ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

# COMMITTEE ON REGULATORY AFFAIRS

Report of Regular Meeting
Wednesday, March 20, 2024
House Hearing Room 5 -- 2:00 P.M.

MINUTES RECEIVED
CHIEF CLERK'S OFFICE
3/22/24

**Convened** 2:27 P.M.
**Recessed**
**Reconvened**
**Adjourned** 3:32 P.M.

**Members Present**
Representative Crews
Representative Hernandez
Representative Liguori
Representative Payne
Representative Peña
Representative McGarr, Vice-Chairman
Representative Hendrix, Chairman

**Members Absent**

**Agenda**
Original Agenda – Attachment 1

**Request to Speak**
Report – Attachment 2

**Committee Attendance**
Report – Attachment 3

**Committee Action**

| Bill | Action | Vote | Attachments |
|---|---|---|---|
| SB1164 | DPA | 7-0-0-0 | 4, 5, 6 |
| SB1163 | DP | 7-0-0-0 | 7, 8 |
| SB1154 | FAILED | 2-5-0-0 | 9, 10 |
| SB1016 | DP | 6-1-0-0 | 11, 12 |
| SB1634 | DP | 4-3-0-0 | 13, 14 |

Julie Ryberg, Committee Secretary
March 22, 2024

(Original attachments on file in the Office of the Chief Clerk; video archives available at http://www.azleg.gov)

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

Convened 2:27 pm
Adjourned 3:32 pm

REGULAR MEETING AGENDA

# COMMITTEE ON REGULATORY AFFAIRS

DATE Wednesday, March 20, 2024 ROOM HHR 5 TIME 2:00 P.M.

Members of the public may access a livestream of the meeting here:
https://www.azleg.gov/videoplayer/?clientID=6361162879&eventID=2024031078

Members:

| | | |
|---|---|---|
| Representative Crews | Representative Payne | Representative McGarr, Vice-Chairman |
| Representative Hernandez A | Representative Peña | Representative Hendrix, Chairman |
| Representative Liguori | | |

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| | Bills | | Short Title | Strike Everything Title |
|---|---|---|---|---|
| 4 | SB1016 | DP | homeowners' associations; flagpoles | |
| | | | (Kavanagh) | |
| | | 6-1-0-0 | RA, RULES | |
| 3 | SB1154 | Failed | dental board; dental hygienists | |
| | | | (Shamp) | |
| | | 2-5-0-0 | RA, RULES | |
| 2 | SB1163 | DP | homeopathic medicine; integrated medicine; qualifications(now: homeopathic medicine; qualifications) | |
| | | 7-0-0-0 | (Shamp: Burch) | |
| | | | RA, RULES | |
| 1 | SB1164 | DPA | pharmacy benefits; coverage; exemptions(now: pharmacy benefits; coverage) | |
| | | | (Shamp: Burch) | |
| | | 7-0-0-0 | RA, APPROP, RULES | |
| 5 | *SB1634 | DP | nonhealth regulatory boards; challenges; prohibition | |
| | | | (Hoffman) | |
| | | 4-3-0-0 | RA held 0-0-0-0-0, RULES | |

* On previous agenda

**ORDER OF BILLS TO BE SET BY THE CHAIRMAN**

RA
03/14/2024

**People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032 or through Arizona Relay Service 7-1-1.**



Attachment 1

# Information Registered on the Request to Speak System

*House Regulatory Affairs (3/20/2024)*

## SB1016, homeowners' associations; flagpoles

### Testified in support:
Dennis J Legere, ARIZONA HOMEOWNERS COALITION

### Support:
Paul Fitch, representing self; Carolyn Wefsenmoe, representing self

### All Comments:
Dennis J Legere, ARIZONA HOMEOWNERS COALITION: Simple bill to address unreasonable restriction from an association to ban a veteran's widow from flying both a US Flag and Marine corps flag at the same time to honor her husband.

## SB1154, dental board; dental hygienists

### Testified in support:
Jessie Armendt, ARIZONA DENTAL HYGIENISTS' ASSOCIATION

### Testified as opposed:
Ryan Edmonson, AZ STATE BOARD OF DENTAL EXAMINERS; Regina Cobb, representing self

### Support:
Cody Hruby, ARIZONA DENTAL HYGIENISTS' ASSOCIATION

### Oppose:
Jason Barraza, Associate Director, Arizona Dental Association; Ryan Sullivan, Arizona Dental Association

### All Comments:
Cody Hruby, ARIZONA DENTAL HYGIENISTS' ASSOCIATION: Speak if necessary; Regina Cobb, Self: Arizona Dental Associaton

## SB1163, homeopathic medicine; integrated medicine; qualifications (NOW: homeopathic medicine; qualifications)

### Testified in support:
David Geriminsky, representing self; Shannon Whiteaker, (AHIMA) Arizona Homeopathic And Integrated Medicine Association, ARIZONA CHIROPRACTIC DEFENSE FEDERATION, Envita Medical Centers, Phoenix Institute Of Herbal Medicine & Acupuncture (PIHMA), College & Clinic.

