Within the stated calendar quarter, this Title contains all rules made, amended, repealed, renumbered, and recodified; or rules that have expired or were terminated due to an agency being eliminated under sunset law. These rules were either certified by the Governor’s Regulatory Review Council or the Attorney General’s Office; or exempt from the rulemaking process, and filed with the Office of the Secretary of State. Refer to the historical notes for more information. Please note that some rules you are about to remove may still be in effect after the publication date of this Supplement. Therefore, all superseded material should be retained in a separate binder and archived for future reference.

TITLE 2. Administration
Chapter 6. Department of Administration - Benefit Services Division
Sections, Parts, Exhibits, Tables or Appendices modified
R2-6-101, R2-6-102, R2-6-104 through R2-6-108, R2-6-201, R2-6-204, R2-6-301 through R2-6-303

The agency's contact person who can answer questions about rules in this Chapter:
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Disclaimer: Please be advised the person listed is the contact of record as submitted in the rulemaking package for this supplement. The contact and other information may change and is provided as a public courtesy.

PUBLISHER
Arizona Department of State
Office of the Secretary of State, Administrative Rules Division
PREFACE

Under Arizona law, the Department of State, Office of the Secretary of State (Office), accepts state agency rule filings and is the publisher of Arizona rules. The Office of the Secretary of State does not interpret or enforce rules in the Administrative Code. Questions about rules should be directed to the state agency responsible for the promulgation of the rule.

Scott Cancelosi, Director
ADMINISTRATIVE RULES DIVISION
June 30, 2017

RULES
A.R.S. § 41-1001(17) states: “Rule’ means an agency statement of general applicability that implements, interprets, or prescribes law or policy, or describes the procedures or practice requirements of an agency.”

THE ADMINISTRATIVE CODE
The Arizona Administrative Code is where the official rules of the state of Arizona are published. The Code is the official codification of rules that govern state agencies, boards, and commissions. Virtually everything in your life is affected in some way by rules published in the Arizona Administrative Code, from the quality of air you breathe to the licensing of your dentist. This chapter is one of more than 230 in the Code compiled in 21 Titles.

ADMINISTRATIVE CODE SUPPLEMENTS
Rules filed by an agency to be published in the Administrative Code are updated quarterly. Supplement release dates are printed on the footers of each chapter:

First Quarter: January 1 - March 31
Second Quarter: April 1 - June 30
Third Quarter: July 1 - September 30
Fourth Quarter: October 1 - December 31

For example, the first supplement for the first quarter of 2017 is cited as Supp. 17-1.

HOW TO USE THE CODE
Rules may be in effect before a supplement is released by the Office. Therefore, the user should refer to issues of the Arizona Administrative Register for recent updates to rule Sections.

ARTICLES AND SECTIONS
Rules in chapters are divided into Articles, then Sections. The “R” stands for “rule” with a sequential numbering and lettering system separated into subsections.

HISTORICAL NOTES AND EFFECTIVE DATES
Historical notes inform the user when the last time a Section was updated in the Administrative Code. Be aware, since the Office publishes each quarter by entire chapters, not all Sections are updated by an agency in a supplement release. Many times just one Section or a few Sections may be updated in the entire chapter.

ARIZONA REVISED STATUTE REFERENCES
The Arizona Revised Statutes (A.R.S.) are available online at the Legislature’s website, www.azleg.gov. An agency’s authority note to make rules is often included at the beginning of a chapter. Other Arizona statutes may be referenced in rule under the A.R.S. acronym.

SESSION LAW REFERENCES
Arizona Session Law references in the introduction of a chapter can be found at the Secretary of State’s website, www.azsos.gov/services/legislative-filings.

EXEMPTIONS FROM THE APA
It is not uncommon for an agency to be exempt from the steps outlined in the rulemaking process as specified in the Arizona Administrative Procedures Act, also known as the APA (Arizona Revised Statutes, Title 41, Chapter 6, Articles 1 through 10). Other agencies may be given an exemption to certain provisions of the Act.

An agency's exemption is written in law by the Arizona State Legislature or under a referendum or initiative passed into law by Arizona voters.

When an agency files an exempt rulemaking package with our Office it specifies the law exemption in what is called the preamble of rulemaking. The preamble is published in the Arizona Administrative Register online at www.azsos.gov/rules, click on the Administrative Register link.

In the Administrative Code the Office includes editor’s notes at the beginning of a chapter indicating that certain rulemaking Sections were made by exempt rulemaking. Exempt rulemaking notes are also included in the historical note at the end of a rulemaking Section.

The Office makes a distinction to certain exemptions because some rules are made without receiving input from stakeholders or the public. Other exemptions may require an agency to propose exempt rules at a public hearing.

EXEMPTIONS AND PAPER COLOR
If you are researching rules and come across rescinded chapters on a different paper color, this is because the agency filed a Notice of Exempt Rulemaking. At one time the office published exempt rules on either blue or green paper. Blue meant the authority of the exemption was given by the Legislature; green meant the authority was determined by a court order. In 2001 the Office discontinued publishing rules using these paper colors.

PERSONAL USE/COMMERCIAL USE
This chapter is posted as a public courtesy online, and is for private use only. Those who wish to use the contents for resale or profit should contact the Office about Commercial Use fees. For information on commercial use fees review A.R.S. § 39-121.03 and 1 A.A.C. 1, R1-1-113.

