

NOTICES OF PROPOSED RULEMAKING

Unless exempted by A.R.S. § 41-1005, each agency shall begin the rulemaking process by first submitting to the Secretary of State's Office a Notice of Rulemaking Docket Opening followed by a Notice of Proposed Rulemaking that contains the preamble and the full text of the rules. The Secretary of State's Office publishes each Notice in the next available issue of the *Register* according to the schedule of deadlines for *Register* publication. Under the Administrative Procedure Act (A.R.S. § 41-1001 et seq.), an agency must allow at least 30 days to elapse after the publication of the Notice of Proposed Rulemaking in the *Register* before beginning any proceedings for making, amending, or repealing any rule. (A.R.S. §§ 41-1013 and 41-1022)

NOTICE OF PROPOSED RULEMAKING

TITLE 2. ADMINISTRATION

CHAPTER 5. DEPARTMENT OF ADMINISTRATION PERSONNEL ADMINISTRATION

[R07-384]

PREAMBLE

1. Sections Affected

R2-5-101
R2-5-416
R2-5-417
R2-5-418
R2-5-419
R2-5-421
R2-5-422

Rulemaking Action

Amend
Amend
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Amend

2. The statutory authority for the rulemaking, including both the authorizing statute (general) and the implementing statute (specific):

Authorizing statute(s): A.R.S. §§ 38-653 and 41-763(2) and (6)
Implementing statute(s): A.R.S. § 38-651 et seq.

3. A list of all previous notices appearing in the Register addressing the proposed rules:

Notice of Rulemaking Docket Opening: 13 A.A.R. 4219, November 30, 2007 (*in this issue*)

4. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:

Name: Christine Bronson, Rulewriter
Address: Department of Administration
100 N. 15th Ave., Suite 261
Phoenix, AZ 85007
Telephone: (602) 542-1423
Fax: (602) 542-1980
E-mail: Christine.Bronson@azdoa.gov

5. An explanation of the rules, including the agency's reasons for initiating the rulemaking:

Eligible state officers, employees, and retirees may enroll in the state's qualifying insurance plans. Where specified, eligible members may also enroll their eligible dependents. The Arizona Department of Administration (ADOA) Personnel Rules define "eligible dependent" as the eligible member's spouse and each qualifying child. This rulemaking will amend the rules to extend insurance coverage to include an eligible member's domestic partner.

6. A reference to any study that the agency proposes to rely on in its evaluation of or justification for the proposed rule and where the public may obtain or review the study, all data underlying each study, any analysis of the study and other supporting material:

The agency did not review any study and does not propose to rely on or not rely on any study for this rulemaking.

7. A showing of good cause why the rules are necessary to promote a statewide interest if the rules will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

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8. The preliminary summary of the economic, small business, and consumer impact:

The proposed rulemaking affects only state officers, employees, and retirees, and will not have an impact on small businesses and consumers. It is anticipated the proposed rulemaking will have a minimal effect on the overall benefits budget. This increase may be offset by other efficiencies associated with benefit design. The financial impact to these segments may occur as formerly uninsured individuals (dependents) can now be insured.

9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:

Name: Christine Bronson, Rulewriter
Address: Department of Administration
100 N. 15th Ave., Suite 261
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Telephone: (602) 542-1423
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10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rules, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rules:

The Department will accept written comments during business hours of 9:00 a.m. to 5:00 p.m., Monday through Friday, except legal holidays, until close of record, at contact information provided in item 4.

11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

None

12. Any material incorporated by reference and its location in the rules:

None

13. The full text of the rules follows:

TITLE 2. ADMINISTRATION

CHAPTER 5. DEPARTMENT OF ADMINISTRATION
PERSONNEL ADMINISTRATION

ARTICLE 1. GENERAL

Section
R2-5-101. Definitions

ARTICLE 4. BENEFITS

Section
R2-5-416. Health Benefit Plan
R2-5-417. Life Insurance and Disability Income Insurance Plans
R2-5-418. Retiree Health Benefit Plan
R2-5-419. Health Benefit Plan for Former Elected Officials
R2-5-421. Life Insurance Plan for Former Elected Official
R2-5-422. Flexible or Cafeteria Employee Benefit Plan

ARTICLE 1. GENERAL

R2-5-101. Definitions

The following words and phrases have the defined meanings unless otherwise clearly indicated by the context.