Attachment 2

## Support:

Catherine Niemiec, President PIHMA Acupuncture College, representing self; Lisa Platt, representing self; Mario Fontes, representing self

## Oppose:

Donalda Bond, representing self

## All Comments:

David Geriminsky, Self: Executive Director for Board of Homeopathy and Board of Acupuncture.; Catherine Niemiec, President PIHMA Acupuncture College, Self: This Jobs bill benefits the state with creation of greater access for patients to qualified practitioners. It is a much needed cleanup bill for the board. Strengthening this board supports the entire state of Arizona with qualified practitioners.; Mario Fontes, Self: President/Chairman of Homeopathic and Integrated Medicine Board

# SB1164, pharmacy benefits; coverage; exemptions (NOW: pharmacy benefits; coverage)

## Testified in support:

Dianne McCallister, ARIZONA PHARMACY BUSINESS COUNCIL, AZ PHARMACY ASSOCIATION; Chaz Gilbert, representing self

## Testified as neutral:

Kelsey Lundy, Pharmaceutical Care Management Association (PCMA)

## Support:

Dominic Braham, NATIONAL MULTIPLE SCLEROSIS SOCIETY; Judy Wilson, representing self; Maura Crossin, representing self; Brian Hummell, American Cancer Society Cancer Action Network; Steve Barclay, Arizona Bleeding Disorders, MAYO CLINIC ARIZONA

## Neutral:

Marc Osborn, AMERICA'S HEALTH INSURANCE PLANS (AHIP)

## All Comments:

Dominic Braham, NATIONAL MULTIPLE SCLEROSIS SOCIETY: When a person living with MS loses access to the treatment that best controls their disease progression, they may experience loss of function and possibly irreversible increase in disability. The National MS Society supports SB1164.; Judy Wilson, Self: I am a person with MS and I support this bill regarding non-medical switching. It is very important that members understand the possible outcomes of using non-medical switching with MS Disease Modifying Drugs; Brian Hummell, American Cancer Society Cancer Action Network: Protects patients ability to receive medications that make them medically stable; Kelsey Lundy, Pharmaceutical Care Management Association (PCMA): Neutral w/ Payne Amendment; Marc Osborn, AMERICA'S HEALTH INSURANCE PLANS (AHIP): Working with the sponsor on some small additional amendments for appropriations committee. We appreciate the stakeholder process.

# SB1634, nonhealth regulatory boards; challenges; prohibition

## Oppose:

Kenneth Bierman, representing self; Dianne Post, representing self; Kathleen Pettycrew, representing self; Sharon Lee, representing self; Martha O'Connor, representing self; Kathleen Dubbs, representing self; Carol Waymire, representing self

## All Comments:

Dianne Post, Self: Attempt to hamstring the regulatory process.

# ARIZONA STATE LEGISLATURE
Fifty-sixth Legislature - Second Regular Session

## COMMITTEE ATTENDANCE RECORD

COMMITTEE ON **REGULATORY AFFAIRS**

CHAIRMAN: Laurin Hendrix VICE-CHAIRMAN: Cory McGarr

| | DATE | 03/20/24 | /24 | /24 | /24 | /24 |
|---|---|---|---|---|---|---|
| | CONVENED | 2:27 pm | m | m | m | m |
| | RECESSED | | | | | |
| | RECONVENED | | | | | |
| | ADJOURNED | 3:32 pm | | | | |
| MEMBERS | | | | | | |
| Crews | | ✓ | | | | |
| Hernandez A | | ✓ | | | | |
| Liguori | | ✓ | | | | |
| Payne | | ✓ | | | | |
| Peña | | ✓ | | | | |
| McGarr, Vice-Chairman | | ✓ | | | | |
| Hendrix, Chairman | | ✓ | | | | |

√ Present --- Absent exc Excused

Attachment 3

# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

**Senate:** FICO DPA 7-0-0-0 | APPROP DPA S/E 7-2-0-0 | 3rd Read 27-1-2-0

## SB 1164: pharmacy benefits; coverage
## Sponsor: Senator Shamp, LD 29
## Committee on Regulatory Affairs

**Overview**

Effective December 31, 2024, outlines the prohibitions, limitations and permissive actions for a health care provider (provider), health care insurer (insurer), Pharmacy Benefits Manager (PBM) and the covered individual. Establishes a process to review and determine a prescription drug coverage exemption.

**History**

Statute outlines the procedures for in-person and desktop audits performed by an auditing entity working on behalf of an insurer or PBM for the purposes of auditing drug claims adjudicated by pharmacies. The auditing entity must deliver a preliminary audit report to the pharmacy within 60 days after the conclusion of the audit. A pharmacy is allowed at least 30 days after receipt of the preliminary audit to provide documentation to address any discrepancy found in the audit. Unless otherwise required by state or federal law, audit information may not be shared with any entity other than the insurer on whose behalf the audit was conducted (A.R.S. §§ 20-3322-3323).

The Department of Insurance and Financial Institutions (DIFI) regulates and monitors insurance companies and professionals operating in Arizona to protect the public and help ensure that these entities follow state and federal laws (Ariz. Const. § 15-5). Beginning January 1, 2025, PBMs must apply and pay a fee to DIFI for a valid certificate of authority to operate as a PBM who performs services for a health plan subject to state jurisdiction (A.R.S. § 20-3333). A PBM is a person, business or entity that manages the prescription drug coverage provided by a contracted insurer or other third-party payor. Responsibilities include the processing and payment of claims for prescription drugs, the performance of drug utilization review, the processing of drug prior authorization requests, the adjudication of appeals related to prescription drug coverage, contracting with network pharmacies and controlling the cost of covered prescription drugs (A.R.S. § 20-3321).