Public Services managing rules editor, Rhonda Paschal, assisted with the editing of this chapter.
TITLE 2. ADMINISTRATION

CHAPTER 6. DEPARTMENT OF ADMINISTRATION - BENEFIT SERVICES DIVISION

Editor’s Note: New 2 A.A.C. 6 made by final rulemaking at 15 A.A.C. 258, effective March 7, 2009 (Supp. 09-1).

Editor’s Note: 2 A.A.C. 6 expired under A.R.S. § 41-1056(E) at 8 A.A.R. 5017, effective September 30, 2002 (Supp. 02-4).

Laws 1983, Ch. 98, 167 changed the heading from Public Buildings Maintenance Division to Public Buildings Maintenance; 168 transferred authority for operation of Public Buildings Maintenance to the Director of Administration effective July 27, 1983.

Article 1, consisting of Sections R2-6-101 through R2-6-112, Article 2, consisting of Sections R2-6-201 through R2-6-212, Article 3, consisting of Section R2-6-301, Article 4, consisting of Section R2-6-401 adopted effective July 27, 1983.

Former Sections R2-6-101 through R2-6-112, R2-6-201 through R2-6-212, R2-6-301 readopted with conforming changes.

Former Article 1, consisting of Sections R2-6-101 through R2-6-114, renumbered to Article 1, Sections R2-6-101 through R2-6-110, adopted effective August 31, 1984.

Former Article 1, consisting of Sections R2-6-101 through R2-6-112, repealed effective August 31, 1984.

ARTICLE 1. GENERAL PROVISIONS

Article 1, consisting of Sections R2-6-101 through R2-6-108, made by final rulemaking at 15 A.A.C. 258, effective March 7, 2009 (Supp. 09-1).

Article 1, consisting of Sections R2-6-101 through R2-6-114, expired under A.R.S. § 41-1056(E) at 8 A.A.R. 5017, effective September 30, 2002 (Supp. 02-4).

Article 1, consisting of Sections R2-6-101 through R2-6-114, adopted effective September 16, 1997 (Supp. 97-3).

Article 1, consisting of Sections R2-6-101 through R2-6-109, renumbered to Article 2, Sections R2-6-201 through R2-6-209, effective September 16, 1997 (Supp. 97-3).

Article 1, consisting of Sections R2-6-101 through R2-6-109, adopted effective August 31, 1984.

Former Article 1, consisting of Sections R2-6-101 through R2-6-112, repealed effective August 31, 1984.

ARTICLE 2. INSURANCE PLANS

Article 2, consisting of Sections R2-6-201 through R2-6-205 made by final rulemaking at 15 A.A.C. 258, effective March 7, 2009 (Supp. 09-1).

Article 2, consisting of Sections R2-6-201 through R2-6-209, expired under A.R.S. § 41-1056(E) at 8 A.A.R. 5017, effective September 30, 2002 (Supp. 02-4).

Article 2, consisting of Sections R2-6-201 through R2-6-209, renumbered from Article 1, Sections R2-6-101 through R2-6-109, effective September 16, 1997 (Supp. 97-3).

Article 2, consisting of Sections R2-6-201 through R2-6-212 repealed effective September 16, 1997 (Supp. 97-3).

ARTICLE 3. ELIGIBILITY CRITERIA

Article 3, consisting of Sections R2-6-301 through R2-6-303, made by final rulemaking at 15 A.A.C. 258, effective March 7, 2009 (Supp. 09-1).

Article 3, consisting of Sections R2-6-301 through R2-6-311, expired under A.R.S. § 41-1056(E) at 8 A.A.R. 5017, effective September 30, 2002 (Supp. 02-4).

Article 3, consisting of Sections R2-6-301 through R2-6-311, adopted, effective September 16, 1997 (Supp. 97-3).

Article 3, consisting of Section R2-6-301, renumbered to Article 5, Section R2-6-501, effective September 16, 1997 (Supp. 97-3).

ARTICLE 4. APPEALS AND GRIEVANCES

Article 4, consisting of Sections R2-6-401 through R2-6-402, made by final rulemaking at 15 A.A.C. 258, effective March 7, 2009 (Supp. 09-1).

Article 4, consisting of Sections R2-6-401 through R2-6-409, expired under A.R.S. § 41-1056(E) at 8 A.A.R. 5017, effective September 30, 2002 (Supp. 02-4).

Article 4, consisting of Sections R2-6-401 through R2-6-409, adopted effective September 16, 1997 (Supp. 97-3).

Article 4, consisting of Section R2-6-401, repealed effective September 16, 1997 (Supp. 97-3).
ARTICLE 5. EXPIRED

Article 5, consisting of Section R2-6-501, expired under A.R.S.

§ 41-1056(E) at 8 A.A.R. 5017, effective September 30, 2002 (Supp. 02-4).

Article 5, consisting of Section R2-6-501, renumbered from Article 3, Section R2-6-301, effective September 16, 1997 (Supp 97-3).