1. "Agency" means a department, board, office, authority, commission, or other governmental budget unit of the state.
2. "Agency head" means the chief executive officer of an agency.
3. "Appeal" means a request for a review by the Personnel Board of a disciplinary action under A.R.S. § 41-782.
4. "Applicant" means a person who seeks appointment to a position in state service.
5. "Appointment" means the offer to and the acceptance by a person of a position in state service.
6. "Base salary" means an employee's salary excluding overtime pay, shift differential, bonus pay, special performance adjustment previously granted, or pay for other allowance or special incentive pay program.

7. "Business day" means the hours between 8:00 a.m. and 5:00 p.m. Monday through Friday, excluding observed state holidays.
8. "Candidate" means a person whose knowledge, skills, and abilities meet the requirements of a position and who may be considered for employment.
9. "Cause" means any of the reasons for disciplinary action provided by A.R.S. § 41-770 or these rules.
10. "Child" means:
 - a. For purposes of R2-5-416(C), pertaining to the health benefit plan, R2-5-418(B), pertaining to the retiree health benefit plan, and R2-5-419(C), pertaining to the health benefit plan for former elected officials, an unmarried person who falls within one or more of the following categories:
 - i. A natural child, adopted child, ~~or~~ stepchild, or child of a domestic partner who is younger than age 19 or younger than age 25 if a full-time student;
 - ii. A child who is younger than age 19 for whom the employee-member, retiree, or former elected official has court-ordered guardianship;
 - iii. A foster child who is younger than age 19;
 - iv. A child who is younger than age 19 and placed in the employee-member's, retiree's, or former elected official's home by court order pending adoption; or
 - v. A natural child, adopted child, ~~or~~ stepchild, or child of a domestic partner who was disabled prior to age 19 and continues to be disabled under 42 USC U.S.C. 1382c and for whom the employee-member, retiree, or elected official had custody prior to age 19.
 - b. For purposes of R2-5-417(C) and (D), pertaining to the life and disability income insurance plan, and R2-5-421(B), pertaining to the life insurance plan for former elected officials, an unmarried person who falls within one or more of the following categories:
 - i. A natural child, adopted child, ~~or~~ stepchild, or child of a domestic partner who is younger than age 19 or younger than age 25 if a full-time student;
 - ii. A child who is younger than age 19 for whom the employee or former elected official has court-ordered guardianship;
 - iii. A foster child who is younger than age 19;
 - iv. A child who is younger than age 19 and placed in the employee's or former elected official's home by court order pending adoption; or
 - v. A natural child, adopted child, ~~or~~ stepchild, or child of a domestic partner who was disabled prior to age 19 and continues to be disabled under 42 USC U.S.C. 1382c and for whom the employee or former elected official had custody prior to age 19; or
 - c. For purposes of R2-5-207(D), pertaining to the employment of relatives, R2-5-404, pertaining to sick leave, R2-5-410, pertaining to bereavement leave, the term includes a natural child, adopted child, foster child, or stepchild; and
 - d. For purposes of R2-5-411, pertaining to parental leave, the term includes a natural child, adopted child, foster child, or stepchild.
11. "Class" means a group of positions with the same title and pay grade because each position in the group has similar duties, scope of discretion and responsibility, required knowledge, skills and abilities, or other job-related characteristics.
12. "Class series" means:
 - a. For purposes of R2-5-902(B), pertaining to the administration of reduction in force, and R2-5-903(A), pertaining to a temporary reduction in force, a group of related classes that is listed in the Arizona Department of Administration, Human Resources Division, Occupational Listing of Classes as a subsection of the occupational group; and
 - b. For purposes of R2-5-902(D), pertaining to the calculation of retention points for length of service, a group of related classes that is listed in the Arizona Department of Administration, Human Resources Division, Occupational Listing of Classes as a subsection of the occupational group, including a position that has been reclassified or reassigned to the class series within five years before the effective date of the reduction in force.
13. "Class specification" means a description of the type and level of duties and responsibilities of the positions assigned to a class.
14. "Clerical pool appointment" means the non-competitive, temporary placement of a qualified individual in a clerical position.
15. "Competition" means the process leading to the identification of candidates for employment or promotional consideration that includes an evaluation of knowledge, skills, and abilities and the development of a hiring list in accordance with these rules.
16. "Covered employee" means an employee in state service who is subject to the provisions of these rules.
17. "Covered position" means a position in state service, as defined in A.R.S. § 41-762.
18. "Days" means calendar days.