**Provisions**

1. States that if a PBM enters into an agreement with a health care insurer (insurer) to provide pharmacy benefit management services (services), the PBM:
   a) cannot limit or exclude prescription drug coverage for a covered individual who takes a specific prescription drug that was previously approved by the PBM or insurer and the covered individual continues to be enrolled by the insurer; and
   b) requires coverage of the specific prescription drug through the last day of the covered individual's plan year. (Sec. 1)
2. Stipulates that a PBM or insurer cannot:

| ☐ Prop 105 (45 votes) | ☐ Prop 108 (40 votes) | ☐ Emergency (40 votes) | ☐ Fiscal Note |
|---|---|---|---|

a) limit or reduce the maximum coverage of prescription drug benefits;
b) increase cost sharing for a covered prescription drug;
c) move a prescription drug to a more restrictive formulary tier; or
d) remove a prescription drug from a formulary, except as noted. (Sec. 1)

3. Requires the PBM or insurer to give written notice of a formulary change for the prescription drug on the drug formulary to each impacted individual and health care provider (provider) at least 60 days before the change during the plan year. (Sec. 1)

4. Permits the PBM or insurer to only change a covered individual from the previously prescribed drug if the covered individual's provider gives written authorization to the PBM or insurer for the change in the prescription drug. (Sec. 1)

5. Requires a PBM or insurer provide written notice of the removal from, or an increase in cost sharing for any prescription drug on the drug formulary to each impacted covered individual and the prescribing provider at least 60 days before the plan year ends if the covered individual's prescribing provider did not previously approve a change. (Sec. 1)

6. States that the notice sets the process for the covered individual's provider to request a prescription drug coverage exemption for the continued use of the nonformulary prescription drug as outlined. (Sec. 1)

7. Creates a prescription drug coverage exemption determination process to ensure continuity of care after a covered individual's renewal as follows:
   a) an insurer, PBM or utilization review agent (agent) that is contracted for services for the insurer must provide a covered individual and prescribing provider with access to a clear and convenient process to request a coverage exemption;
   b) an insurer, PBM or agent may use their existing medical exceptions process to satisfy the stated requirements;
   c) an insurer, PBM or agent must respond to a coverage exemption determination request within the timelines detailed in federal law;
   d) an insurer, PBM or agent must approve an exemption for a covered individual who was previously approved to receive the nonformulary prescription drug by the covered individual's current Insurer or PBM and the provider continues to prescribe the medication for the medical condition;
   e) a denial must be in writing and state the reasons for the denial, signed by either the licensed pharmacist or medical director as outlined in the bill;
   f) notice of a denial must be sent to the covered individual's provider that made the request and maintain copies for inspection during regular business hours;
   g) the covered individual or the person's representative may appeal a denial determination and the process must be included in the notification; and
   h) an approved authorization for a coverage exemption must be in writing, delivered to the covered person and the provider and valid until the end of the covered person's plan year. (Sec. 1)

8. States the provider is not prevented from prescribing another prescription drug as outlined. (Sec. 1)

9. Stipulates the insurer or PBM may contract to provide services. (Sec. 1)

10. Authorizes the director to assess a civil penalty for violations against the insurer, PBM or agent as outlined. (Sec. 1)

11. States that a policy that is issued or renewed by a disability insurer does not include a policy that provides limited benefit coverage. (Sec. 1)

12. Defines pertinent terms. (Sec. 1)

13. Applies these requirements and prohibitions to contracts entered into, amended, extended or renewed on December 31, 2024. (Sec. 2)

Fifty-sixth Legislature
Second Regular Session

Regulatory Affairs
S.B. 1164

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1164

(Reference to Senate engrossed bill)

Page 1, line 3, strike "section" insert "sections"; after "20-3335" insert "and 20-3336"

Line 4, strike "coverage"

Line 5, strike "exemption determination process" insert "formulary change; notice; exemption"

Line 6, strike "applicability;"

Line 18, strike "INSURER" insert "PLAN"

Line 22, after "INDIVIDUAL'S" insert "HEALTH CARE"

Strike lines 23 through 38, insert:

"B. A PHARMACY BENEFIT MANAGER OR HEALTH CARE INSURER MAY NOT CHANGE A COVERED INDIVIDUAL FROM THE PREVIOUSLY COVERED PRESCRIPTION DRUG IF THE COVERED INDIVIDUAL'S PRESCRIBING HEALTH CARE PROVIDER PROVIDES ELECTRONIC OR WRITTEN NOTICE TO THE PHARMACY BENEFIT MANAGER OR HEALTH CARE INSURER NOTIFYING THE PHARMACY BENEFIT MANAGER OR HEALTH CARE INSURER THAT IT WILL CONTINUE ON THE CURRENT PRESCRIPTION DRUG."

Line 40, strike "DURING A PLAN YEAR" insert "THAT LIMITS OR EXCLUDES COVERAGE OF A PRESCRIPTION DRUG"

Line 41, after "PROVIDE" insert "ELECTRONIC OR"; strike "FORMULARY" insert "REMOVAL OF OR"

Page 2, line 1, after "CHANGE" insert a period strike remainder of line

Strike lines 2 through 12

Line 13, strike "APPROVE A CHANGE IN THE PRESCRIPTION DRUG." insert:

"D."