Section
R2-6-501. Expired ...........................................................11
ARTICLE 1. GENERAL PROVISIONS

R2-6-101. Definitions

In this Chapter, unless otherwise specified:

1. “Accident and health insurance,” as used in A.R.S. Title 38, Chapter 4, Article 4, means health insurance and dental insurance.
2. “Agency” means a department, board, office, authority, commission, or other governmental budget unit of the state.
3. “Agency head” means the chief executive officer of an agency.
4. “Appeal” means a request to a plan provider for review of a decision made by the plan provider.
5. “Approved leave” means an employee’s or officer’s absence from assigned work that is authorized by the employee’s or officer’s supervisor.
6. “Base pay” means the fixed compensation paid to an employee or officer. Base pay excludes pay for overtime, shift differential, bonuses, special performance adjustment, special incentive program, or other allowance.
7. “Basic life insurance” means the amount of life insurance that the Department provides at no charge to an employee or officer.
8. “Child” means an individual who falls within one or more of the following categories:
   a. A natural child, adopted child, stepchild, or foster child of an employee, officer, retiree, or former elected official who is younger than 26;
   b. A child who is younger than 26 for whom the employee, officer, retiree, or former elected official has court-ordered guardianship;
   c. A child who is younger than 26 and placed in the home of the employee, officer, retiree, or former elected official by court order pending adoption; or
   d. A natural child, adopted child, stepchild or foster child of an employee, officer, retiree, or former elected official:
      i. Who was disabled as defined at 42 U.S.C. 1382c before the age of 26;
      ii. Who continues to be disabled as defined at 42 U.S.C. 1382c;
      iii. Who is dependent for support and maintenance upon the employee, officer, retiree, or former elected official; and
      iv. For whom the employee, officer, retiree, or former elected official had custody before the child was 26.
9. “COBRA” means Consolidated Omnibus Budget Reconciliation Act of 1986, which is a federal law that provides the opportunity to continue group health insurance coverage that might otherwise be terminated.
10. “COBRA member” means a former member or formerly eligible dependent of a member or former member who opts to continue health insurance through COBRA after no longer meeting the eligibility standards in Article 3.
11. “Compensation” means the total taxable remuneration provided by the state to an employee or officer in exchange for the employee’s or officer’s services.
12. “Creditable coverage” has the same meaning as prescribed at 29 U.S.C. 1181.
14. “Dental insurance” means an arrangement under which a policy holder makes advance payment to an insurer and the insurer pays amounts on behalf of an insured for certain preventive, diagnostic, and remedial care of the insured’s teeth and gums.
15. “Department” means the Arizona Department of Administration.
16. “Director” means the Director of the Department or the Director’s designee.
17. “Disability income insurance” means a form of insurance that insures a specified portion of the compensation of an employee or officer against the risk that disability will make working impossible.
18. “Eligible dependent” means a member’s spouse or child, who is lawfully present in the U.S.
19. “Employee” for the purposes of eligibility, means an individual who is hired by the state, including the state universities, and who is regularly scheduled to work at least 20 hours per week for at least 90 days, but does not include:
   a. A patient or inmate employed at a state institution;
   b. A non-state employee, officer, or enlisted personnel of the National Guard of Arizona;
   c. A seasonal, temporary, or variable hour employee, unless the employee is determined to have been paid for an average of at least 30 hours per week using a 12-month measurement period;
   d. An individual who fills a position designed primarily to provide rehabilitation to the individual;
   e. An individual hired by a state university or college for whom the state university or college does not contribute to a state-sponsored retirement plan unless the individual is:
      i. A non-immigrant alien employee,
      ii. Participating in a medical residency or post-doctoral training program,
      iii. On federal appointment with Cooperative Extension, or
      iv. A retiree who has returned to work under A.R.S. § 38-766.01.
20. “Employee flexible benefit plan,” is the State of Arizona Cafeteria Plan as approved by the Internal Revenue Service and means the insurance plans specified in R2-6-204, the value of which is excludable from an employee’s or officer’s compensation under Section 125 of the Internal Revenue Code.
21. “Flexible spending account” means a financial arrangement under which an employee or officer authorizes the Department to reduce the employee’s or officer’s compensation on a pre-tax basis by a specified amount that the employee or officer uses to pay for eligible out-of-pocket expenses for health care, dependent care, or both.
22. “Former elected official” means an individual who was elected by popular vote in this state to serve, but who no longer serves as a:
   a. State official;
   b. County official;
   c. Justice of the Supreme Court;
   d. Judge of the court of appeals or superior court;
   e. Full-time superior court commissioner except a full-time superior court commissioner who did not make a timely election of membership under the judges’ retirement plan repealed on August 7, 1985; and
   f. Official of an incorporated city or town if the incorporated city or town has executed an agreement with the state for coverage of the official.
23. “Grievance” means a written expression of dissatisfaction about any benefits matter other than a decision by a plan provider.
24. “Health insurance” means an arrangement under which a policy holder makes advance payments to an insurer and
the insurer pays amounts on behalf of an insured for routine, preventive, and emergency health-care procedures and pharmaceuticals.

25. “Incumbent” means the employee or officer who currently holds a position or office.

26. “Institution” means a facility that provides supervision or care for residents on a 24-hours-per-day, seven-days-per-week basis.

27. “Life insurance” means a contract between an insurer and a policy holder under which the insurer agrees to pay a sum of money upon the occurrence of an insured’s death in exchange for the policy holder paying a stipulated amount at regular intervals.

28. “Long-term disability insurance” means an insurance product that replaces part of an employee’s or officer’s compensation after an initial waiting period for the duration of time that the employee or officer is medically determined to be totally disabled as a result of a covered injury, illness, or pregnancy.

29. “Manifest error” means an act or failure to act that clearly is or has caused a mistake.

30. “Member” means an employee, officer, retiree, or former elected official who meets the criteria at R2-6-301(B), who enrolls in one or more of the insurance plans made available by the Department.

