

Conference Engrossed

State of Arizona  
House of Representatives  
Forty-fifth Legislature  
First Regular Session  
2001

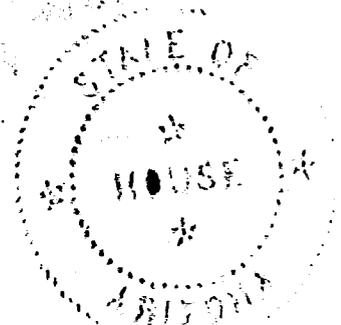
CHAPTER 383

# HOUSE BILL 2164

AN ACT

AMENDING SECTIONS 38-783, 38-817, 38-857 AND 38-906, ARIZONA REVISED  
STATUTES; MAKING AN APPROPRIATION; RELATING TO PUBLIC RETIREMENT SYSTEMS.

(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 of this section, the board shall pay from  
7 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~~ ONE HUNDRED FIFTY dollars per month for a retired  
13 or disabled member of ASRS who is not eligible for medicare and who has ten  
14 or more years of credited service.

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

18 B. Subject to subsection F of this section, the board shall pay from  
19 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~~ TWO HUNDRED SIXTY dollars per month  
24 if the retired or disabled member of ASRS and one or more dependents are not  
25 eligible for medicare.

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

29 3. Up to ~~one hundred forty-five~~ TWO HUNDRED FIFTEEN dollars per month  
30 if either:

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

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

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

42 1. 9.0 to 9.9 years of credited service, ninety per cent.

43 2. 8.0 to 8.9 years of credited service, eighty per cent.

44 3. 7.0 to 7.9 years of credited service, seventy per cent.

- 1 4. 6.0 to 6.9 years of credited service, sixty per cent.
- 2 5. 5.0 to 5.9 years of credited service, fifty per cent.
- 3 6. Those with less than five years of credited service do not qualify
- 4 for the benefit.

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

8 E. The board shall establish a separate account that consists of the  
9 benefits provided by this section. The board shall not use or divert any  
10 part of the corpus or income of the account for any purpose other than the  
11 provision of benefits under this section unless the liabilities of ASRS to  
12 provide the benefits are satisfied. If the liabilities of ASRS to provide  
13 the benefits described in this section are satisfied, the board shall return  
14 any amount remaining in the account to the employer.

15 F. Payment of the benefits provided by this section is subject to the  
16 following conditions:

17 1. The payment of the benefits is subordinate to the payment of  
18 retirement benefits payable by ASRS.

19 2. The total of contributions for the benefits and actual  
20 contributions for life insurance protection, if any, shall not exceed  
21 twenty-five per cent of the total actual employer and employee contributions  
22 to ASRS, less contributions to fund past service credits, after the day the  
23 account is established.

24 3. The board shall deposit the benefits provided by this section in  
25 the account.

26 4. The contributions by the employer to the account shall be  
27 reasonable and ascertainable.

28 G. For the purposes of this section:

29 1. "Account" means the separate account established pursuant to  
30 subsection E of this section.

31 2. "Credited service" includes prior service.

32 3. "Prior service" means service for this state or a political  
33 subdivision of this state before membership in the defined contribution  
34 program administered by ASRS.

35 Sec. 2. Section 38-817, Arizona Revised Statutes, is amended to read:  
36 38-817. Group health and accident coverage for retired members;  
37 payment

38 A. The fund manager shall pay from the assets of the fund part of the  
39 single coverage premium of any group health and accident insurance ~~in the~~  
40 ~~amount of up to sixty dollars per month for a~~ EACH retired member or  
41 survivor of the elected officials' retirement plan who receives a pension if  
42 the retiree RETIRED MEMBER had eight or more years of credited service under  
43 the plan. In order to qualify for payment pursuant to this subsection, the  
44 retired member or survivor shall elect single coverage and shall elect to

1 participate in the coverage provided in section 38-651.01 or 38-782 or elect  
2 to participate in any other health and accident insurance provided or  
3 administered by a participating employer of the elected officials' retirement  
4 plan. THE FUND MANAGER SHALL PAY UP TO:

5 1. ONE HUNDRED FIFTY DOLLARS PER MONTH FOR EACH RETIRED MEMBER OR  
6 SURVIVOR OF THE PLAN WHO IS NOT ELIGIBLE FOR MEDICARE.

