

State of Arizona  
Senate  
Forty-fifth Legislature  
First Regular Session  
2001

CHAPTER 376

# SENATE BILL 1107

AN ACT

AMENDING SECTIONS 38-783, 38-817, 38-857 AND 38-906, ARIZONA REVISED STATUTES; MAKING AN APPROPRIATION; RELATING TO RETIREES' HEALTH INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)



1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 38-783, Arizona Revised Statutes, is amended to  
3 read:

4 38-783. Retired members; dependents; health insurance; premium  
5 payment; separate account; definitions

6 A. Subject to subsection F- J of this section, the board shall pay  
7 from ASRS assets part of the single coverage premium of any group health and  
8 accident insurance for each retired or disabled member of ASRS if the member  
9 elects to participate in the coverage provided by ASRS or section 38-651.01  
10 or elects to participate in any other health and accident insurance coverage  
11 provided or administered by an employer. The board shall pay:

12 1. Up to ninety-five dollars per month for a retired or disabled  
13 member of ASRS who is not eligible for medicare and who has ten or more years  
14 of credited service.

15 2. Up to sixty-five dollars per month for each retired or disabled  
16 member of ASRS who is eligible for medicare and who has ten or more years of  
17 credited service.

18 B. Subject to subsection F- J of this section, the board shall pay  
19 from ASRS assets part of the family coverage premium of any group health and  
20 accident insurance for a retired or disabled member of ASRS who elects family  
21 coverage and who otherwise qualifies for payment pursuant to subsection A of  
22 this section. Payment under this subsection is in the following amounts:

23 1. Up to one hundred seventy-five dollars per month if the retired or  
24 disabled member of ASRS and one or more dependents are not eligible for  
25 medicare.

26 2. Up to one hundred fifteen dollars per month if the retired or  
27 disabled member of ASRS and one or more dependents are eligible for medicare.

28 3. Up to one hundred forty-five dollars per month if either:

29 (a) The retired or disabled member of ASRS is not eligible for  
30 medicare and one or more dependents are eligible for medicare.

31 (b) The retired or disabled member of ASRS is eligible for medicare  
32 and one or more dependents are not eligible for medicare.

33 C. In addition each retired or disabled member of ASRS with less than  
34 ten years of credited service and a dependent of such a retired or disabled  
35 member who elects to participate in the coverage provided by ASRS or section  
36 38-651.01 or who elects to participate in any other health and accident  
37 coverage provided or administered by an employer is entitled to receive a  
38 proportion of the full benefit prescribed by subsection A or B of this  
39 section according to the following schedule:

40 1. 9.0 to 9.9 years of credited service, ninety per cent.

41 2. 8.0 to 8.9 years of credited service, eighty per cent.

42 3. 7.0 to 7.9 years of credited service, seventy per cent.

43 4. 6.0 to 6.9 years of credited service, sixty per cent.

44 5. 5.0 to 5.9 years of credited service, fifty per cent.

1           6. Those with less than five years of credited service do not qualify  
2 for the benefit.

3           D. The board shall not pay more than the amount prescribed in  
4 ~~subsection A or B of this section or the applicable proportion prescribed in~~  
5 ~~subsection C of this section~~ for a retired or disabled member of ASRS.

6           E. THROUGH JUNE 30, 2003, THE BOARD SHALL PAY AN INSURANCE PREMIUM  
7 BENEFIT FOR EACH RETIRED OR DISABLED MEMBER OF ASRS WHO IS ELIGIBLE FOR A  
8 PREMIUM BENEFIT PAYMENT PURSUANT TO SUBSECTION A OF THIS SECTION AND WHO  
9 LIVES IN A NONSERVICE AREA AS FOLLOWS:

10           1. UP TO THREE HUNDRED DOLLARS PER MONTH FOR A RETIRED OR DISABLED  
11 MEMBER OF ASRS WHO IS NOT ELIGIBLE FOR MEDICARE AND WHO HAS TEN OR MORE YEARS  
12 OF CREDITED SERVICE.

