Senate Engrossed House Bill

State of Arizona
House of Representatives
Forty-sixth Legislature
First Regular Session
2003

CHAPTER 247

# HOUSE BILL 2349

AN ACT

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

(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 J of this section, the board shall pay from
7 ASRS assets part of the single coverage premium of any health and accident
8 insurance for each retired or disabled member of ASRS if the member elects
9 to participate in the coverage provided by ASRS or section 38-651.01 or
10 elects to participate in a health and accident insurance program provided or
11 administered by an employer or paid for, in whole or in part, by an employer
12 to an insurer. The board shall pay:
13 1. Up to one hundred fifty dollars per month for a retired or disabled
14 member of ASRS who is not eligible for medicare and who has ten or more years
15 of credited service.
16 2. Up to one hundred dollars per month for each retired or disabled
17 member of ASRS who is eligible for medicare and who has ten or more years of
18 credited service.
19 B. Subject to subsection J of this section, the board shall pay from
20 ASRS assets part of the family coverage premium of any health and accident
21 insurance for a retired or disabled member of ASRS who elects family coverage
22 and who otherwise qualifies for payment pursuant to subsection A of this
23 section. Payment under this subsection is in the following amounts:
24 1. Up to two hundred sixty dollars per month if the retired or
25 disabled member of ASRS and one or more dependents are not eligible for
26 medicare.
27 2. Up to one hundred seventy dollars per month if the retired or
28 disabled member of ASRS and one or more dependents are eligible for medicare.
29 3. Up to two hundred fifteen dollars per month if either:
30 (a) The retired or disabled member of ASRS is not eligible for
31 medicare and one or more dependents are eligible for medicare.
32 (b) The retired or disabled member of ASRS is eligible for medicare
33 and one or more dependents are not eligible for medicare.
34 C. In addition each retired or disabled member of ASRS with less than
35 ten years of credited service and a dependent of such a retired or disabled
36 member who elects to participate in the coverage provided by ASRS or section
37 38-651.01 or who elects to participate in a health and accident INSURANCE
38 program provided or administered by an employer or paid for, in whole or in
39 part, by an employer to an insurer is entitled to receive a proportion of the
40 full benefit prescribed by subsection A, ~~or~~ B, E OR F of this section
41 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.
45 4. 6.0 to 6.9 years of credited service, sixty per cent.

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

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

D. The board shall not pay more than the amount prescribed in this section for a retired or disabled member of ASRS.

E. IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION A OF THIS SECTION, through June 30, ~~2003~~ 2005, the board shall pay an insurance premium benefit FOR MEDICAL COVERAGE, NOT INCLUDING LIMITED BENEFIT COVERAGE AS DEFINED IN SECTION 20-1137, for each retired or disabled member of ASRS who is eligible for a premium benefit payment pursuant to subsection A of this section and who lives in a nonservice area as follows:

1. Up to three hundred dollars per month for a retired or disabled member of ASRS who is not eligible for medicare and who has ten or more years of credited service. FROM AND AFTER JUNE 30, 2003, TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED OR DISABLED MEMBER OF ASRS SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST ONE HUNDRED TWENTY-FIVE DOLLARS PER MONTH.

2. Up to one hundred seventy dollars per month for a retired or disabled member of ASRS who is eligible for medicare and who has ten or more years of credited service. FROM AND AFTER JUNE 30, 2003, TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED OR DISABLED MEMBER OF ASRS SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST ONE HUNDRED DOLLARS PER MONTH.

F. IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION B OF THIS SECTION, through June 30, ~~2003~~ 2005, the board shall pay from ASRS assets part of the family coverage premium ~~of any group health and accident insurance~~ FOR MEDICAL coverage, NOT INCLUDING LIMITED BENEFIT COVERAGE AS DEFINED IN SECTION 20-1137, for a retired or disabled member of ASRS who is eligible for a premium benefit payment pursuant to subsection B of this section, WHO IS ENROLLED IN A FAMILY MEDICAL PLAN and who lives in a nonservice area as follows:

1. Up to six hundred dollars per month if the retired or disabled member of ASRS and one or more dependents are not eligible for medicare AND THE RETIRED OR DISABLED MEMBER OF ASRS HAS TEN OR MORE YEARS OF CREDITED SERVICE. FROM AND AFTER JUNE 30, 2003, TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED OR DISABLED MEMBER SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST FOUR HUNDRED TWENTY-FIVE DOLLARS PER MONTH.