7 2. ONE HUNDRED DOLLARS PER MONTH FOR EACH RETIRED MEMBER OR SURVIVOR  
8 OF THE PLAN WHO IS ELIGIBLE FOR MEDICARE.

9 B. The fund manager shall pay from the assets of the fund part of the  
10 family coverage premium of any group health and accident insurance ~~in the~~  
11 ~~amount of up to eighty-five dollars~~ each month for a benefit recipient who  
12 elects family coverage and who otherwise qualifies for payment pursuant to  
13 subsection A of this section. THE FUND MANAGER SHALL PAY UP TO:

14 1. TWO HUNDRED SIXTY DOLLARS PER MONTH IF THE RETIRED MEMBER OR  
15 SURVIVOR OF THE PLAN AND ONE OR MORE DEPENDENTS ARE NOT ELIGIBLE FOR  
16 MEDICARE.

17 2. ONE HUNDRED SEVENTY DOLLARS PER MONTH IF THE RETIRED MEMBER OR  
18 SURVIVOR OF THE PLAN AND ONE OR MORE DEPENDENTS ARE ELIGIBLE FOR MEDICARE.

19 3. TWO HUNDRED FIFTEEN DOLLARS PER MONTH IF EITHER:

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

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

24 C. Each retired member or survivor of the plan with less than eight  
25 years of credited service and a dependent of such a retired member or  
26 survivor who participates in the coverage provided by section 38-651.01 or  
27 38-782 or who participates in any other health and accident insurance  
28 coverage provided or administered by a participating employer of the plan is  
29 entitled to receive a proportion of the full benefit prescribed by subsection  
30 A or B of this section according to the following schedule:

31 1. 7.0 to 7.9 years of credited service, ninety per cent.

32 2. 6.0 to 6.9 years of credited service, seventy-five per cent.

33 3. 5.0 to 5.9 years of credited service, sixty per cent.

34 4. Those with less than five years of credited service do not qualify  
35 for the benefit.

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

40 Sec. 3. Section 38-857, Arizona Revised Statutes, is amended to read:  
41 38-857. Group health and accident coverage for retired members;

42 payment

43 A. The fund manager of the public safety personnel retirement system  
44 shall pay part of the single coverage premium of any group health and

1 ~~accident insurance in the amount of up to eighty-two dollars fifty cents per~~  
2 ~~month for a~~ EACH retired member or survivor of the system who receives a  
3 pension and WHO has elected to participate in the coverage provided by  
4 section 38-651.01 or 38-782 or ~~who participates in any other health and~~  
5 ~~accident insurance~~ COVERAGE provided or administered by a participating  
6 employer of the system. THE FUND MANAGER SHALL PAY UP TO:

7 1. ONE HUNDRED FIFTY DOLLARS PER MONTH FOR EACH RETIRED MEMBER OR  
8 SURVIVOR OF THE SYSTEM WHO IS NOT ELIGIBLE FOR MEDICARE.

9 2. ONE HUNDRED DOLLARS PER MONTH FOR EACH RETIRED MEMBER OR SURVIVOR  
10 OF THE SYSTEM WHO IS ELIGIBLE FOR MEDICARE.

11 B. The fund manager of the system shall pay from assets of the fund  
12 part of the family coverage premium of any group health and accident  
13 insurance ~~in an amount of up to one hundred thirty dollars~~ each month for a  
14 benefit recipient who elects family coverage and otherwise qualifies for  
15 payment pursuant to subsection A of this section. THE FUND MANAGER SHALL PAY  
16 UP TO:

17 1. TWO HUNDRED SIXTY DOLLARS PER MONTH IF THE RETIRED MEMBER OR  
18 SURVIVOR OF THE SYSTEM AND ONE OR MORE DEPENDENTS ARE NOT ELIGIBLE FOR  
19 MEDICARE.