13           2. UP TO ONE HUNDRED SEVENTY DOLLARS PER MONTH FOR A RETIRED OR  
14 DISABLED MEMBER OF ASRS WHO IS ELIGIBLE FOR MEDICARE AND WHO HAS TEN OR MORE  
15 YEARS OF CREDITED SERVICE.

16           F. THROUGH JUNE 30, 2003, THE BOARD SHALL PAY FROM ASRS ASSETS PART  
17 OF THE FAMILY COVERAGE PREMIUM OF ANY GROUP HEALTH AND ACCIDENT INSURANCE  
18 COVERAGE FOR A RETIRED OR DISABLED MEMBER OF ASRS WHO IS ELIGIBLE FOR A  
19 PREMIUM BENEFIT PAYMENT PURSUANT TO SUBSECTION B OF THIS SECTION AND WHO  
20 LIVES IN A NONSERVICE AREA AS FOLLOWS:

21           1. UP TO SIX HUNDRED DOLLARS PER MONTH IF THE RETIRED OR DISABLED  
22 MEMBER OF ASRS AND ONE OR MORE DEPENDENTS ARE NOT ELIGIBLE FOR MEDICARE.

23           2. UP TO THREE HUNDRED FIFTY DOLLARS PER MONTH IF THE RETIRED OR  
24 DISABLED MEMBER OF ASRS AND ONE OR MORE DEPENDENTS ARE ELIGIBLE FOR MEDICARE.

25           3. UP TO FOUR HUNDRED SEVENTY DOLLARS PER MONTH IF EITHER:

26           (a) THE RETIRED OR DISABLED MEMBER OF ASRS IS NOT ELIGIBLE FOR  
27 MEDICARE AND ONE OR MORE DEPENDENTS ARE ELIGIBLE FOR MEDICARE.

28           (b) THE RETIRED OR DISABLED MEMBER OF ASRS IS ELIGIBLE FOR MEDICARE  
29 AND ONE OR MORE DEPENDENTS ARE NOT ELIGIBLE FOR MEDICARE.

30           G. A RETIRED OR DISABLED MEMBER OF ASRS WHO IS ENROLLED IN A MANAGED  
31 CARE PROGRAM IN A NONSERVICE AREA IS NOT ELIGIBLE FOR THE PAYMENT PRESCRIBED  
32 IN SUBSECTION E OR F OF THIS SECTION IF THE MEMBER TERMINATES COVERAGE UNDER  
33 THE MANAGED CARE PROGRAM.

34           H. THROUGH JUNE 30, 2003, A RETIRED OR DISABLED MEMBER OF ASRS MAY  
35 ELECT TO PURCHASE INDIVIDUAL HEALTH CARE COVERAGE AND RECEIVE A PAYMENT  
36 PURSUANT TO THIS SECTION THROUGH THE RETIRED OR DISABLED MEMBER'S EMPLOYER  
37 IF THAT EMPLOYER ASSUMES THE ADMINISTRATIVE FUNCTIONS ASSOCIATED WITH THE  
38 PAYMENT, INCLUDING VERIFICATION THAT THE PAYMENT IS USED TO PAY FOR HEALTH  
39 INSURANCE COVERAGE IF THE PAYMENT IS MADE TO THE RETIRED OR DISABLED MEMBER.

40           ~~E.~~ I. The board shall establish a separate account that consists of  
41 the benefits provided by this section. The board shall not use or divert any  
42 part of the corpus or income of the account for any purpose other than the  
43 provision of benefits under this section unless the liabilities of ASRS to  
44 provide the benefits are satisfied. If the liabilities of ASRS to provide

1 the benefits described in this section are satisfied, the board shall return  
2 any amount remaining in the account to the employer.

3 ~~F.~~ J. Payment of the benefits provided by this section is subject  
4 to the following conditions:

5 1. The payment of the benefits is subordinate to the payment of  
6 retirement benefits payable by ASRS.

