equal Opportunity, and the State Mine Inspector. The motion carried.*

The payment ability of another agency, the Department of Emergency and Military Affairs (DEMA), will be resolved at a later date.

Without objection, the meeting adjourned at 2:10 p.m.

Respectfully submitted:

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Alanna Carabott, Secretary

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Richard Stavneak, Director

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Senator Don Shooter, Chairman

NOTE: A full audio recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams.  
A full video recording of this meeting is available at <http://www.azleg.gov/jlbc/meeting.htm>.