31. “Officer” means an individual who:
   a. Is elected or appointed to a state office, including a member of the state legislature; or
   b. Is a member of a state board, commission, or council and serves at least 1,000 hours per year.

32. “Open enrollment” means a specified period during which a member may make additions, changes, or deletions to the member’s participation in the insurance plans made available by the Department.

33. “Ophthalmic goods” means eyeglasses or contact lenses for which a prescription is required and components of the eyeglasses.

34. “Plan provider” means an entity that enters into a contract with the Department to provide an insurance plan to members and their eligible dependents.

35. “Plan year” means a specified period of 12 consecutive months during which a member is able to change the member’s participation in the insurance plans made available by the Department only if the member experiences a qualified life event.

36. “QMCSO” means qualified medical child support order and has the same meaning as prescribed at 29 U.S.C. 1169.

37. “Qualified life event” means a change in a member’s dependents, employment status, or residence that entitles the member to change the member’s or an eligible dependent’s participation in the insurance plans made available by the Department before the next open enrollment period. Qualified life event includes:
   a. Change in marital status caused by marriage, divorce, legal separation, annulment, or death of spouse;
   b. Change in dependent status caused by birth, adoption, placement for adoption, court-ordered guardianship, death, or dependent eligibility due to age;
   c. Change in employment status or work schedule that affects a member’s eligibility to participate in the insurance plans made available by the Department; and
   d. Change in residence that affects available insurance plan options.

38. “Retiree” means an employee or officer who is retired under a state-sponsored retirement plan or who receives long-term disability payments under a plan made available by the Department.

39. “Salary-reduction order” means a document signed by an employee or officer who elects to participate in the employee flexible benefit plan authorizing the state to reduce the employee’s or officer’s compensation under Section 125 of the Internal Revenue Code.

40. “Seasonal employee” means an individual who is employed by the state for not more than six months of the year and whose state employment is dependent on an easily identifiable increase in work associated with a specific and reoccurring season. Seasonal employees do not include employees of education entities who work during the active portions of the academic year.

41. “Short-term disability insurance” means an insurance product that replaces part of an employee’s or officer’s compensation for a predetermined period if the employee or officer is medically determined to be unable to work due to illness, pregnancy, or a non-work-related injury.

42. “Spouse” means a member’s husband or wife under Arizona law.

43. “Supplemental life insurance” means life insurance that is in addition to basic life insurance.

44. “Surviving dependent,” as used in A.R.S. § 38-651.01(A) or A.R.S. § 38-1114, means:
   a. An insured eligible dependent of an insured retiree who dies, or
   b. An insured spouse or insured eligible dependent child of an insured employee or officer who dies when eligible for retirement under the Arizona State Retirement System, or
   c. An insured or uninsured dependent of a deceased law enforcement officer killed in the line of duty.

45. “Surviving spouse,” as used in A.R.S. § 38-651.01(B) or A.R.S. § 38-1114, means the insured spouse of:
   a. An incumbent elected official who dies when the incumbent elected official would be qualified for eligibility under R2-6-301(B) if the incumbent elected official had not been in office at the time of death, or
   b. An insured former elected official who dies when qualified for eligibility under R2-6-301(B), or
   c. An insured or uninsured spouse of a deceased law enforcement officer killed in the line of duty.

46. “Temporary employee” means an appointment made for a maximum of 1,500 hours worked in any agency in each calendar year. A temporary appointment employee may work full time for a portion of the year, intermittently, on a seasonal basis, or on an as needed basis.

47. “Variable hour employee” means an individual who is employed by the state, if based on the facts and circumstances at the employee’s start date, for whom the state cannot determine whether the employee is reasonably expected to be employed an average of at least 30 hours per week, including any paid leave, because the employee’s hours are variable or otherwise uncertain.

48. “Vision insurance” means a form of insurance that provides coverage for the services rendered by an eye-care professional and for the purchase of ophthalmic goods.

**Historical Note**

Adopted effective August 31, 1984 (Supp. 84-4). Former Section R2-6-101 renumbered to R2-6-201, new Section R2-6-101 adopted effective September 16, 1997 (Supp. 97-3). Section expired under A.R.S. § 41-1056(E) at 8 A.A.R. 5017, effective September 30, 2002 (Supp. 02-4).
An employee, officer, retiree, or former elected official may enroll or may enroll an eligible dependent in one or more of the insurance plans made available by the Department including:

1. Construing and interpreting each plan;
2. Deciding questions of eligibility; and
3. Determining the amount of and manner and time that benefits are paid.

C. The Director shall determine whether a manifest error exists and correct the manifest error.

Historical Note
Adopted effective August 31, 1984 (Supp. 84-4). Former Section R2-6-103 renumbered to R2-6-203, new Section R2-6-103 adopted effective September 16, 1997 (Supp. 97-3). Section expired under A.R.S. § 41-1056(E) at 8 A.A.R. 5017, effective September 30, 2002 (Supp. 02-4).

New Section made by final rulemaking at 15 A.A.R. 258, effective March 7, 2009 (Supp. 09-1). Section repealed by final rulemaking at 23 A.A.R. 1719, effective June 6, 2017 (Supp. 17-2).