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19. "Demotion" means a change in the assignment of an employee from a position in one class to a position in another class with a lower pay grade that results from disciplinary action for cause.
20. "Department" means the Arizona Department of Administration.
21. "Director" means the Director of the Arizona Department of Administration, and the Director's designee with respect to personnel administration.
22. "Domestic partner" means a person of the same or opposite gender who:
 - a. Shares the employee's or retiree's permanent residence;
 - b. Has resided with the employee or retiree continuously for at least the past 12 consecutive months and is expected to continue to reside with the employee or retiree indefinitely as evidenced by an affidavit filed at time of enrollment;
 - c. Has not signed a declaration or affidavit of domestic partnership with any other person and has not had another domestic partner within the last 12 months;
 - d. Does not have any other domestic partner, spouse, or spousal equivalent of the same or opposite sex;
 - e. Is not currently legally married to anyone or legally separated from anyone else;
 - f. Is not a blood relative any closer than would prohibit marriage;
 - g. Is mentally competent to consent to contract when the domestic partnership began;
 - h. Is not acting under fraud or duress;
 - i. Is at least 18 years of age; and
 - j. Is financially interdependent with the employee or retiree in at least three of the following ways:
 - i. Joint mortgage, joint property tax identification, or joint tenancy on a residential lease;
 - ii. Holding one or more credit or bank accounts jointly, such as a checking account, in both names;
 - iii. Joint liabilities;
 - iv. Joint ownership of significant property (e.g., vehicle, real estate, boat);
 - v. Naming the partner as beneficiary on the employee's life insurance, under the employee's will, or employee's retirement annuities and being named by the partner as beneficiary of the partner's life insurance, under the partner's will, or the partner's retirement annuities; and,
 - vi. Each agreeing in writing to assume financial responsibility for the welfare of the other (i.e., durable power of attorney); or
 - vii. Other proof of financial interdependence as approved by the Director.
- ~~22-23~~. "Eligible dependent" means the employee-member's, retiree's, or former elected official's spouse under Arizona law or domestic partner, or an unmarried child who falls within one or more of the following categories:
 - a. A natural child, adopted child, ~~or~~ stepchild or child of a domestic partner who is younger than age 19 or younger than age 25 if a full-time student;
 - b. A child who is younger than age 19 for whom the employee-member, retiree, or former elected official has court-ordered guardianship;
 - c. A foster child who is younger than age 19;
 - d. A child who is younger than age 19 and placed in the employee-member's, retiree's, or former elected official's home by court order pending adoption; or
 - e. A natural child, adopted child, ~~or~~ stepchild, or child of a domestic partner who was disabled prior to age 19 and continues to be disabled under 42 USC U.S.C. 1382c and for whom the employee-member, retiree, or former elected official had custody prior to age 19.
- ~~23-24~~. "Emergency appointment" means an appointment made without regard to the recruitment, evaluation, referral, or selection requirements of these rules in response to a governmental emergency.
- ~~24-25~~. "Entrance salary" means the minimum rate of the pay grade established for a specific class.
- ~~25-26~~. "Essential job function" means the fundamental job duties of a position that an applicant or employee must be able to perform, with or without a reasonable accommodation.
- ~~26-27~~. "Evaluation" means the procedure used to determine the relative knowledge, skills, and abilities of an applicant.
- ~~27-28~~. "Flexible or cafeteria employee benefit plan" means a plan providing benefits to eligible employees that meets the requirements of Section 125 of the Internal Revenue Code.
- ~~28-29~~. "FLSA" means the federal Fair Labor Standards Act.
- ~~29-30~~. "FLSA exempt" means a position that is not entitled to overtime compensation under the FLSA.
- ~~30-31~~. "FLSA non-exempt" means a position that is entitled to overtime compensation under the FLSA.
- ~~31-32~~. "FMLA" means the federal Family and Medical Leave Act.
- ~~32-33~~. "Good standing" means the status of a former employee at the time of separation from state service for reasons other than disciplinary action or anticipated disciplinary action.
- ~~33-34~~. "Grievance" means a formal complaint filed by an employee, using the procedure established in Article 7 of these rules, that alleges discrimination, noncompliance with these rules, or concerns other work-related matters that directly and personally affect the employee.
- ~~34-35~~. "Human Resources Employment Database" means the database that contains the resumé of an applicant interested