Line 14, strike "REQUEST"

Adopted ✓ # of Verbals _____
Failed _____ Withdrawn _____
Not Offered ___ Analysts Initials ___

Attachment 5

Page 2, line 15, strike "A PRESCRIPTION DRUG COVERAGE EXEMPTION" insert "NOTIFY THE PHARMACY BENEFIT MANAGER OR HEALTH CARE INSURER"

Strike lines 16 through 43

Strike page 3

Page 4, strike lines 1 through 10, insert "NONFORMULARY PRESCRIPTION DRUGS. THE NOTICE SHALL ALSO INCLUDE NOTIFICATION TO THE PRESCRIBING HEALTH CARE PROVIDER THAT IF THE HEALTH CARE PROVIDER NOTIFIES THE PHARMACY BENEFIT MANAGER OR HEALTH CARE INSURER THAT THE ENROLLEE WILL CONTINUE ON THE NONFORMULARY PRESCRIPTION DRUG FOR THE REMAINDER OF THE HEALTH CARE PLAN YEAR, THE PROVIDER WILL NEED TO APPLY FOR A FORMULARY EXCEPTION PURSUANT TO SECTION 20-3336 FOR THE CONTINUED USE OF THE NONFORMULARY PRESCRIPTION DRUG ON RENEWAL OF THE HEALTH CARE PLAN.

E. THIS SECTION DOES NOT:

1. PREVENT A HEALTH CARE PROVIDER FROM PRESCRIBING ANOTHER PRESCRIPTION DRUG COVERED BY THE HEALTH CARE INSURER OF THE PHARMACY BENEFIT MANAGER IF THE HEALTH CARE PROVIDER DEEMS THE PRESCRIPTION DRUG MEDICALLY NECESSARY FOR THE COVERED INDIVIDUAL.

2. PREVENT A HEALTH CARE INSURER OR PHARMACY BENEFIT MANAGER CONTRACTED TO PROVIDE PHARMACY BENEFIT MANAGEMENT SERVICES FROM:

(a) ADDING A PRESCRIPTION DRUG TO ITS FORMULARY.

(b) REMOVING A PRESCRIPTION DRUG FROM ITS FORMULARY IF THE DRUG MANUFACTURER HAS REMOVED THE PRESCRIPTION DRUG FOR SALE IN THE UNITED STATES.

(c) MAKING ANY FORMULARY CHANGES FOR PATIENTS WHO ARE NOT ON A PREVIOUSLY APPROVED PRESCRIPTION DRUG.

F. IF A HEALTH CARE INSURER, PHARMACY BENEFIT MANAGER OR UTILIZATION REVIEW AGENT THAT IS CONTRACTED TO PROVIDE PHARMACY BENEFIT MANAGEMENT SERVICES VIOLATES THIS SECTION, THE DIRECTOR MAY ENFORCE THIS SECTION PURSUANT TO SECTION 20-3333.

G. FOR THE PURPOSES OF THIS SECTION:

1. "HEALTH CARE INSURER" HAS THE SAME MEANING PRESCRIBED IN SECTION 20-2501.

2. "LIMIT OR EXCLUDE COVERAGE" MEANS TO:

(a) LIMIT OR REDUCE THE MAXIMUM COVERAGE OF PRESCRIPTION DRUG BENEFITS.

(b) INCREASE COST SHARING FOR A COVERED PRESCRIPTION DRUG.

(c) MOVE A PRESCRIPTION DRUG TO A MORE RESTRICTIVE FORMULARY TIER.

(d) REMOVE A PRESCRIPTION DRUG FROM A FORMULARY UNLESS EITHER OF THE FOLLOWING APPLIES:

(i) THE UNITED STATES FOOD AND DRUG ADMINISTRATION REVOKES APPROVAL FOR OR REMOVES A PRESCRIPTION DRUG FROM THE PRESCRIPTION DRUG MARKET.

(ii) THE PRESCRIPTION DRUG MANUFACTURER NOTIFIES THE UNITED STATES FOOD AND DRUG ADMINISTRATION OF A MANUFACTURING DISCONTINUATION OR A POTENTIAL DISCONTINUATION AS REQUIRED BY SECTION 506C OF THE FEDERAL FOOD, DRUG, AND COSMETIC ACT (21 UNITED STATES CODE SECTION 356c).

3. "UTILIZATION REVIEW AGENT" HAS THE SAME MEANING PRESCRIBED IN SECTION 20-2530.

20-3336. Pharmacy benefit managers; prescribing; formulary exception process requirements; exception; enforcement; definitions

A. ON RENEWAL OF A HEALTH CARE PLAN, A HEALTH CARE INSURER, PHARMACY BENEFIT MANAGER OR UTILIZATION REVIEW AGENT THAT IS CONTRACTED TO PROVIDE PHARMACY BENEFIT MANAGEMENT SERVICES FOR THE HEALTH CARE INSURER SHALL PROVIDE A COVERED INDIVIDUAL AND PRESCRIBING HEALTH CARE PROVIDER WITH ACCESS TO A CLEAR AND CONVENIENT PROCESS TO REQUEST A FORMULARY EXCEPTION PROCESS. THE HEALTH CARE INSURER, PHARMACY BENEFIT MANAGER OR UTILIZATION REVIEW AGENT MAY USE ITS EXISTING FORMULARY EXCEPTION PROCESS TO SATISFY THIS REQUIREMENT IF THE MEDICAL EXCEPTIONS PROCESS IS CONSISTENT WITH THE REQUIREMENTS PRESCRIBED IN THIS SECTION.

B. A HEALTH CARE INSURER, PHARMACY BENEFIT MANAGER OR UTILIZATION REVIEW AGENT SHALL FOLLOW THE PROCESS AND RESPOND TO A FORMULARY EXCEPTION DETERMINATION REQUEST IN ACCORDANCE WITH 45 CODE OF FEDERAL REGULATIONS SECTION 156.122.