7 2. The total of contributions for the benefits and actual  
8 contributions for life insurance protection, if any, shall not exceed  
9 twenty-five per cent of the total actual employer and employee contributions  
10 to ASRS, less contributions to fund past service credits, after the day the  
11 account is established.

12 3. The board shall deposit the benefits provided by this section in  
13 the account.

14 4. The contributions by the employer to the account shall be  
15 reasonable and ascertainable.

16 ~~G.~~ K. For the purposes of this section:

17 1. "Account" means the separate account established pursuant to  
18 subsection ~~E~~ I of this section.

19 2. "Credited service" includes prior service.

20 3. "NONSERVICE AREA" MEANS AN AREA IN THIS STATE IN WHICH ASRS  
21 PURSUANT TO SECTION 38-782, THE DEPARTMENT OF ADMINISTRATION PURSUANT TO  
22 SECTION 38-651.01 OR ANY EMPLOYER DOES NOT PROVIDE OR ADMINISTER A HEALTH  
23 CARE SERVICES ORGANIZATION PROGRAM, EXCLUDING ANY PREFERRED PROVIDER  
24 ORGANIZATION PROGRAM OR INDIVIDUAL HEALTH INDEMNITY POLICY, FOR WHICH THE  
25 RETIRED OR DISABLED MEMBER OF ASRS IS ELIGIBLE.

26 ~~3.~~ 4. "Prior service" means service for this state or a political  
27 subdivision of this state before membership in the defined contribution  
28 program administered by ASRS.

29 Sec. 2. Section 38-817, Arizona Revised Statutes, is amended to read:

30 38-817. Group health and accident coverage for retired members;  
31 payment; definition

32 A. The fund manager shall pay from the assets of the fund part of the  
33 single coverage premium of any group health and accident insurance in the  
34 amount of up to sixty dollars per month for ~~a~~ EACH retired member or  
35 survivor of the elected officials' retirement plan who receives a pension if  
36 the retiree RETIRED MEMBER had eight or more years of credited service under  
37 the plan. In order to qualify for payment pursuant to this subsection, the  
38 retired member or survivor shall elect single coverage and ~~shall elect~~ MUST  
39 HAVE ELECTED to participate in the coverage provided in section 38-651.01 or  
40 38-782 or ~~elect to participate in~~ any other health and accident insurance  
41 COVERAGE provided or administered by a participating employer of the elected  
42 officials' retirement plan.

43 B. The fund manager shall pay from the assets of the fund part of the  
44 family coverage premium of any group health and accident insurance in the  
45 amount of up to eighty-five dollars each month for a benefit recipient who

1 elects family coverage and who otherwise qualifies for payment pursuant to  
2 subsection A of this section.

3 C. Each retired member or survivor of the plan with less than eight  
4 years of credited service and a dependent of such a retired member or  
5 survivor who participates in the coverage provided by section 38-651.01 or  
6 38-782 or who participates in any other health and accident insurance  
7 coverage provided or administered by a participating employer of the plan is  
8 entitled to receive a proportion of the full benefit prescribed by subsection  
9 A or B of this section according to the following schedule:

- 10 1. 7.0 to 7.9 years of credited service, ninety per cent.  
11 2. 6.0 to 6.9 years of credited service, seventy-five per cent.  
12 3. 5.0 to 5.9 years of credited service, sixty per cent.  
13 4. Those with less than five years of credited service do not qualify  
14 for the benefit.

15 D. The fund manager shall not pay more than ~~eighty-five dollars each~~  
16 ~~month or the applicable proportion prescribed in subsection C of~~ THE AMOUNT  
17 PRESCRIBED IN this section for a benefit recipient as a member or survivor  
18 of the plan.