20 2. ONE HUNDRED SEVENTY DOLLARS PER MONTH IF THE RETIRED MEMBER OR  
21 SURVIVOR OF THE SYSTEM AND ONE OR MORE DEPENDENTS ARE ELIGIBLE FOR MEDICARE.

22 3. TWO HUNDRED FIFTEEN DOLLARS PER MONTH IF EITHER:

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

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

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

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

34 Sec. 4. Section 38-906, Arizona Revised Statutes, is amended to read:  
35 38-906. Group health and accident coverage for retired members;

36 payment

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

1 ~~member or survivor must~~ RECEIVES A PENSION AND WHO HAS ELECTED TO participate  
2 in coverage provided by section 38-651.01 or 38-782 or ~~participate in any~~  
3 other health and accident insurance coverage provided or administered by a  
4 participating employer in the plan. THE FUND MANAGER SHALL PAY UP TO:

5 1. ONE HUNDRED FIFTY DOLLARS PER MONTH FOR EACH RETIRED MEMBER OR  
6 SURVIVOR OF THE PLAN WHO IS NOT ELIGIBLE FOR MEDICARE.

7 2. ONE HUNDRED DOLLARS PER MONTH FOR EACH RETIRED MEMBER OR SURVIVOR  
8 OF THE PLAN WHO IS ELIGIBLE FOR MEDICARE.

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

14 1. Up to ~~one hundred seventy-five~~ TWO HUNDRED SIXTY dollars each PER  
15 month if the retired member or survivor OF THE PLAN and dependent ONE OR MORE  
16 DEPENDENTS are not eligible for medicare.

17 2. Up to ~~one hundred fifteen~~ ONE HUNDRED SEVENTY dollars each PER  
18 month if the retired member or survivor OF THE PLAN and dependent ONE OR MORE  
19 DEPENDENTS are both eligible for medicare.

20 3. Up to ~~one hundred forty-five~~ TWO HUNDRED FIFTEEN dollars if either:  
21 (a) The retired member or survivor OF THE PLAN is not eligible for  
22 medicare and the ~~dependent is~~ ONE OR MORE DEPENDENTS ARE eligible for  
23 medicare.

24 (b) The retired member or survivor OF THE PLAN is eligible for  
25 medicare and the ~~dependent is~~ ONE OR MORE DEPENDENTS ARE not eligible for  
26 medicare.

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

30 Sec. 5. Appropriation; purpose; exemption

31 A. The sum of \$524,000 is appropriated from the state retirement fund  
32 in fiscal year 2001-2002 to the Arizona state retirement system for the  
33 purposes provided in this act.

34 B. The appropriation made in subsection A of this section is exempt  
35 from the provisions of section 35-190, Arizona Revised Statutes, relating to  
36 lapsing of appropriations, except that all monies remaining unencumbered or  
37 unexpended on June 30, 2003 revert to the state retirement fund."

38 Sec. 6. Retroactivity

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

APPROVED BY THE GOVERNOR MAY 8, 2001.

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

Passed the House March, 2001,

Passed the Senate On reconsideration April 30, 2001

by the following vote: 50 Ayes,  
0 Nays, 10 Not Voting

by the following vote: 28 Ayes,  
1 Nays, 1 Not Voting

[Signature]  
Speaker of the House

[Signature]  
President of the Senate

[Signature]  
Chief Clerk of the House

[Signature]  
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

H.B. 2164

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

HOUSE FINAL PASSAGE  
as per Joint Conference

Passed the House May 02, 2001,

by the following vote: 54 Ayes,  
0 Nays, 6 Not Voting

John Flake  
Speaker of the House  
Pro Tempore  
Norman L. Moore  
Chief Clerk of the House

SENATE FINAL PASSAGE  
as per Joint Conference

Passed the Senate May 2, 2001,

by the following vote: 28 Ayes,  
2 Nays, 0 Not Voting

Robert Anderson  
President of the Senate  
Charmian Bellis  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor

this 3 day of May, 2001,

at 11:03 o'clock A M.

Sandra Chavez  
Secretary to the Governor

Approved this 8 day of

May, 2001,

at 3:45 o'clock P M.

Jane Dee Hull  
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 5:30 o'clock P M.

Robert G. Taylor  
Secretary of State

H.B. 2164