in employment within state service.

~~35-36.~~ “Incumbent” means the officer or employee who currently holds an office or position.

~~36-37.~~ “Institution” means a facility that provides supervision or care for residents on a 24-hour per day, ~~7-day~~ seven-day per week, basis.

~~37-38.~~ “Knowledge, skills, and abilities” means the qualifications and personal attributes required to perform a job that are generally demonstrated through qualifying service, education, or training.

a. Knowledge is a body of information applied directly to the performance of a function;

b. Skill is an observable competence to perform a learned psychomotor act; and

c. Ability is competence to perform an observable behavior or a behavior that results in an observable product.

~~38-39.~~ “Limited appointment” means an appointment to a position that is funded for at least six months but not more than 36 months.

~~39-40.~~ “Limited position” means a position in state service that is established for at least six months but not more than 36 months based on the duration of funding.

~~40-41.~~ “Manifest error” means an act or failure to act that is, or clearly has caused, a mistake.

~~41-42.~~ “Mobility assignment” means the assignment of a permanent status employee to an uncovered position or to a covered or uncovered position in another state agency.

~~42-43.~~ “Original probation” means the specified period following initial appointment to state service in a regular or limited position for evaluation of the employee’s work.

~~43-44.~~ “Original probationary appointment” means the initial appointment to a regular or limited position in state service.

~~44-45.~~ “Parent” means, for purposes of R2-5-403, pertaining to annual leave, R2-5-404, pertaining to sick leave, and R2-5-410, pertaining to bereavement leave, birth parent, adoptive parent, stepparent, foster parent, grandparent, parent-in-law, or anyone who can be considered “in loco parentis.”

~~45-46.~~ “Participant” means an employee who is enrolled in the state’s insurance program.

~~46-47.~~ “Part-time” means, for purposes of R2-5-902, pertaining to holidays, R2-5-403, pertaining to annual leave, R2-5-404, pertaining to sick leave, R2-5-902, pertaining to reduction in force, and R2-5-903, pertaining to temporary reduction in force, employment scheduled for less than 40 hours per week.

~~47-48.~~ “Pay grade” means a salary range in a state service salary plan.

~~48-49.~~ “Pay status” means an employee is eligible to receive pay for work or for a compensated absence.

~~49-50.~~ “Permanent status” means the standing an employee achieves after the completion of an original probation or a promotional probation.

~~50-51.~~ “Plan” means a flexible or cafeteria employee benefit plan.

~~51-52.~~ “Plan administrator” means the Director of the Arizona Department of Administration.

~~52-53.~~ “Promotion” means a permanent change in assignment of an employee from a position in one class to a position in another class that has a higher pay grade.

~~53-54.~~ “Promotional probation” means the specified period of employment following promotion of a permanent status employee for evaluation of the employee’s work.

~~54-55.~~ “Qualified” means an individual possesses the knowledge, skills, and abilities required of a specific position, as described in the class specification, and any unique characteristics required for the position.