19 E. THROUGH JUNE 30, 2003, THE FUND MANAGER SHALL PAY AN INSURANCE  
20 PREMIUM BENEFIT FOR EACH RETIRED MEMBER OR SURVIVOR OF THE PLAN WHO IS  
21 ENTITLED TO A PREMIUM BENEFIT PAYMENT PURSUANT TO SUBSECTION A OF THIS  
22 SECTION AND WHO LIVES IN A NONSERVICE AREA AS FOLLOWS:

- 23 1. UP TO THREE HUNDRED DOLLARS PER MONTH FOR A RETIRED MEMBER OR  
24 SURVIVOR OF THE PLAN WHO IS NOT ELIGIBLE FOR MEDICARE AND WHO HAS EIGHT OR  
25 MORE YEARS OF CREDITED SERVICE.  
26 2. UP TO ONE HUNDRED SEVENTY DOLLARS PER MONTH FOR A RETIRED MEMBER  
27 OR SURVIVOR OF THE PLAN WHO IS ELIGIBLE FOR MEDICARE AND WHO HAS EIGHT OR  
28 MORE YEARS OF CREDITED SERVICE.

29 F. THROUGH JUNE 30, 2003, THE FUND MANAGER SHALL PAY AN INSURANCE  
30 PREMIUM BENEFIT FOR A RETIRED MEMBER OR SURVIVOR OF THE PLAN WHO IS ENTITLED  
31 TO A PREMIUM BENEFIT PAYMENT PURSUANT TO SUBSECTION B OF THIS SECTION AND WHO  
32 LIVES IN A NONSERVICE AREA AS FOLLOWS:

- 33 1. UP TO SIX HUNDRED DOLLARS PER MONTH IF THE RETIRED MEMBER OR  
34 SURVIVOR OF THE PLAN AND ONE OR MORE DEPENDENTS ARE NOT ELIGIBLE FOR  
35 MEDICARE.  
36 2. UP TO THREE HUNDRED FIFTY DOLLARS PER MONTH IF THE RETIRED MEMBER  
37 OR SURVIVOR OF THE PLAN AND ONE OR MORE DEPENDENTS ARE ELIGIBLE FOR MEDICARE.  
38 3. UP TO FOUR HUNDRED SEVENTY DOLLARS PER MONTH IF EITHER:  
39 (a) THE RETIRED MEMBER OR SURVIVOR OF THE PLAN IS NOT ELIGIBLE FOR  
40 MEDICARE AND ONE OR MORE DEPENDENTS ARE ELIGIBLE FOR MEDICARE.  
41 (b) THE RETIRED MEMBER OR SURVIVOR OF THE PLAN IS ELIGIBLE FOR  
42 MEDICARE AND ONE OR MORE DEPENDENTS ARE NOT ELIGIBLE FOR MEDICARE.

43 G. A RETIRED MEMBER OR SURVIVOR OF THE PLAN WHO IS ENROLLED IN A  
44 MANAGED CARE PROGRAM IN A NONSERVICE AREA IS NOT ELIGIBLE FOR THE PAYMENT

1 PRESCRIBED IN SUBSECTION E OR F OF THIS SECTION IF THE MEMBER TERMINATES  
2 COVERAGE UNDER THE MANAGED CARE PROGRAM.

3 H. THROUGH JUNE 30, 2003, A RETIRED MEMBER OR SURVIVOR OF THE PLAN MAY  
4 ELECT TO PURCHASE INDIVIDUAL HEALTH CARE COVERAGE AND RECEIVE A PAYMENT  
5 PURSUANT TO THIS SECTION THROUGH THE RETIRED MEMBER'S EMPLOYER IF THAT  
6 EMPLOYER ASSUMES THE ADMINISTRATIVE FUNCTIONS ASSOCIATED WITH THE PAYMENT,  
7 INCLUDING VERIFICATION THAT THE PAYMENT IS USED TO PAY FOR HEALTH INSURANCE  
8 COVERAGE IF THE PAYMENT IS MADE TO THE RETIRED MEMBER OR SURVIVOR OF THE  
9 PLAN.