2. Up to three hundred fifty dollars per month if the retired or disabled member of ASRS and one or more dependents are eligible for medicare AND THE RETIRED OR DISABLED MEMBER OF ASRS HAS TEN OR MORE YEARS OF CREDITED SERVICE. FROM AND AFTER JUNE 30, 2003, TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED OR DISABLED MEMBER SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST TWO HUNDRED DOLLARS PER MONTH.

3. IF THE RETIRED OR DISABLED MEMBER OF ASRS HAS TEN OR MORE YEARS OF CREDITED SERVICE, up to four hundred seventy dollars per month if either:

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

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

FROM AND AFTER JUNE 30, 2003, TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED OR DISABLED MEMBER SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST FOUR HUNDRED DOLLARS PER MONTH.

G. A retired or disabled member of ASRS who is enrolled in a managed care program in a nonservice area is not eligible for the payment prescribed in subsection E or F of this section if the member terminates coverage under the managed care program.

H. ~~Through June 30, 2003,~~ A retired or disabled member of ASRS may elect to purchase individual health care coverage and receive a payment pursuant to this section through the retired or disabled member's employer if that employer assumes the administrative functions associated with the payment, including verification that the payment is used to pay for health insurance coverage if the payment is made to the retired or disabled member.

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

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

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

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

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

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

K. For the purposes of this section:

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

2. "Credited service" includes prior service.

3. "Nonservice area" means an area in this state in which ASRS pursuant to section 38-782, the department of administration pursuant to section 38-651.01 or any employer does not provide or administer a health care services organization program, excluding any preferred provider

1 organization program or individual health indemnity policy, for which the
2 retired or disabled member of ASRS is eligible.
3 4. "Prior service" means service for this state or a political
4 subdivision of this state before membership in the defined contribution
5 program administered by ASRS.
6 Sec. 2. Section 38-817, Arizona Revised Statutes, is amended to read:
7 38-817. Group health and accident coverage for retired members;
8 payment; definition
9 A. The fund manager shall pay from the assets of the fund part of the
10 single coverage premium of any group health and accident insurance for each
11 retired member or survivor of the elected officials' retirement plan who
12 receives a pension if the retired member had eight or more years of credited
13 service under the plan. In order to qualify for payment pursuant to this
14 subsection, the retired member or survivor shall elect single coverage and
15 must have elected to participate in the coverage provided in section
16 38-651.01 or 38-782 or any other health and accident insurance coverage
17 provided or administered by a participating employer of the elected
18 officials' retirement plan. The fund manager shall pay up to:
19 1. One hundred fifty dollars per month for each retired member or
20 survivor of the plan who is not eligible for medicare.
21 2. One hundred dollars per month for each retired member or survivor
22 of the plan who is eligible for medicare.
23 B. The fund manager shall pay from the assets of the fund part of the
24 family coverage premium of any group health and accident insurance each month
25 for a benefit recipient who elects family coverage and who otherwise
26 qualifies for payment pursuant to subsection A of this section. The fund
27 manager shall pay up to:
28 1. Two hundred sixty dollars per month if the retired member or
29 survivor of the plan and one or more dependents are not eligible for
30 medicare.
31 2. One hundred seventy dollars per month if the retired member or
32 survivor of the plan and one or more dependents are eligible for medicare.
33 3. Two hundred fifteen dollars per month if either:
34 (a) The retired member or survivor of the plan is not eligible for
35 medicare and one or more dependents are eligible for medicare.
36 (b) The retired member or survivor of the plan is eligible for
37 medicare and one or more dependents are not eligible for medicare.
38 C. Each retired member or survivor of the plan with less than eight
39 years of credited service and a dependent of such a retired member or
40 survivor who participates in the coverage provided by section 38-651.01 or
41 38-782 or who participates in any other health and accident insurance
42 coverage provided or administered by a participating employer of the plan is
43 entitled to receive a proportion of the full benefit prescribed by subsection
44 A, ~~or~~ B, E OR F of this section according to the following schedule:
45 1. 7.0 to 7.9 years of credited service, ninety per cent.