~~55-56.~~ “Qualified life event” means a change in an employee’s family, employment status, or residence including but not limited to:

a. Changes in the employee’s marital status such as marriage, divorce, legal separation, annulment, or death of spouse, or domestic partnership or death of domestic partner;

b. Changes in dependent status such as birth, adoption, placement for adoption, death, or dependent eligibility due to age, marriage, or student status;

c. Changes in employment status or work schedule that affect benefits eligibility for the employee, spouse, domestic partner, or dependent; or

d. Changes in residence that affect available plan options for the employee, spouse, domestic partner, or dependent.

~~56-57.~~ “Reclassification” means changing the classification of a position if a material and permanent change in duties or responsibilities occurs.

~~57-58.~~ “Reduction” means the non-appealable movement of an employee from one position to another in a lower pay grade as a result of a reduction in force.

~~58-59.~~ “Reemployment” means the appointment of a former permanent status employee who was separated by a reduction in force.

~~59-60.~~ “Regular position” means a full-time equivalent (FTE) position in state service.

~~60-61.~~ “Reinstatement” means the appointment of a former permanent status employee who resigned, was separated in good standing, or was separated without prejudice within two years from the effective date of separation.

~~61-62.~~ “Repromotion” means the promotion of an employee who was reduced in pay grade due to a reduction in force to the pay grade held before the reduction in force or to an intervening pay grade.

~~62-63.~~ “Reversion” means the return of an employee on promotional probation to a position in the class in which the

employee held permanent status immediately before the promotion.

~~63-64.~~ "Rules" means the rules contained in A.A.C., Title 2, Chapter 5.

~~64-65.~~ "Separation without prejudice" means a non-disciplinary removal from state service, without appeal rights, of an employee in good standing.

~~65-66.~~ "Special detail" means the temporary assignment of a permanent status employee to a covered position in the same agency.

~~66-67.~~ "State service" is defined in A.R.S. § 41-762.

~~67-68.~~ "Surviving spouse" means the husband or wife, as provided by law, of a current or former elected official, or active or retired officer or employee who survives upon the death of the elected official, officer, or employee.

~~68-69.~~ "Temporary appointment" means an appointment made for a maximum of 1,500 hours in any one position per agency in each calendar year.

~~69-70.~~ "Transfer" means the movement of an employee from one position in state service to another position in state service in the same pay grade.

~~70-71.~~ "Uncovered position" means a position that is exempt under A.R.S. § 41-771 and not subject to the provisions of these rules.

~~71-72.~~ "Underfill" means the appointment of a person to a class with a pay grade that is lower than the pay grade for the allocated class for that position.

~~72-73.~~ "Voluntary pay grade decrease" means a change in assignment, at the request of an employee, to a position in a class with a lower pay grade.

ARTICLE 4. BENEFITS

R2-5-416. Health Benefit Plan

A. Eligibility.

1. A state employee, except an employee listed in subsection (A)(2), and the employee's eligible dependents may participate in the health benefit plan, if the employee complies with the contractual requirements of the selected health benefit plan. An eligible employee may enroll in a health benefit plan at any time within the first 31 days of employment or during an open enrollment period specified by the Director. To add an eligible dependent due to a qualified life event, an eligible employee shall submit an application for enrollment within 31 days of the qualified life event.
2. The following categories of employees are not eligible to participate in the health benefit plan:
 - a. An employee who works fewer than 20 hours per week;
 - b. An employee in a temporary, emergency, or clerical pool position;
 - c. A patient or inmate employed in a state institution;
 - d. A non-state employee, officer, or enlisted personnel of the National Guard of Arizona;
 - e. An employee in a position established for rehabilitation purposes;
 - f. An employee of any state college or university:
 - i. Who works fewer than 20 hours per week;
 - ii. Who is engaged to work for less than six months; or
 - iii. For whom contributions are not made to a state retirement plan. This disqualification does not apply to a non-immigrant alien employee, an employee participating in a medical residency training program, a Cooperative Extension employee on federal appointment, or a retiree who returns to work under A.R.S. § 38-766.01.