10 I. FOR THE PURPOSES OF THIS SECTION, "NONSERVICE AREA" MEANS AN AREA  
11 IN THIS STATE IN WHICH THE ARIZONA STATE RETIREMENT SYSTEM PURSUANT TO  
12 SECTION 38-782, THE DEPARTMENT OF ADMINISTRATION PURSUANT TO SECTION  
13 38-651.01 OR THE MEMBER'S OR SURVIVOR'S PARTICIPATING EMPLOYER DOES NOT  
14 PROVIDE OR ADMINISTER A HEALTH CARE SERVICES ORGANIZATION PROGRAM, EXCLUDING  
15 ANY PREFERRED PROVIDER ORGANIZATION PROGRAM OR INDIVIDUAL HEALTH INDEMNITY  
16 POLICY, FOR WHICH THE RETIRED MEMBER OR SURVIVOR OF THE PLAN IS ELIGIBLE.

17 Sec. 3. Section 38-857, Arizona Revised Statutes, is amended to read:

18 38-857. Group health and accident coverage for retired members;  
19 payment; definition

20 A. The fund manager of the public safety personnel retirement system  
21 shall pay part of the single coverage premium of any group health and  
22 accident insurance in the amount of up to eighty-two dollars fifty cents per  
23 month for ~~a~~ EACH retired member or survivor of the system who receives a  
24 pension and WHO has elected to participate in the coverage provided by  
25 section 38-651.01 or 38-782 or ~~who participates in any other health and~~  
26 accident insurance COVERAGE provided or administered by a participating  
27 employer of the system.

28 B. The fund manager of the system shall pay from assets of the fund  
29 part of the family coverage premium of any group health and accident  
30 insurance in an amount of up to one hundred thirty dollars each month for a  
31 benefit recipient who elects family coverage and otherwise qualifies for  
32 payment pursuant to subsection A of this section.

33 C. The fund manager shall not pay from assets of the fund more than  
34 ~~one hundred thirty dollars each month pursuant to~~ THE AMOUNT PRESCRIBED IN  
35 this section for a benefit recipient as a member or survivor of the system.

36 D. This section does not apply to a retired member or survivor of the  
37 system who is reemployed by this state or a political subdivision of this  
38 state and who participates in coverage provided by this state or a political  
39 subdivision of this state as an active employee.

40 E. THROUGH JUNE 30, 2003, THE FUND MANAGER SHALL PAY AN INSURANCE  
41 PREMIUM BENEFIT FOR EACH RETIRED MEMBER OR SURVIVOR OF THE SYSTEM WHO IS  
42 ENTITLED TO A PREMIUM BENEFIT PAYMENT PURSUANT TO SUBSECTION A OF THIS  
43 SECTION AND WHO LIVES IN A NONSERVICE AREA AS FOLLOWS:

44 1. UP TO THREE HUNDRED DOLLARS PER MONTH FOR A RETIRED MEMBER OR  
45 SURVIVOR OF THE SYSTEM WHO IS NOT ELIGIBLE FOR MEDICARE.

1           2. UP TO ONE HUNDRED SEVENTY DOLLARS PER MONTH FOR A RETIRED MEMBER  
2 OR SURVIVOR OF THE SYSTEM WHO IS ELIGIBLE FOR MEDICARE.

3           F. THROUGH JUNE 30, 2003, THE FUND MANAGER SHALL PAY AN INSURANCE  
4 PREMIUM BENEFIT FOR A RETIRED MEMBER OR SURVIVOR OF THE SYSTEM WHO IS  
5 ENTITLED TO A PREMIUM BENEFIT PAYMENT PURSUANT TO SUBSECTION B OF THIS  
6 SECTION AND WHO LIVES IN A NONSERVICE AREA AS FOLLOWS:

7           1. UP TO SIX HUNDRED DOLLARS PER MONTH IF THE RETIRED MEMBER OR  
8 SURVIVOR OF THE SYSTEM AND ONE OR MORE DEPENDENTS ARE NOT ELIGIBLE FOR  
9 MEDICARE.

10          2. UP TO THREE HUNDRED FIFTY DOLLARS PER MONTH IF THE RETIRED MEMBER  
11 OR SURVIVOR OF THE SYSTEM AND ONE OR MORE DEPENDENTS ARE ELIGIBLE FOR  
12 MEDICARE.