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

D. The fund manager shall not pay more than the amount prescribed in this section for a benefit recipient as a member or survivor of the plan.

E. IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION A OF THIS SECTION, through June 30, ~~2003~~ 2005, the fund manager shall pay an insurance premium benefit FOR MEDICAL COVERAGE, NOT INCLUDING LIMITED BENEFIT COVERAGE AS DEFINED IN SECTION 20-1137, for each retired member or survivor of the plan who is entitled to a premium benefit payment pursuant to subsection A of this section and who lives in a nonservice area as follows:

1. Up to three hundred dollars per month for a retired member or survivor of the plan who is not eligible for medicare and who has eight or more years of credited service. FROM AND AFTER JUNE 30, 2003, TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED MEMBER OR SURVIVOR SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST ONE HUNDRED TWENTY-FIVE DOLLARS PER MONTH.

2. Up to one hundred seventy dollars per month for a retired member or survivor of the plan who is eligible for medicare and who has eight or more years of credited service. FROM AND AFTER JUNE 30, 2003, TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED MEMBER OR SURVIVOR SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST ONE HUNDRED DOLLARS PER MONTH.

F. IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION B OF THIS SECTION, through June 30, ~~2003~~ 2005, the fund manager shall pay an insurance premium benefit FOR MEDICAL COVERAGE, NOT INCLUDING LIMITED BENEFIT COVERAGE AS DEFINED IN SECTION 20-1137, for a retired member or survivor of the plan who is entitled to a premium benefit payment pursuant to subsection B of this section, WHO IS ENROLLED IN A FAMILY MEDICAL PLAN and who lives in a nonservice area as follows:

1. Up to six hundred dollars per month if the retired member or survivor of the plan and one or more dependents are not eligible for medicare AND THE RETIRED MEMBER OR SURVIVOR OF THE PLAN HAS EIGHT OR MORE YEARS OF CREDITED SERVICE. FROM AND AFTER JUNE 30, 2003, TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED MEMBER OR SURVIVOR SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST FOUR HUNDRED TWENTY-FIVE DOLLARS PER MONTH.

2. Up to three hundred fifty dollars per month if the retired member or survivor of the plan and one or more dependents are eligible for medicare AND THE RETIRED MEMBER OR SURVIVOR OF THE PLAN HAS EIGHT OR MORE YEARS OF CREDITED SERVICE. FROM AND AFTER JUNE 30, 2003, TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED MEMBER OR SURVIVOR SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST TWO HUNDRED DOLLARS PER MONTH.

3. IF THE RETIRED MEMBER OR SURVIVOR OF THE PLAN HAS EIGHT OR MORE YEARS OF CREDITED SERVICE, up to four hundred seventy dollars per month if either:

(a) The retired member or survivor of the plan is not eligible for medicare and one or more dependents are eligible for medicare.

(b) The retired member or survivor of the plan is eligible for medicare and one or more dependents are not eligible for medicare.

FROM AND AFTER JUNE 30, 2003, TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED MEMBER OR SURVIVOR SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST FOUR HUNDRED DOLLARS PER MONTH.

G. A retired member or survivor of the plan who is enrolled in a managed care program in a nonservice area is not eligible for the payment prescribed in subsection E or F of this section if the member terminates coverage under the managed care program.

H. ~~Through June 30, 2003,~~ A retired member or survivor of the plan may elect to purchase individual health care coverage and receive a payment pursuant to this section through the retired member's employer if that employer assumes the administrative functions associated with the payment, including verification that the payment is used to pay for health insurance coverage if the payment is made to the retired member or survivor of the plan.