C. FOR A COVERED INDIVIDUAL RENEWING THE SAME HEALTH CARE PLAN, A HEALTH CARE INSURER, PHARMACY BENEFIT MANAGER OR UTILIZATION REVIEW AGENT SHALL APPROVE A FORMULARY EXCEPTION FOR A COVERED INDIVIDUAL WHO HAS BEEN PREVIOUSLY APPROVED TO RECEIVE THE NONFORMULARY PRESCRIPTION DRUG UNDER THE SAME HEALTH CARE PLAN IF THE PRESCRIBING HEALTH CARE PROVIDER USES THE FORMULARY EXCEPTION PROCESS AND PROVIDES RELEVANT CLINICAL DOCUMENTATION TO CERTIFY ALL OF THE FOLLOWING:

1. THE COVERED INDIVIDUAL HAS TRIED A FORMULARY EQUIVALENT PRESCRIPTION DRUG THAT WAS A PART OF THE COVERED INDIVIDUAL'S PRESCRIPTION DRUG BENEFIT AT THE TIME OF THE TRIAL, THE FORMULARY EQUIVALENT PRESCRIPTION DRUG WAS NOT EFFECTIVE IN THE TREATMENT OF THE COVERED INDIVIDUAL'S MEDICAL CONDITION AND THE HEALTH CARE PROVIDER SPECIFIES THE CONTRAINDICATION OR ADVERSE OR HARMFUL REACTION IN THE COVERED INDIVIDUAL.

2. THE COVERED INDIVIDUAL HAS EXPERIENCED A POSITIVE THERAPEUTIC OUTCOME ON THE REQUESTED DRUG FOR MORE THAN NINETY DAYS.

3. FORMULARY EQUIVALENT PRESCRIPTION DRUGS ARE CONTRAINDICATED OR WILL LIKELY CAUSE A SERIOUS ADVERSE REACTION.

D. IF A COVERED INDIVIDUAL DOES NOT QUALIFY FOR A FORMULARY EXCEPTION PURSUANT TO SUBSECTION C OF THIS SECTION, THE COVERED INDIVIDUAL MAY STILL APPLY FOR A FORMULARY EXCEPTION USING THE HEALTH CARE INSURER'S, PHARMACY BENEFIT MANAGER'S OR UTILIZATION REVIEW AGENT'S FORMULARY EXCEPTION PROCESS. WHEN EVALUATING WHETHER THE COVERED INDIVIDUAL SHOULD QUALIFY FOR A FORMULARY EXCEPTION TO CONTINUE ON A NONFORMULARY PRESCRIPTION DRUG, THE HEALTH CARE INSURER, PHARMACY BENEFIT MANAGER OR UTILIZATION AGENT SHALL CONSIDER THE FOLLOWING FACTORS:

1. WHETHER THE COVERED INDIVIDUAL HAS EXPERIENCED A POSITIVE THERAPEUTIC OUTCOME ON THE PREVIOUSLY APPROVED DRUG.

2. WHETHER THE FORMULARY PRESCRIPTION DRUG IS NOT IN THE BEST INTEREST OF THE COVERED INDIVIDUAL BASED ON MEDICAL NECESSITY BECAUSE THE COVERED INDIVIDUAL'S USE OF THE FORMULARY PRESCRIPTION DRUG IS EXPECTED TO CAUSE EITHER OF THE FOLLOWING:

(a) A NEGATIVE IMPACT ON THE COVERED INDIVIDUAL'S COMORBID CONDITION.

(b) A CLINICALLY PREDICTABLE NEGATIVE DRUG INTERACTION.

3. WHETHER THE FORMULARY PRESCRIPTION DRUG IS CONTRAINDICATED OR WILL LIKELY CAUSE A SERIOUS ADVERSE REACTION.

E. DENIAL OF COVERAGE FOR A HEALTH CARE INSURER'S OR PHARMACY BENEFIT MANAGER'S DENIAL OF COVERAGE FOR A NONFORMULARY PRESCRIPTION DRUG SHALL BE MADE IN WRITING BY A LICENSED PHARMACIST OR MEDICAL DIRECTOR. THE WRITTEN DENIAL SHALL CONTAIN AN EXPLANATION OF THE DENIAL THAT INCLUDES THE MEDICAL OR PHARMACOLOGICAL REASONS WHY THE AUTHORIZATION WAS DENIED AND A SIGNATURE BY THE LICENSED PHARMACIST OR MEDICAL DIRECTOR WHO MADE THE DECISION TO DENY COVERAGE. THE HEALTH CARE INSURER, PHARMACY BENEFIT MANAGER OR UTILIZATION REVIEW AGENT SHALL SEND A COPY OF THE WRITTEN DENIAL TO THE COVERED INDIVIDUAL'S TREATING HEALTH CARE PROVIDER WHO REQUESTED THE FORMULARY EXCEPTION. THE HEALTH CARE INSURER, PHARMACY BENEFIT MANAGER OR UTILIZATION REVIEW AGENT SHALL MAINTAIN COPIES OF ALL WRITTEN DENIALS AND SHALL MAKE THE COPIES AVAILABLE TO THE DEPARTMENT FOR INSPECTION. A COVERED INDIVIDUAL OR THE COVERED INDIVIDUAL'S AUTHORIZED REPRESENTATIVE MAY APPEAL ANY DETERMINATION TO DENY A FORMULARY EXCEPTION UNDER CHAPTER 15, ARTICLE 2 OF THIS TITLE. THE WRITTEN NOTIFICATION SHALL INCLUDE THE PROCESS IN WHICH A COVERED INDIVIDUAL MAY APPEAL THE DETERMINATION.