13          3. UP TO FOUR HUNDRED SEVENTY DOLLARS PER MONTH IF EITHER:

14           (a) THE RETIRED MEMBER OR SURVIVOR OF THE SYSTEM IS NOT ELIGIBLE FOR  
15 MEDICARE AND ONE OR MORE DEPENDENTS ARE ELIGIBLE FOR MEDICARE.

16           (b) THE RETIRED MEMBER OR SURVIVOR OF THE SYSTEM IS ELIGIBLE FOR  
17 MEDICARE AND ONE OR MORE DEPENDENTS ARE NOT ELIGIBLE FOR MEDICARE.

18          G. A RETIRED MEMBER OR SURVIVOR OF THE SYSTEM WHO IS ENROLLED IN A  
19 MANAGED CARE PROGRAM IN A NONSERVICE AREA IS NOT ELIGIBLE FOR THE PAYMENT  
20 PRESCRIBED IN SUBSECTION E OR F OF THIS SECTION IF THE MEMBER TERMINATES  
21 COVERAGE UNDER THE MANAGED CARE PROGRAM.

22          H. THROUGH JUNE 30, 2003, A RETIRED MEMBER OR SURVIVOR OF THE SYSTEM  
23 MAY ELECT TO PURCHASE INDIVIDUAL HEALTH CARE COVERAGE AND RECEIVE A PAYMENT  
24 PURSUANT TO THIS SECTION THROUGH THE RETIRED MEMBER'S EMPLOYER IF THAT  
25 EMPLOYER ASSUMES THE ADMINISTRATIVE FUNCTIONS ASSOCIATED WITH THE PAYMENT,  
26 INCLUDING VERIFICATION THAT THE PAYMENT IS USED TO PAY FOR HEALTH INSURANCE  
27 COVERAGE IF THE PAYMENT IS MADE TO THE RETIRED MEMBER OR SURVIVOR OF THE  
28 SYSTEM.

29          I. FOR THE PURPOSES OF THIS SECTION, "NONSERVICE AREA" MEANS AN AREA  
30 IN THIS STATE IN WHICH THE ARIZONA STATE RETIREMENT SYSTEM PURSUANT TO  
31 SECTION 38-782, THE DEPARTMENT OF ADMINISTRATION PURSUANT TO SECTION  
32 38-651.01 OR THE MEMBER'S OR SURVIVOR'S PARTICIPATING EMPLOYER DOES NOT  
33 PROVIDE OR ADMINISTER A HEALTH CARE SERVICES ORGANIZATION PROGRAM, EXCLUDING  
34 ANY PREFERRED PROVIDER ORGANIZATION PROGRAM OR INDIVIDUAL HEALTH INDEMNITY  
35 POLICY, FOR WHICH THE RETIRED MEMBER OR SURVIVOR OF THE SYSTEM IS ELIGIBLE.

36          Sec. 4. Section 38-906, Arizona Revised Statutes, is amended to read:

37          38-906. Group health and accident coverage for retired members;  
38                 payment; definition

39          A. The fund manager shall pay from the assets of the fund part of the  
40 single coverage premium of any group health and accident insurance in the  
41 amount of up to ninety-five dollars per month for each retired member or  
42 survivor of the plan who is receiving benefits, who is not eligible for  
43 medicare and who elects single coverage and up to sixty-five dollars per  
44 month for each retired member or survivor of the plan who is receiving  
45 benefits, who is eligible for medicare and who elects single coverage. In

1 order to qualify for the benefits provided in this section, the retired  
2 member or survivor must participate in coverage provided by section 38-651.01  
3 or 38-782 or participate in any other health and accident insurance coverage  
4 provided or administered by a participating employer in the plan.

5 B. The fund manager shall pay from the assets of the fund part of the  
6 family coverage premium of any group health and accident insurance for each  
7 retired member or survivor of the plan who elects family coverage and who  
8 otherwise qualifies for payment pursuant to subsection A of this section.  
9 Payment under this subsection is in the following amounts:

10 1. Up to one hundred seventy-five dollars each PER month if the  
11 retired member or survivor OF THE PLAN and dependent ONE OR MORE DEPENDENTS  
12 are not eligible for medicare.