R2-6-102. Repealed

Historical Note

R2-6-103. Authority of the Director
A. Within the limits prescribed by law, the Director shall determine the type, structure, and components of the insurance plans made available by the Department.
B. The Director has authority to administer the insurance plans made available by the Department including:
1. Construing and interpreting each plan;
2. Deciding questions of eligibility; and
3. Determining the amount of and manner and time that benefits are paid.
C. The Director shall determine whether an insurance plan made available by the Department needs to be amended or terminated.
D. The Director shall establish a procedure for ensuring that a member makes timely payments for participation in an insurance plan made available by the Department.
E. If the Director determines that it is in the best interest of the state and consistent with law, the Director may delegate authority regarding the insurance plans to an agency head.
F. The Director shall determine whether a manifest error exists and correct the manifest error.

Historical Note
Adopted effective August 31, 1984 (Supp. 84-4). Former Section R2-6-103 renumbered to R2-6-203, new Section R2-6-103 adopted effective September 16, 1997 (Supp. 97-3). Section expired under A.R.S. § 41-1056(E) at 8 A.A.R. 5017, effective September 30, 2002 (Supp. 02-4). New Section made by final rulemaking at 15 A.A.R. 258, effective March 7, 2009 (Supp. 09-1). Section amended by final rulemaking at 23 A.A.R. 1719, effective June 6, 2017 (Supp. 17-2).

R2-6-104. Repealed

Historical Note
Adopted effective August 31, 1984 (Supp. 84-4). Former Section R2-6-104 renumbered to R2-6-204, new Section R2-6-104 adopted effective September 16, 1997 (Supp. 97-3). Section expired under A.R.S. § 41-1056(E) at 8 A.A.R. 5017, effective September 30, 2002 (Supp. 02-4). New Section made by final rulemaking at 15 A.A.R. 258, effective March 7, 2009 (Supp. 09-1). Section repealed by final rulemaking at 23 A.A.R. 1719, effective June 6, 2017 (Supp. 17-2).

R2-6-105. Times for Enrollment
A. An employee, officer, retiree, or former elected official may enroll or may enroll an eligible dependent in one or more of the insurance plans made available by the Department only at the following times:
1. Within 31 days of becoming eligible to participate in an insurance plan,
2. Within 31 days of a qualified life event, and
3. At open enrollment.
B. A surviving dependent, as defined in R2-6-101, who wishes to continue enrollment in the health, dental, and vision insurance plans made available by the Department shall enroll within six months after the death that makes the surviving dependent eligible to continue enrollment.
C. A surviving spouse, as defined in R2-6-101, who wishes to continue enrollment in the health, dental, vision, or life insurance plans made available by the Department shall enroll within 31 days after the death of the incumbent or former elected official.
D. If a surviving spouse or surviving dependent of a deceased law enforcement officer killed in the line of duty was enrolled in the health insurance program made available by the Department or the health insurance program that is offered by the state retirement system or a plan from which the surviving spouse or surviving dependent is receiving benefits at the time the law enforcement officer was killed in the line of duty or died from injuries suffered in the line of duty, and is eligible to receive health insurance premium payments but is no longer enrolled in either health insurance program, the employer shall allow the surviving spouse and any surviving dependent to enroll in the employer’s health insurance program to receive health insurance premium payments pursuant to A.R.S. § 38-1114.
E. To be covered under the health or dental insurance plans made available by the Department, a retiree shall enroll at the time specified in subsection (A) and shall maintain enrollment in the health or dental insurance plan. If a retiree terminates participation in both the health and dental insurance plans made available by the Department, neither the retiree nor the retiree’s eligible dependent is eligible to enroll at a later time.

Historical Note
Adopted effective August 31, 1984 (Supp. 84-4). Former Section R2-6-105 renumbered to R2-6-205, new Section R2-6-105 adopted effective September 16, 1997 (Supp. 97-3). Section expired under A.R.S. § 41-1056(E) at 8 A.A.R. 5017, effective September 30, 2002 (Supp. 02-4). New Section made by final rulemaking at 15 A.A.R. 258, effective March 7, 2009 (Supp. 09-1). Section amended by final rulemaking at 23 A.A.R. 1719, effective June 6, 2017 (Supp. 17-2).

R2-6-106. Effective Date of Coverage
A. If an individual enrolls in an insurance plan made available by the Department or provides notice of a qualified life event within the time specified in R2-6-105, the Department shall ensure that the insurance coverage becomes effective on the following dates:
1. Newly hired employee or officer. The date determined by the Director following submission of a properly completed enrollment form and supporting documentation;
2. Retiree, former elected official, surviving dependent, or surviving spouse. The first day of the first pay period following the end of active coverage or the first day of the first month following submission of a properly completed enrollment form and supporting documentation, whichever is applicable;
3. Qualified life event change other than a change in the number of dependents due to birth, adoption, legal placement for adoption, or grant of legal guardianship:
   a. Non-university employee or officer. The first day of the first pay period following submission of a properly completed enrollment form and supporting documentation;
b. University employee. The date determined by the Director; and

c. Retiree, former elected official, surviving dependent, or surviving spouse. The first of the month following submission of a properly completed enrollment form and supporting documentation; and

4. Change in the number of dependents due to birth, adoption, legal placement for adoption, or grant of legal guardianship. On the date of birth, adoption, legal placement for adoption, or grant of legal guardianship if a properly completed enrollment form and supporting documentation are submitted.