B. Eligibility exception. An employee who is on leave without pay may continue to participate in the health benefit plan under the conditions in:

1. R2-5-405 for employees on leave without pay due to industrial illness or injury;
2. R2-5-413 for employees on medical leave without pay; or
3. R2-5-414 for employees on leave without pay for any other reason.

C. Dependent eligibility. Dependents eligible to participate in the health benefit plan include an employee-member's spouse as provided by law or domestic partner, and each qualifying child.

D. Enrollment of dependents. An eligible employee may enroll eligible dependents at the time of the employee's original enrollment, within 31 days of a qualified life event, or at open enrollment.

R2-5-417. Life Insurance and Disability Income Insurance Plans

A. Eligibility.

1. A state employee, except an employee listed in subsection (A)(2), may participate in the life insurance and short-term disability income insurance plans.
2. The following categories of employees are not eligible to participate in the life insurance and short-term disability income insurance plans:
 - a. An employee who works fewer than 20 hours per week;
 - b. An employee in a temporary, emergency, or clerical pool position;

- c. A patient or inmate employed in a state institution;
- d. A non-state employee, officer, or enlisted personnel of the National Guard of Arizona;
- e. An employee in a position established for rehabilitation purposes;
- f. An employee of any state college or university:
 - i. Who works fewer than 20 hours per week;
 - ii. Who is engaged to work for less than six months; or
 - iii. For whom contributions are not made to a state retirement plan. This disqualification does not apply to an employee participating in a medical residency training program, a Cooperative Extension employee on federal appointment, or a retiree who returns to work under A.R.S. § 38-766.01.
- B. Supplemental insurance coverage. In addition to the basic life insurance provided at no cost to an employee, an eligible employee may elect to purchase additional group life insurance. The employee may purchase an amount of insurance that does not exceed three times the employee's annual base salary, rounded down to the nearest \$5,000, or the maximum amount established by the Director, whichever is less.
- C. Dependent coverage. An eligible employee may elect to purchase group life insurance for the employee's spouse or domestic partner, and each child in an amount established by the Director.
- D. Long-term disability coverage. The monthly benefit paid under the disability portion of a plan provided under A.R.S. § 38-651 may be reduced by payments the employee receives or is eligible to receive in the same month as determined by the terms and conditions of the plan.

R2-5-418. Retiree Health Benefit Plan

- A. Eligibility. A state employee is eligible to participate in the retiree health benefit plan if the employee is:
 - 1. Retired under a state-sponsored retirement plan and continues enrollment in the retiree health benefit plan;
 - 2. Newly retired under a state-sponsored retirement plan and within 31 days of the date of retirement enrolls in the retiree health benefit plan; or
 - 3. On long-term disability under a state-sponsored plan.
- B. Dependent eligibility. A retired employee's spouse or domestic partner, and each qualifying child are eligible to participate in the retiree health benefit plan.
- C. Extended coverage. If a state employee dies while retired, on long-term disability, or continuing to work when eligible for retirement, retiree health benefit plan coverage that is in effect for the employee's spouse or qualifying child may continue by payment of the premium and applicable administrative expense.

R2-5-419. Health Benefit Plan for Former Elected Officials

- A. Definition. "Former elected official" means an elected official as defined in A.R.S. § 38-801(3) who is no longer in office.
- B. Eligibility. A former elected official of this state is eligible to participate in the retiree health benefit plan if the former elected official:
 - 1. Has at least five years of credited service in the Elected Officials' Retirement Plan;
 - 2. Was covered under a group health or group health and accident plan at the time of leaving office;
 - 3. Served as an elected official on or after January 1, 1983; and
 - 4. Applies for enrollment within 31 days of leaving office or retiring.
- C. Dependent eligibility. A former elected official's spouse or domestic partner, and each qualifying child are eligible to participate in the retiree health benefit plan.
- D. Eligibility of surviving spouse. Upon the death of a former elected official, the surviving spouse is eligible for coverage under the retiree health benefit plan by paying the premium and applicable administrative expenses if:
 - 1. The deceased former elected official met the qualifications for eligibility listed in subsection (B); and
 - 2. The surviving spouse applies for coverage within 31 days of the death of the former elected official.
- E. Termination of coverage. The insurance coverage of a former elected official or the surviving spouse of a former elected official who fails to pay insurance premiums when due shall terminate at 11:59 p.m. on the last day of the period covered by the last premium paid.