F. IF THE HEALTH CARE INSURER, PHARMACY BENEFIT MANAGER OR UTILIZATION REVIEW AGENT AUTHORIZES A FORMULARY EXCEPTION FOR A COVERED INDIVIDUAL PURSUANT TO THIS SECTION, THAT AUTHORIZATION SHALL BE IN EFFECT UNTIL THE END OF THE COVERED INDIVIDUAL'S PLAN YEAR. THE APPROVAL OF A FORMULARY EXCEPTION SHALL BE IN WRITING AND DELIVERED TO THE COVERED INDIVIDUAL AND THE COVERED INDIVIDUAL'S TREATING HEALTH CARE PROVIDER.

G. THIS SECTION DOES NOT:

1. PREVENT A HEALTH CARE PROVIDER FROM PRESCRIBING ANOTHER PRESCRIPTION DRUG COVERED BY THE HEALTH CARE INSURER OR THE PHARMACY BENEFIT MANAGER IF THE HEALTH CARE PROVIDER DEEMS THE PRESCRIPTION DRUG MEDICALLY NECESSARY FOR THE COVERED INDIVIDUAL.

2. PREVENT A HEALTH CARE INSURER OR PHARMACY BENEFIT MANAGER CONTRACTED TO PROVIDE PHARMACY BENEFIT MANAGEMENT SERVICES FROM:

(a) ADDING A PRESCRIPTION DRUG TO ITS FORMULARY.

(b) REMOVING A PRESCRIPTION DRUG FROM ITS FORMULARY IF THE DRUG MANUFACTURER HAS REMOVED THE PRESCRIPTION DRUG FOR SALE IN THE UNITED STATES.

(c) SETTING THE COST SHARING FOR NONFORMULARY PRESCRIPTION DRUGS.

H. IF A HEALTH CARE INSURER, PHARMACY BENEFIT MANAGER OR UTILIZATION REVIEW AGENT THAT IS CONTRACTED TO PROVIDE PHARMACY BENEFIT MANAGEMENT SERVICES VIOLATES THIS SECTION, THE DIRECTOR MAY ENFORCE THIS SECTION PURSUANT TO SECTION 20-3333.

I. A POLICY THAT IS ISSUED OR RENEWED BY A DISABILITY INSURER DOES NOT INCLUDE A POLICY THAT PROVIDES LIMITED BENEFIT COVERAGE AS DEFINED IN SECTION 20-1137.

J. FOR THE PURPOSES OF THIS SECTION:

1. "FORMULARY EXCEPTION" MEANS THAT HEALTH PLAN COVERAGE OF A HEALTH CARE PROVIDER'S SELECTED PRESCRIPTION DRUG IS GRANTED.

2. "HEALTH CARE INSURER" HAS THE SAME MEANING PRESCRIBED IN SECTION 20-2501.

3. "HEALTH CARE PLAN" MEANS A POLICY, CONTRACT OR EVIDENCE OF COVERAGE THAT A HEALTH CARE INSURER ISSUES TO AN INSURED, ENROLLEE OR SUBSCRIBER.

4. "UTILIZATION REVIEW AGENT" HAS THE SAME MEANING PRESCRIBED IN SECTION 20-2530."

Page 4, line 12, after the "contracts" insert ", policies or evidences of coverage that are"

Amend title to conform

KEVIN PAYNE

1164PAYNE.docx
03/19/2024
12:37 PM
C: SK

# ARIZONA HOUSE OF REPRESENTATIVES
## Fifty-sixth Legislature - Second Regular Session

## ROLL CALL VOTE

COMMITTEE ON Regulatory Affairs BILL NO. SB 1164

DATE March 20, 2024 MOTION: DPA

| | PASS | AYE | NAY | PRESENT | ABSENT |
|---|---|---|---|---|---|
| Crews | | ✓ | | | |
| Hernandez A | | ✓ | | | |
| Liguori | | ✓ | | | |
| Payne | | ✓ | | | |
| Peña | | ✓ | | | |
| McGarr, Vice-Chairman | | ✓ | | | |
| Hendrix, Chairman | | ✓ | | | |
| | | 7 | 0 | 0 | 0 |

COMMITTEE SECRETARY

APPROVED:

LAURIN HENDRIX, Chairman
CORY MCGARR, Vice-Chairman

ATTACHMENT 6

# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session
**Senate:** HHS DPA 7-0-0-0 | 3rd Read DPA 20-8-2-0

## SB 1163: homeopathic medicine; qualifications
## Sponsor: Senator Shamp, LD 29
## Committee on Regulatory Affairs

**Overview**

Modifies the requirements by which the Board of Homeopathic and Integrated Medicine Examiners (Board) may license an applicant. Replaces the Executive Director of the Board with the Executive Director of the Acupuncture Board of Examiners.

**History**

The Board licenses and regulates medical physicians who practice homeopathic and integrated medicine, a system of medical treatment based on the use of small quantities of remedies which in larger doses produce symptoms of the disease. This agency is one of several housed within the Arizona Department of Administration Central Services Bureau (A.R.S. §§ 32-2901, 32-2904).

The Board must grant a license to practice homeopathic medicine to an applicant who: 1) holds a degree from an approved school of medicine or has received an equivalent medical education; 2) holds a license to practice medicine as a medical or osteopathic physician in Arizona or is licensed in another state, district or territory of the United States; and 3) meets specified criteria relating to the applicant's professional record. However, an applicant may also be licensed as a homeopath without holding a license as a medical or osteopathic physician if the applicant meets all other requirements (A.R.S. 32-2912).