B. If a retiree, former elected official, eligible dependent, surviving dependent, or surviving spouse becomes eligible for Medicare, the retiree, former elected official, eligible dependent, surviving dependent, or surviving spouse may cancel or reduce coverage under the health plan made available by the Department. If a retiree, former elected official, eligible dependent, surviving dependent, or surviving spouse ceases to be eligible for Medicare, the retiree, former elected official, eligible dependent, surviving dependent, or surviving spouse may enroll or increase coverage under the health plan made available by the Department. A change made under this subsection becomes effective on the first day of the first month following submission of a properly completed enrollment form and supporting documentation if the enrollment form and supporting documentation are submitted within 31 days of the change in Medicare eligibility.

C. If a member experiences one of the following changes in coverage, the member may make a corresponding change to the member’s coverage under the health plan made available by the Department by submitting a properly completed enrollment form and supporting documentation within 31 days of the change. A change made under this subsection becomes effective on the first day of the first pay period or first month, as applicable, following submission of a properly completed enrollment form and supporting documentation:

1. Elected coverage provided under the plan is significantly restricted or eliminated,

2. Non-elected coverage provided under the plan is significantly improved,

3. The member’s spouse makes a change in the coverage provided by the spouse’s employer,

4. The member or an eligible dependent loses coverage under another group health plan sponsored by a governmental or educational entity, or

5. The member becomes subject to a QMCSO or another person becomes subject to a QMCSO that requires the other person to provide health insurance for the member’s eligible dependent.

Historical Note

R2-6-107. Termination of Coverage

A. Insurance coverage of an employee or officer and the employee’s or officer’s eligible dependent terminates at 11:59 p.m. on the last day of the period for which an insurance premium was paid if the employee or officer ceases to be eligible to participate in the insurance plan.

B. Insurance coverage of an eligible dependent terminates at 11:59 p.m. on the last day of the period for which the individual is an eligible dependent under this Chapter.

C. Insurance coverage of a retiree or former elected official terminates:

1. Automatically if the retiree or former elected official dies, or

2. At 11:59 p.m. on the last day of the period for which the last insurance premium was paid.

D. Insurance coverage of a surviving dependent or surviving spouse terminates:

1. At 11:59 p.m. on the last day of the period for which the last insurance premium was paid, or

2. Shall be in accordance with A.R.S. § 38-1114 for surviving spouse and dependents of a deceased law enforcement officer killed in the line of duty, including the termination of payments for health insurance premiums payable by the employer.

E. Insurance coverage of a COBRA member terminates at 11:59 p.m. on the last day that the COBRA member is eligible for coverage under COBRA or of the period for which the last insurance premium was paid.

F. By providing written notice to the Director at any time, an employee, officer, or former elected official, as applicable, may cease purchasing:

1. Supplemental life insurance in excess of $35,000;

2. Life insurance for an eligible dependent; or

3. Short-term disability insurance.

Historical Note
D. The state shall not pay any of the cost for COBRA coverage. An individual who elects COBRA coverage shall pay all costs plus a small amount for administrative expenses.

E. COBRA coverage is determined by federal law.

Historical Note

R2-6-109. Expired

Historical Note
Adopted effective August 31, 1984 (Supp. 84-4). Former Section R2-6-109 renumbered to R2-6-209, new Section R2-6-108 adopted effective September 16, 1997 (Supp. 97-3). Section expired under A.R.S. § 41-1056(E) at 8 A.A.R. 5017, effective September 30, 2002 (Supp. 02-4).

R2-6-110. Expired

Historical Note

R2-6-111. Expired

Historical Note

R2-6-112. Expired

Historical Note

R2-6-113. Expired

Historical Note

R2-6-114. Expired

Historical Note

ARTICLE 2. INSURANCE PLANS

R2-6-201. Insurance Plans
A. As provided by law, any expenditure of public monies for an insurance plan described in this Chapter is contingent upon the legislature making an appropriation for the plan and the availability of funds.

B. The Department shall make available the following types of insurance plans:
1. Health insurance,
2. Dental insurance,
3. Vision insurance,
4. Flexible spending account,
5. Life insurance, and

C. The Department shall comply with all federal, state, and local laws regarding use and disclosure of protected health information of an individual who participates in an insurance plan made available by the Department.

Historical Notes

R2-6-202. Long-term Disability Insurance
A. The state shall automatically enroll an employee or officer in a long-term disability insurance plan. The long-term disability insurance plan in which an employee or officer is enrolled depends on the state-sponsored retirement plan to which the employee or officer contributes.

B. The state may offset the amount that an employee or officer receives under a long-term disability insurance plan by amounts that the employee or officer receives as Social Security payments, retirement benefits, and other disability benefits.

Historical Note

R2-6-203. Flexible Spending Accounts
A. The state shall provide an employee or officer with the opportunity to establish a flexible spending account for:
1. Health-care expenses,
2. Dependent-care expenses, or
3. Both health-care and dependent-care expenses.

B. An employee or officer who elects to establish a flexible spending account shall annually sign a salary reduction order specific for the flexible spending account.

C. A flexible spending account is regulated by federal law.

Historical Note

R2-6-204. Employee Flexible Benefit Plan
A. The Director shall ensure that the premium paid by an employee or officer for participation in the insurance plans listed in R2-6-201(1) through (3) and for a maximum of
$35,000 in supplemental life insurance and the amount set aside in a flexible spending account reduces the employee’s or officer’s compensation as allowed by Section 125 of the Internal Revenue Code.

B. The Director shall ensure that the premium paid by an employee or officer to enroll a dependent in the insurance plans listed in R2-6-201(1) through (3) reduces the employee’s or officer’s compensation as allowed by Section 125 of the Internal Revenue Code.