13 2. Up to one hundred fifteen dollars each PER month if the retired  
14 member or survivor OF THE PLAN and dependent ONE OR MORE DEPENDENTS are both  
15 eligible for medicare.

16 3. Up to one hundred forty-five dollars if either:

17 (a) The retired member or survivor OF THE PLAN is not eligible for  
18 medicare and the dependent is ONE OR MORE DEPENDENTS ARE eligible for  
19 medicare.

20 (b) The retired member or survivor OF THE PLAN is eligible for  
21 medicare and the dependent is ONE OR MORE DEPENDENTS ARE not eligible for  
22 medicare.

23 C. The fund manager shall not pay more than the amount prescribed in  
24 subsection A or B of this section for a benefit recipient as a member or  
25 survivor of the plan.

26 D. THROUGH JUNE 30, 2003, THE FUND MANAGER SHALL PAY AN INSURANCE  
27 PREMIUM BENEFIT FOR EACH RETIRED MEMBER OR SURVIVOR OF THE PLAN WHO IS  
28 ENTITLED TO A PREMIUM BENEFIT PAYMENT PURSUANT TO SUBSECTION A OF THIS  
29 SECTION AND WHO LIVES IN A NONSERVICE AREA AS FOLLOWS:

30 1. UP TO THREE HUNDRED DOLLARS PER MONTH FOR A RETIRED MEMBER OR  
31 SURVIVOR OF THE PLAN WHO IS NOT ELIGIBLE FOR MEDICARE.

32 2. UP TO ONE HUNDRED SEVENTY DOLLARS PER MONTH FOR A RETIRED MEMBER  
33 OR SURVIVOR OF THE PLAN WHO IS ELIGIBLE FOR MEDICARE.

34 E. THROUGH JUNE 30, 2003, THE FUND MANAGER SHALL PAY AN INSURANCE  
35 PREMIUM BENEFIT FOR A RETIRED MEMBER OR SURVIVOR OF THE PLAN WHO IS ENTITLED  
36 TO A PREMIUM BENEFIT PAYMENT PURSUANT TO SUBSECTION B OF THIS SECTION AND WHO  
37 LIVES IN A NONSERVICE AREA AS FOLLOWS:

38 1. UP TO SIX HUNDRED DOLLARS PER MONTH IF THE RETIRED MEMBER OR  
39 SURVIVOR OF THE PLAN AND ONE OR MORE DEPENDENTS ARE NOT ELIGIBLE FOR  
40 MEDICARE.

41 2. UP TO THREE HUNDRED FIFTY DOLLARS PER MONTH IF THE RETIRED MEMBER  
42 OR SURVIVOR OF THE PLAN AND ONE OR MORE DEPENDENTS ARE ELIGIBLE FOR MEDICARE.

43 3. UP TO FOUR HUNDRED SEVENTY DOLLARS PER MONTH IF EITHER:

44 (a) THE RETIRED MEMBER OR SURVIVOR OF THE PLAN IS NOT ELIGIBLE FOR  
45 MEDICARE AND ONE OR MORE DEPENDENTS ARE ELIGIBLE FOR MEDICARE.

1 (b) THE RETIRED MEMBER OR SURVIVOR OF THE PLAN IS ELIGIBLE FOR  
2 MEDICARE AND ONE OR MORE DEPENDENTS ARE NOT ELIGIBLE FOR MEDICARE.

3 F. A RETIRED MEMBER OR SURVIVOR OF THE PLAN WHO IS ENROLLED IN A  
4 MANAGED CARE PROGRAM IN A NONSERVICE AREA IS NOT ELIGIBLE FOR THE PAYMENT  
5 PRESCRIBED IN SUBSECTION D OR E OF THIS SECTION IF THE MEMBER TERMINATES  
6 COVERAGE UNDER THE MANAGED CARE PROGRAM.