The Joint Legislative Budget Committee fiscal note presumes S.B. 1163 will result in additional licensing fee revenues for the Board, 10 percent of which is deposited into the state General Fund. However, the magnitude of this impact cannot be determined in advance, as it is unknown how many newly eligible individuals will apply for licensure (JLBC).

**Provisions**

1. Removes the requirement that the Board:
   a) elect a secretary-treasurer;
   b) include the signatures of Board members with the Board's seal as evidence of its official acts; and
   c) appoint an Executive Director. (Sec. 2, 3, 4)
2. Directs the Board to meet with the Acupuncture Board of Examiners each January to set financial compensation for staff and operating expense sharing. (Sec. 3)
3. Eliminates the ability of the Board to appoint a temporary secretary to perform the duties of the Executive Director if that office is vacant. (Sec. 3)
4. Requires the Executive Director of the Acupuncture Board of Examiners to serve as the Executive Director of the Board. (Sec. 4)

5. Instructs the staff of the Acupuncture Board of Examiners to carry out the administrative responsibilities of the Board. (Sec. 4)
6. Requires the Executive Director of the Board to perform all administrative duties of the Board and employ personnel necessary to carry out Board functions. (Sec. 4)
7. Directs the Board to issue a license to an applicant who meets specified requirements and who either:
   a) holds a degree from an approved school of medicine; or
   b) has completed an approved training program. (Sec. 5)
8. Adds that the Board must issue a license without examination to an applicant that holds, or has passed the examination to hold, a certification from the Council for Homeopathic Certification or its equivalent. (Sec. 6)
9. Removes the specification that a notification pertaining to license renewal must be sent via first class mail. (Sec. 8)
10. Includes personal email address and work email address in the list of information a licensee must share with the Board. (Sec. 9)
11. Adds the term *homeopathic practitioner* to the following violations:
    a) practicing medicine without being licensed or exempt from licensure; and
    b) self-designating under a specified title without being licensed as such. (Sec. 11)
12. Specifies which titles can be used for the different types of licenses and graduation requirements. (Sec. 12)
13. Authorizes the Board to adopt abbreviations for the titles listed in statute. (Sec. 12)
14. Defines *approved training program*. (Sec. 1)
15. Makes technical and conforming changes. (Sec. 1-9, 11-14)

| ☐ Prop 105 (45 votes) | ☐ Prop 108 (40 votes) | ☐ Emergency (40 votes) | ☒ Fiscal Note |
|---|---|---|---|

# ARIZONA HOUSE OF REPRESENTATIVES
## Fifty-sixth Legislature - Second Regular Session

## ROLL CALL VOTE

COMMITTEE ON Regulatory Affairs BILL NO. SB 1163

DATE March 20, 2024 MOTION: DP

| | PASS | AYE | NAY | PRESENT | ABSENT |
|---|---|---|---|---|---|
| Crews | | ✓ | | | |
| Hernandez A | | ✓ | | | |
| Liguori | | ✓ | | | |
| Payne | | ✓ | | | |
| Peña | | ✓ | | | |
| McGarr, Vice-Chairman | | ✓ | | | |
| Hendrix, Chairman | | ✓ | | | |
| | | 7 | 0 | 0 | 0 |

APPROVED:

LAURIN HENDRIX, Chairman
CORY MCGARR, Vice-Chairman

COMMITTEE SECRETARY

ATTACHMENT 8

# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session
Senate: HHS DP 6-0-1-0 | 3rd Read 19-10-1-0

## SB 1154: dental board; dental hygienists
## Sponsor: Senator Shamp, LD 29
## Committee on Regulatory Affairs

**Overview**

Expands the number of dental hygienists on the Arizona State Board of Dental Examiners (Board) from two to three.

**History**

The Board regulates and licenses dental professionals including dentists, dental hygienists, dental consultants, dental therapists and denturists. The Board has 11 members which consists of six licensed dentists, two licensed dental hygienists, two public members and one business entity member appointed by the governor for a term of four years that begins and ends on January 1. Before members are appointed, they must submit a full set of fingerprints for a state and federal criminal records check. The business entity member and public members may participate in all Board proceedings and determinations, except in preparing, giving or grading examinations for licensure. Dental hygienists' Board members may participate in all Board proceedings and determinations, except in preparing, giving and grading examinations that do not relate to dental hygiene procedures. Board members are prohibited from serving more than two consecutive terms (A.R.S. §§ 32-1203 and 32-1207).

A *dental hygienist* is any person who is licensed and engaged in the general practice of dental hygiene and all related and associated duties, including educational, clinical and therapeutic dental hygiene procedures (A.R.S. § 32-1201).

**Provisions**

1. Increases the number of licensed dental hygienists on the Board from two to three. (Sec. 1)

| ☐ Prop 105 (45 votes) | ☐ Prop 108 (40 votes) | ☐ Emergency (40 votes) | ☐ Fiscal Note |
|---|---|---|---|

# ARIZONA HOUSE OF REPRESENTATIVES
## Fifty-sixth Legislature - Second Regular Session

## ROLL CALL VOTE

COMMITTEE ON Regulatory Affairs BILL NO. SB 1154

DATE March 20, 2024 MOTION: Failed

| | PASS | AYE | NAY | PRESENT | ABSENT |
|---|---|---|---|---|---|
| Crews | | | ✓ | | |
| Hernandez A | | | ✓ | | |
| Liguori | | | ✓ | | |
| Payne | | | ✓ | | |
| Peña | | ✓ | | | |
| McGarr, Vice-Chairman | | | ✓ | | |
| Hendrix, Chairman | | ✓ | | | |
| | | 2 | 5 | 0 | 0 |

APPROVED:

LAURIN HENDRIX, Chairman
CORY MCGARR, Vice-Chairman

COMMITTEE SECRETARY

ATTACHMENT 10

# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session
**Senate:** GOV DPA 5-0-3-0 | 3rd Read 24-4-2-0

## SB 1016: homeowners' associations; flagpoles
## Sponsor: Senator Kavanagh, LD 3
## Committee on Regulatory Affairs

**Overview**
Allows a planned community association (Association) to adopt rules that limit a member's number of wall mounted flagpole holders.