C. The Director shall ensure that the amount paid by the state to enable a dependent of an employee or officer to participate in the insurance plans listed in R2-6-201(1) through (3) increases the employee’s or officer’s compensation and is taxed as required by law.

D. If an employee or officer experiences a qualified life event during a plan year that adds or deletes a dependent, the Director shall ensure that the compensation of the employee or officer is adjusted accordingly and taxed as required by law.

E. The Director shall ensure that the method of adjusting an employee’s or officer’s compensation under this Section is not changed or canceled until the end of a plan year.

Historical Note

R2-6-205. Performance Standards for Health, Dental, and Vision Insurance Plans
As required under A.R.S. § 38-651, the Department establishes and shall require that a plan provider comply with the following minimum performance standards:

1. Cost competitiveness. A plan provider shall offer the Department a discount from full-billed charges that is significant and an administrative fee that is reasonable when compared with the discount and administrative fee of other potential plan providers.

2. Utilization review. A plan provider of medical management services shall employ utilization review standards that are generally accepted in the industry and specified by the Department in contract.

3. Network development and access. A plan provider of a medical network shall comply with the access and availability requirements that the Department develops based on the location of participants and specifies in contract.

4. Conversion and implementation. A plan provider shall fully perform in accordance with all requirements that the Department specifies in contract from the date on which the contract begins until the date on which the contract ends or is terminated after giving proper notice.

5. Report accuracy and timeliness. A plan provider shall ensure that all reports are complete, accurate, and submitted as specified in contract.

6. Quality outcomes. A plan provider shall comply with the quality-outcome standards that the Department specifies in contract. The Department may offset expenses, costs, or damages incurred as a result of the plan provider failing to comply with the specified quality-outcome standards against any sums due to the plan provider.

7. Customer satisfaction. The Department shall annually measure the extent to which participants are satisfied with a plan provider’s services.

Historical Notes

R2-6-206. Expired

Historical Note

R2-6-207. Expired

Historical Note

R2-6-208. Expired

Historical Note

R2-6-209. Expired

Historical Note

R2-6-210. Repealed

Historical Note

R2-6-211. Repealed
Surviving spouse. A surviving spouse, as defined at R2-6-101, E. G. Coverage of a newborn infant.

F. Eligibility exception. An employee or officer who is on leave may participate in the health, dental, and vision insurance plans made available by the Department by enrolling at the time specified in R2-6-105 and agreeing to pay the contracted cost of each insurance plan chosen.

Surviving dependents. A surviving dependent, as defined at R2-6-101, may continue coverage under the health, dental, and vision insurance plans made available by the Department if the former elected official:

1. Has at least five years of credited service in the Elected Officials’ Retirement Plan established at A.R.S. § 38-802;
2. Participated in a group health, dental, or vision insurance plan made available to elected officials at the time of leaving office;
3. Served as an elected official on or after January 1, 1983;
4. Enrolls at the time specified in R2-6-105; and
5. Agrees to pay the contracted cost of the insurance plan.

Eligible dependents. A member may enroll an eligible dependent in the health, dental, and vision insurance plans made available by the Department at the time specified in R2-6-105. The member who enrolls an eligible dependent shall pay the contracted cost of the insurance plan.

Surviving dependent. A surviving dependent, as defined at R2-6-101, may continue coverage under the health, dental, and vision insurance plans made available by the Department by enrolling at the time specified in R2-6-105 and paying the contracted cost of the insurance plan.

Surviving spouse of a former elected official. Under A.R.S. § 40-802, as adopted effective May 26, 1977 (Supp. 77-2), the state shall limit health insurance provided under the Newborns’ and Mothers’ Health Protection Act of 1996, to the infant born to the member of the surviving or former eligible dependent of a member who wishes to obtain health insurance for the infant beyond the time required under the Newborns’ and Mothers’ Health Protection Act of 1996, may enroll the infant in the health insurance plan made available by the Department if the infant is eligible.

Former elected officials. A former elected official may participate in the health, dental, and vision insurance plans made available by the Department if the former elected official meets the criteria at R2-6-301 and agrees to pay the contracted cost of the insurance plan. An employee or officer who chooses to participate in the supplemental life insurance plan shall agree to pay the contracted cost for the supplemental life insurance.

Employees and officers. An employee, officer, or former elected official who chooses to participate in the supplemental life insurance plan shall agree to pay the contracted cost for the plan.

Disability Insurance Plans

2. Short-term disability insurance. An employee or officer who chooses to participate in the short-term disability insurance plan made available by the Department shall agree to pay the contracted cost of the plan.

Supplemental life insurance. The state shall make supplemental life insurance available to an employee or officer. An employee or officer may purchase an amount of supplemental life insurance that, does not exceed three times the employee’s or officer’s base pay, rounded down to the nearest $5,000 or the maximum amount established by the Director, whichever is less. An employee or officer who chooses to participate in the supplemental life insurance plan shall agree to pay the contracted cost for the supplemental life insurance.

Former elected officials. A former elected official may purchase life insurance made available by the Department if the former elected official meets the criteria at R2-6-301 and agrees to pay the contracted cost of the insurance plan.

Eligible dependents. An employee, officer, or former elected official who meets the criteria at R2-6-301 and chooses to participate in the supplemental life insurance plan made available by the Department shall agree to pay the contracted cost for the supplemental life insurance.

Surviving spouse of a former elected official. Under A.R.S. § 38-651.02(C), the surviving spouse of a former elected official who met the criteria at R2-6-301 and chooses to participate in the supplemental life insurance plan made available by the Department shall agree to pay the contracted cost for the life insurance.