7 G. THROUGH JUNE 30, 2003, A RETIRED MEMBER OR SURVIVOR OF THE PLAN MAY  
8 ELECT TO PURCHASE INDIVIDUAL HEALTH CARE COVERAGE AND RECEIVE A PAYMENT  
9 PURSUANT TO THIS SECTION THROUGH THE RETIRED MEMBER'S EMPLOYER IF THAT  
10 EMPLOYER ASSUMES THE ADMINISTRATIVE FUNCTIONS ASSOCIATED WITH THE PAYMENT,  
11 INCLUDING VERIFICATION THAT THE PAYMENT IS USED TO PAY FOR HEALTH INSURANCE  
12 COVERAGE IF THE PAYMENT IS MADE TO THE RETIRED MEMBER OR SURVIVOR OF THE  
13 PLAN.

14 H. FOR THE PURPOSES OF THIS SECTION, "NONSERVICE AREA" MEANS AN AREA  
15 IN THIS STATE IN WHICH THE ARIZONA STATE RETIREMENT SYSTEM PURSUANT TO  
16 SECTION 38-782, THE DEPARTMENT OF ADMINISTRATION PURSUANT TO SECTION  
17 38-651.01 OR THE MEMBER'S OR SURVIVOR'S PARTICIPATING EMPLOYER DOES NOT  
18 PROVIDE OR ADMINISTER A HEALTH CARE SERVICES ORGANIZATION PROGRAM, EXCLUDING  
19 ANY PREFERRED PROVIDER ORGANIZATION PROGRAM OR INDIVIDUAL HEALTH INDEMNITY  
20 POLICY, FOR WHICH THE RETIRED MEMBER OR SURVIVOR OF THE PLAN IS ELIGIBLE.

21 Sec. 5. Retroactivity

22 This act applies retroactively to from and after June 30, 2001.

23 Sec. 6. Appropriation; purpose; exemption

24 The sum of \$698,000 is appropriated from the Arizona state retirement  
25 system administration account in fiscal year 2001-2002 to the Arizona state  
26 retirement system for the administrative implementation of this act.

APPROVED BY THE GOVERNOR MAY 7, 2001.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 8, 2001.

Passed the House April 26, 20 01,

by the following vote: 54 Ayes,

2 Nays, 4 Not Voting



Speaker of the House



Chief Clerk of the House

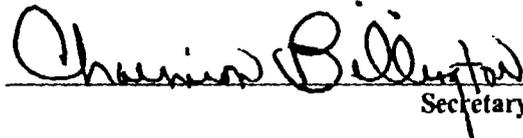
Passed the Senate March 15, 20 01,

by the following vote: 25 Ayes,

4 Nays, 1 Not Voting



President of the Senate



Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

~~\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,~~

~~at \_\_\_\_\_ o'clock \_\_\_\_\_ M.~~

~~\_\_\_\_\_  
Secretary to the Governor~~

Approved this \_\_\_\_\_ day of

~~\_\_\_\_\_, 20\_\_\_\_,~~

~~at \_\_\_\_\_ o'clock \_\_\_\_\_ M.~~

~~\_\_\_\_\_  
Governor of Arizona~~

S.B. 1107

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

~~this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,~~

~~at \_\_\_\_\_ o'clock \_\_\_\_\_ M.~~

~~\_\_\_\_\_  
Secretary of State~~

CONCURS IN HOUSE  
AMENDMENTS AND FINAL PASSAGE

Passed the Senate May 1, 2001,

by the following vote: 23 Ayes,

5 Nays, 2 Not Voting

[Signature]  
President of the Senate  
[Signature]  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

1 day of May, 2001,

at 10:54 o'clock A M.

[Signature]  
Secretary to the Governor

APPROVED THIS 7 day of

May, 2001,

at 2:50 o'clock P M.

[Signature]  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 8 day of May, 2001,

at 2:35 o'clock P M.

[Signature]  
Secretary of State

S.B. 1107