I. For the purposes of this section, "nonservice area" means an area in this state in which the Arizona state retirement system pursuant to section 38-782, the department of administration pursuant to section 38-651.01 or the member's or survivor's participating employer does not provide or administer a health care services organization program, excluding any preferred provider organization program or individual health indemnity policy, for which the retired member or survivor of the plan is eligible.

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

38-857. <u>Group health and accident coverage for retired members; payment; definition</u>

A. The fund manager of the public safety personnel retirement system shall pay part of the single coverage premium of any group health and accident insurance for each retired member or survivor of the system who receives a pension and who has elected to participate in the coverage provided by section 38-651.01 or 38-782 or any other health and accident insurance coverage provided or administered by a participating employer of the system. The fund manager shall pay up to:

1. One hundred fifty dollars per month for each retired member or survivor of the system who is not eligible for medicare.

2. One hundred dollars per month for each retired member or survivor of the system who is eligible for medicare.

B. The fund manager of the system shall pay from assets of the fund part of the family coverage premium of any group health and accident insurance each month for a benefit recipient who elects family coverage and

otherwise qualifies for payment pursuant to subsection A of this section. The fund manager shall pay up to:

1. Two hundred sixty dollars per month if the retired member or survivor of the system and one or more dependents are not eligible for medicare.

2. One hundred seventy dollars per month if the retired member or survivor of the system and one or more dependents are eligible for medicare.

3. Two hundred fifteen dollars per month if either:

(a) The retired member or survivor of the system is not eligible for medicare and one or more dependents are eligible for medicare.

(b) The retired member or survivor of the system is eligible for medicare and one or more dependents are not eligible for medicare.

C. The fund manager shall not pay from assets of the fund more than the amount prescribed in this section for a benefit recipient as a member or survivor of the system.

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

E. IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION A OF THIS SECTION, through June 30, ~~2003~~ 2005, the fund manager shall pay an insurance premium benefit FOR MEDICAL COVERAGE, NOT INCLUDING LIMITED BENEFIT COVERAGE AS DEFINED IN SECTION 20-1137, for each retired member or survivor of the system who is entitled to a premium benefit payment pursuant to subsection A of this section and who lives in a nonservice area as follows:

1. Up to three hundred dollars per month for a retired member or survivor of the system who is not eligible for medicare. FROM AND AFTER JUNE 30, 2003, TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED MEMBER OR SURVIVOR SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST ONE HUNDRED TWENTY-FIVE DOLLARS PER MONTH.

2. Up to one hundred seventy dollars per month for a retired member or survivor of the system who is eligible for medicare. FROM AND AFTER JUNE 30, 2003, TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED MEMBER OR SURVIVOR SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST ONE HUNDRED DOLLARS PER MONTH.

F. IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION B OF THIS SECTION, through June 30, ~~2003~~ 2005, the fund manager shall pay an insurance premium benefit FOR MEDICAL COVERAGE, NOT INCLUDING LIMITED BENEFIT COVERAGE AS DEFINED IN SECTION 20-1137, for a retired member or survivor of the system who is entitled to a premium benefit payment pursuant to subsection B of this section, WHO IS ENROLLED IN A FAMILY MEDICAL PLAN and who lives in a nonservice area as follows:

1. Up to six hundred dollars per month if the retired member or survivor of the system and one or more dependents are not eligible for medicare. FROM AND AFTER JUNE 30, 2003, TO QUALIFY FOR THIS ADDITIONAL

BENEFIT, A RETIRED MEMBER OR SURVIVOR SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST FOUR HUNDRED TWENTY-FIVE DOLLARS PER MONTH.

2. Up to three hundred fifty dollars per month if the retired member or survivor of the system and one or more dependents are eligible for medicare. FROM AND AFTER JUNE 30, 2003, TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED MEMBER OR SURVIVOR SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST TWO HUNDRED DOLLARS PER MONTH.

3. Up to four hundred seventy dollars per month if either:

(a) The retired member or survivor of the system is not eligible for medicare and one or more dependents are eligible for medicare.

(b) The retired member or survivor of the system is eligible for medicare and one or more dependents are not eligible for medicare.