**History**
An Association is permitted by statute to regulate the location, size and height of flag poles and to limit the number of flags a member can display to two flags at once. An Association cannot prevent a member from installing a flag pole in the front or back yard of the member's property or prohibit the display of: 1) the American flag or an official or replica flag of a branch of the U.S. Armed Forces; 2) the POW/MIA flag; 3) the Arizona state flag; 4) an Indian nations flag; 5) the Gadsen flag; 6) a first responder flag; 7) a blue or gold star service flag; or 8) any historic version of the American flag (A.R.S. § 33-1808).

**Provisions**
1. Permits an Association to limit a member to two wall mounted flagpole holders. (Sec. 1)
2. Makes technical and conforming changes. (Sec. 1)

☐ Prop 105 (45 votes) ☐ Prop 108 (40 votes) ☐ Emergency (40 votes) ☐ Fiscal Note



Attachment //

# ARIZONA HOUSE OF REPRESENTATIVES
## Fifty-sixth Legislature - Second Regular Session

## ROLL CALL VOTE

COMMITTEE ON Regulatory Affairs BILL NO. SB 1016

DATE March 20, 2024 MOTION: DP

| | PASS | AYE | NAY | PRESENT | ABSENT |
|---|---|---|---|---|---|
| Crews | | ✓ | | | |
| Hernandez A | | ✓ | | | |
| Liguori | | | ✓ | | |
| Payne | | ✓ | | | |
| Peña | | ✓ | | | |
| McGarr, Vice-Chairman | | ✓ | | | |
| Hendrix, Chairman | | ✓ | | | |
| | | 6 | 1 | 0 | 0 |

COMMITTEE SECRETARY

APPROVED:

LAURIN HENDRIX, Chairman
CORY MCGARR, Vice-Chairman

ATTACHMENT 12

# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

Senate: GOV DPA 4-3-1-0 | 3rd Read DPA 16-13-1-0

## SB 1634: nonhealth regulatory boards; challenges; prohibition
## Sponsor: Senator Hoffman, LD 15
## Committee on Regulatory Affairs

**Overview**

Amends statute pertaining to final administrative decisions to include a Nonhealth Profession Regulatory Board (Board).

**History**

Statute requires an agency to serve notice of an appealable agency action or contested case. A party may obtain a hearing on an appealable agency action or contested case by filing a notice of appeal or request for a hearing with the agency within 30 days after receiving the notice. The agency must notify the Office of Administrative Hearings (Office) of the appeal or request for a hearing and the Office then schedules a hearing (A.R.S. § 41-1092.03).

The process for judicial review of an agency action allows the court to affirm, reverse, modify or vacate the agency action after reviewing the administrative record and evidence presented at the hearing. The court must affirm the agency action unless it is found that the agency's action is contrary to law, not supported by substantial evidence, arbitrary or an abuse of discretion. In a proceeding brought by or against the regulated party, the court shall decide the following, without deference to any previous determination that may have been made by the agency:

1) all questions of law, including the interpretation of a constitutional or statutory provision or a rule adopted by an agency; and
2) all questions of fact (A.R.S. § 12-910).

Costs may be awarded to the appellee agency if a judgment adverse to the appellant is rendered. Such costs may be awarded in an amount deemed reasonable by the superior court, based on the expense the appellee agency has incurred in preparing the record of the proceedings before judicial review. The final judgment of the superior court entered in an action to review a decision of an administrative agency may be appealed to the Arizona Supreme Court (A.R.S. § 12-912, 12-913).

**Provisions**

1. Specifies that the Board's decision is the final administrative decision unless the regulated person accepts the ALJ's decision instead. (Sec. 1)
2. Prohibits the Board from appealing the final administrative decision to the superior court. (Sec. 1)
3. Instructs Legislative Council to prepare conforming legislation for the next legislative session. (Sec 2)

| ☐ Prop 105 (45 votes) | ☐ Prop 108 (40 votes) | ☐ Emergency (40 votes) | ☐ Fiscal Note |
|---|---|---|---|

# ARIZONA HOUSE OF REPRESENTATIVES
## Fifty-sixth Legislature - Second Regular Session

## ROLL CALL VOTE

COMMITTEE ON Regulatory Affairs BILL NO. SB 1634

DATE March 20, 2024 MOTION: DP

| | PASS | AYE | NAY | PRESENT | ABSENT |
|---|---|---|---|---|---|
| Crews | | | ✓ | | |
| Hernandez A | | | ✓ | | |
| Liguori | | | ✓ | | |
| Payne | | ✓ | | | |
| Peña | | ✓ | | | |
| McGarr, Vice-Chairman | | ✓ | | | |
| Hendrix, Chairman | | ✓ | | | |
| | | 4 | 3 | 0 | 0 |

APPROVED:

LAURIN HENDRIX, Chairman
CORY MCGARR, Vice-Chairman

COMMITTEE SECRETARY

ATTACHMENT 14