Surviving spouse. A surviving spouse, as defined at R2-6-101, as adopted effective May 26, 1977 (Supp. 77-2), the state shall limit health insurance provided under the Newborns’ and Mothers’ Health Protection Act of 1996, to the infant born to the member of the surviving or former eligible dependent of a member who wishes to obtain health insurance for the infant beyond the time required under the Newborns’ and Mothers’ Health Protection Act of 1996, may enroll the infant in the health insurance plan made available by the Department if the infant is eligible.

Former elected officials. A former elected official may participate in the health, dental, and vision insurance plans made available by the Department if the former elected official:

1. Has at least five years of credited service in the Elected Officials’ Retirement Plan established at A.R.S. § 38-802;
2. Participated in a group health, dental, or vision insurance plan made available to elected officials at the time of leaving office;
3. Served as an elected official on or after January 1, 1983;
4. Enrolls at the time specified in R2-6-105; and
5. Agrees to pay the contracted cost of the insurance plan.

Eligible dependents. A member may enroll an eligible dependent in the health, dental, and vision insurance plans made available by the Department at the time specified in R2-6-105. The member who enrolls an eligible dependent shall pay the contracted cost of the insurance plan.

Surviving dependent. A surviving dependent, as defined at R2-6-101, may continue coverage under the health, dental, and vision insurance plans made available by the Department by enrolling at the time specified in R2-6-105 and paying the contracted cost of the insurance plan.

Surviving spouse. A surviving spouse, as defined at R2-6-101, as adopted effective May 26, 1977 (Supp. 77-2), the state shall limit health insurance provided under the Newborns’ and Mothers’ Health Protection Act of 1996, to the infant born to the member of the surviving or former eligible dependent of a member who wishes to obtain health insurance for the infant beyond the time required under the Newborns’ and Mothers’ Health Protection Act of 1996, may enroll the infant in the health insurance plan made available by the Department if the infant is eligible.
rulemaking at 23 A.A.R. 1719, effective June 6, 2017 (Supp. 17-2).

R2-6-303. Audit of Dependent Eligibility

A. A member shall not enroll an individual in an insurance plan made available by the Department unless the individual is an eligible dependent as defined in R2-6-101.

B. The Department shall conduct audits to determine whether individuals enrolled by members in an insurance plan made available by the Department are eligible dependents. The Department shall choose a particular member for audit either randomly or in response to uncertainty concerning dependent eligibility.

C. If a member is chosen for audit, the Department shall provide the member with written notice and 60 days in which to produce evidence that an individual enrolled by the member in an insurance plan made available by the Department is an eligible dependent. The Director may extend the 60-day requirement in an individual case. Evidence of dependent eligibility may include one or more of the following:

1. Marriage certificate,
2. Birth certificate,
3. Receipts for insurance payments made while on leave without pay,
4. Court order regarding adoption or placement for adoption,
5. Court order regarding guardianship,
6. Documentation of foster-child placement,
7. Tax return,
8. Declaration of disability from the Social Security Administration,
9. Documentation of Arizona residence, or
10. Other documentation acceptable to the Director.

D. If a member chosen for audit fails to produce evidence of dependent eligibility within the time specified in subsection (C), the Department shall:

1. Upon providing advance notice of at least 30 days to the member, terminate insurance coverage of the individual whose eligibility was not proven;
2. Require that the member reimburse the Department for all premiums and claims paid since October 1, 2004, on behalf of the individual whose eligibility was not proven; and
3. Report an employee or officer who misrepresented dependent eligibility to the employee’s or officer’s agency for possible disciplinary action.

Historical Note

R2-6-306. Expired

Historical Note

R2-6-307. Expired

Historical Note

R2-6-308. Expired

Historical Note

R2-6-309. Expired

Historical Note

R2-6-310. Expired

Historical Note

R2-6-311. Expired

Historical Note

ARTICLE 4. APPEALS AND GRIEVANCES

R2-6-401. Appeal of a Plan-provider Decision

A. The Department has delegated to each plan provider the authority to:

1. Interpret and apply the terms of the plan provider’s particular insurance plan;
2. Determine whether a particular benefit is included in the plan and, if included, the amount of payment to be made under the plan; and
3. Perform a full and fair review of any decision by the plan provider regarding benefits included in or payments to be made under the plan if the decision is appealed in accordance with the plan provider’s specified procedures.

B. An individual who is enrolled in an insurance plan made available by the Department and who wishes to appeal a decision by the plan provider shall follow the appeal procedures specified in the applicable plan description.
R2-6-402. Grievance of a Department Decision

A. An individual who participates in one or more of the insurance plans made available by the Department may file a grievance with the Director regarding:
   1. Determination of creditable coverage,
   2. Determination of whether a medical child support order is qualified,
   3. Determination of eligibility,
   4. Dissatisfaction with care,
   5. Dissatisfaction with an insurance plan,
   6. Dissatisfaction with a plan provider,
   7. Access to care, and
   8. Inconsistent application of statute or rule.

B. To file a grievance, an individual shall submit a letter to the Director that contains the following information:
   1. Name and contact information of the individual filing the grievance,
   2. Name of the particular insurance plan that is the subject of the grievance,
   3. Nature of the grievance, and
   4. Nature of the resolution requested.

C. The Director shall provide a written response to a grievance within 60 days.

Historical Note