FROM AND AFTER JUNE 30, 2003, TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED MEMBER OR SURVIVOR SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST FOUR HUNDRED DOLLARS PER MONTH.

G. A retired member or survivor of the system who is enrolled in a managed care program in a nonservice area is not eligible for the payment prescribed in subsection E or F of this section if the member terminates coverage under the managed care program.

H. ~~Through June 30, 2003,~~ A retired member or survivor of the system may elect to purchase individual health care coverage and receive a payment pursuant to this section through the retired member's employer if that employer assumes the administrative functions associated with the payment, including verification that the payment is used to pay for health insurance coverage if the payment is made to the retired member or survivor of the system.

I. For the purposes of this section, "nonservice area" means an area in this state in which the Arizona state retirement system pursuant to section 38-782, the department of administration pursuant to section 38-651.01 or the member's or survivor's participating employer does not provide or administer a health care services organization program, excluding any preferred provider organization program or individual health indemnity policy, for which the retired member or survivor of the system is eligible.

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

38-906. <u>Group health and accident coverage for retired members; payment; definition</u>

A. The fund manager shall pay from the assets of the fund part of the single coverage premium of any group health and accident insurance for each retired member or survivor of the plan who receives a pension and who has elected to participate in coverage provided by section 38-651.01 or 38-782 or any other health and accident insurance coverage provided or administered by a participating employer in the plan. The fund manager shall pay up to:

1. One hundred fifty dollars per month for each retired member or survivor of the plan who is not eligible for medicare.

2. One hundred dollars per month for each retired member or survivor of the plan who is eligible for medicare.

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

1. Up to two hundred sixty dollars per month if the retired member or survivor of the plan and one or more dependents are not eligible for medicare.

2. Up to one hundred seventy dollars per month if the retired member or survivor of the plan and one or more dependents are eligible for medicare.

3. Up to two hundred fifteen dollars if either:

(a) The retired member or survivor of the plan is not eligible for medicare and one or more dependents are eligible for medicare.

(b) The retired member or survivor of the plan is eligible for medicare and one or more dependents are not eligible for medicare.

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

D. IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION A OF THIS SECTION, through June 30, ~~2003~~ 2005, the fund manager shall pay an insurance premium benefit FOR MEDICAL COVERAGE, NOT INCLUDING LIMITED BENEFIT COVERAGE AS DEFINED IN SECTION 20-1137, for each retired member or survivor of the plan who is entitled to a premium benefit payment pursuant to subsection A of this section and who lives in a nonservice area as follows:

1. Up to three hundred dollars per month for a retired member or survivor of the plan who is not eligible for medicare. FROM AND AFTER JUNE 30, 2003, TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED MEMBER OR SURVIVOR SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST ONE HUNDRED TWENTY-FIVE DOLLARS PER MONTH.

2. Up to one hundred seventy dollars per month for a retired member or survivor of the plan who is eligible for medicare. FROM AND AFTER JUNE 30, 2003, TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED MEMBER OR SURVIVOR SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST ONE HUNDRED DOLLARS PER MONTH.

E. IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION B OF THIS SECTION, through June 30, ~~2003~~ 2005, the fund manager shall pay an insurance premium benefit FOR MEDICAL COVERAGE, NOT INCLUDING LIMITED BENEFIT COVERAGE AS DEFINED IN SECTION 20-1137, for a retired member or survivor of the plan who is entitled to a premium benefit payment pursuant to subsection B of this section, WHO IS ENROLLED IN A FAMILY MEDICAL PLAN and who lives in a nonservice area as follows:

1. Up to six hundred dollars per month if the retired member or survivor of the plan and one or more dependents are not eligible for medicare. FROM AND AFTER JUNE 30, 2003, TO QUALIFY FOR THIS ADDITIONAL

BENEFIT, A RETIRED MEMBER OR SURVIVOR SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST FOUR HUNDRED TWENTY-FIVE DOLLARS PER MONTH.