R2-5-421. Life Insurance Plan for Former Elected Officials

- A. Definitions. "Former elected official" means an elected official as defined in A.R.S. § 38-801(3) who is no longer in office.
- B. Eligibility. A former elected official of this state, spouse or domestic partner, and each qualifying child are eligible to participate in the group life insurance plan, if the former elected official:
 - 1. Has at least five years of credited service, as referenced in A.R.S. § 38-801 et seq., in the Elected Officials' Retirement Plan; and,
 - 2. Served as an elected official on or after January 1, 1983.
- C. Eligibility of surviving spouse.
 - 1. Upon the death of a former elected official, the spouse is entitled to coverage under the group life insurance plan, if:
 - a. The deceased former elected official met the qualifications for eligibility listed in subsection (B);

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- b. The surviving spouse is receiving a monthly survivor's retirement check from the Elected Officials' Retirement Plan;
 - c. The surviving spouse applies for the life insurance benefit within 31 days of the death of the former elected official; and,
 - d. The surviving spouse pays the premium for the group life insurance coverage based upon the spouse's age and pays applicable administrative expenses.
2. Upon the death of an incumbent elected official, the surviving spouse is eligible to participate in the life insurance plan for former elected officials in accordance with the terms of the insurance contract covering the former elected official at the time of death, if:
- a. The deceased elected official met the qualifications for eligibility listed in subsection (B) or would have met the qualifications upon completion of the term of office in which the deceased elected official was serving at the time of death;
 - b. The surviving spouse is receiving a monthly survivor's retirement check from the Elected Officials' Retirement Plan; and,
 - c. The surviving spouse applies for the life insurance benefit within 31 days of the death of the incumbent elected official.
- D. Termination of coverage. The insurance coverage of either a former elected official or the surviving spouse of a former or incumbent elected official who fails to pay insurance premiums when due shall terminate at 11:59 p.m. on the last day of the period covered by the last premium paid.

R2-5-422. Flexible or Cafeteria Employee Benefit Plan

- A. Eligibility. A state employee who is eligible to participate in the state's employee insurance programs, other than the short-term disability program, is enrolled in the flexible or cafeteria employee benefit plan, in accordance with 26 U.S.C. 125, Internal Revenue Code of 1986-, as amended. Benefits provided to domestic partners shall receive pre-tax treatment under the flexible or cafeteria employee benefit plan only to the extent allowed by 26 U.S.C. 125, as amended.
- B. Pre-taxing of plan premiums. The method of subtracting premiums for health and supplemental life insurance from gross salary before deducting federal and state income taxes and social security taxes, resulting in the pre-taxing of premiums for health and supplemental life insurance plans, shall not change or cancel until the end of the plan year.
- C. Corresponding change in premiums. A family status event that results in the modification of a pre-tax premium will also result in a corresponding change in the premium amount being deducted.
- D. Automatic disenrollment. A participant is automatically disenrolled from this plan if the participant ceases to be an eligible employee.
- E. Plan administrator. The Arizona Department of Administration administers the plan and determines the type, structure, and components of the plan.
- F. Responsibility for plan operation. The plan administrator has sole authority to amend or terminate, in whole or in part, the plan at any time. The plan administrator has sole responsibility for effecting salary reductions.
- G. Scope of authority. The plan administrator has sole responsibility to administer the plan, including, but not limited to, the following:
 - 1. To construe and interpret the plan, decide all questions of eligibility, and determine the amount, manner, and time of payment of any benefits; and
 - 2. To prescribe procedures to be followed by eligible employees who want to enroll in the plan.