2. Up to three hundred fifty dollars per month if the retired member or survivor of the plan and one or more dependents are eligible for medicare. FROM AND AFTER JUNE 30, 2003, TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED MEMBER OR SURVIVOR SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST TWO HUNDRED DOLLARS PER MONTH.

3. Up to four hundred seventy dollars per month if either:

(a) The retired member or survivor of the plan is not eligible for medicare and one or more dependents are eligible for medicare.

(b) The retired member or survivor of the plan is eligible for medicare and one or more dependents are not eligible for medicare.

FROM AND AFTER JUNE 30, 2003, TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED MEMBER OR SURVIVOR SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST FOUR HUNDRED DOLLARS PER MONTH.

F. A retired member or survivor of the plan who is enrolled in a managed care program in a nonservice area is not eligible for the payment prescribed in subsection D or E of this section if the member terminates coverage under the managed care program.

G. ~~Through June 30, 2003,~~ A retired member or survivor of the plan may elect to purchase individual health care coverage and receive a payment pursuant to this section through the retired member's employer if that employer assumes the administrative functions associated with the payment, including verification that the payment is used to pay for health insurance coverage if the payment is made to the retired member or survivor of the plan.

H. For the purposes of this section, "nonservice area" means an area in this state in which the Arizona state retirement system pursuant to section 38-782, the department of administration pursuant to section 38-651.01 or the member's or survivor's participating employer does not provide or administer a health care services organization program, excluding any preferred provider organization program or individual health indemnity policy, for which the retired member or survivor of the plan is eligible.

Sec. 5. <u>Arizona state retirement system report on health insurance coverage for government retirees</u>

A. In preparing the request for proposals for the contract for the group health and accident insurance coverage for eligible retired and disabled members and their dependents as prescribed by section 38-782, Arizona Revised Statutes, the Arizona state retirement system shall seek to provide coverage that:

1. Is affordable to all members who retire under a public retirement system or plan of this state and who are eligible to receive the coverage.

2. Is meaningful, timely and appropriate to all members who retire under a public retirement system or plan of this state and who are eligible to receive the coverage.

1 3. Is accessible and available.
2 B. On or before December 15, 2004, the Arizona state retirement system
3 shall report to the speaker of the house of representatives and the president
4 of the senate as to the progress and success of the system in obtaining a
5 group health and accident insurance contract for eligible retired and
6 disabled members that achieves the goals of subsection A of this section.
7 Sec. 6. Appropriation
8 A. The sum of $183,000 is appropriated from the Arizona state
9 retirement system administration account in fiscal year 2003-2004 to the
10 Arizona state retirement system for data processing services necessary to
11 implement this act.
12 B. The Arizona state retirement system shall report monthly to the
13 staff of the joint legislative budget committee the estimated and actual
14 number of data processing hours used to implement this act, the amount of
15 funds expended and the progress toward implementation of this act.
16 C. Any funds unexpended as of June 30, 2004 revert to the Arizona state
17 retirement system administration account.
18 Sec. 7. Retroactivity
19 Sections 38-783, 38-817, 38-857 and 38-906, Arizona Revised Statutes,
20 as amended by this act, apply retroactively to from and after June 30, 2003.

APPROVED BY THE GOVERNOR MAY 21, 2003.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 21, 2003.

Passed the House March 12, 2003,

by the following vote: 40 Ayes,

17 Nays, 3 Not Voting

Jake Flake
Speaker of the House

Norman L. Moore
Chief Clerk of the House

Passed the Senate May 1, 2003

by the following vote: 26 Ayes,

3 Nays, 1 Not Voting

Ken Bennett
President of the Senate

Charmin Billington
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

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

H.B. 2349

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

May 14, 2003,

by the following vote: 51 Ayes,

4 Nays, 5 Not Voting

Jake Flake
Speaker of the House

Norman L. Moore
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

15 day of May, 2003

at 8:25 o'clock A M.

Sandra Kamsey
Secretary to the Governor

Approved this 21 day of

May, 2003,

at 2 o'clock P. M.

Jt Napolitano
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 21 day of May, 2003

at 3:57 o'clock P. M.

Janice K. Brewer
Secretary of State

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