

Senate Engrossed House Bill

FILED

**KEN BENNETT
SECRETARY OF STATE**

State of Arizona
House of Representatives
Forty-ninth Legislature
First Regular Session
2009

CHAPTER 84

HOUSE BILL 2323

AN ACT

AMENDING TITLE 20, CHAPTER 4, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-846; AMENDING TITLE 20, CHAPTER 4, ARTICLE 9, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-1079; AMENDING TITLE 20, CHAPTER 6, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-1383; AMENDING SECTION 20-2341, ARIZONA REVISED STATUTES; RELATING TO HEALTH INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 20, chapter 4, article 3, Arizona Revised Statutes,
3 is amended by adding section 20-846, to read:

4 20-846. Individual health insurance policies; mandatory
5 coverage exemption; definition

6 A. A HOSPITAL SERVICE CORPORATION, MEDICAL SERVICE CORPORATION OR
7 HOSPITAL AND MEDICAL SERVICE CORPORATION MAY ISSUE A SUBSCRIPTION CONTRACT TO
8 AN UNINSURED INDIVIDUAL THAT IS NOT SUBJECT TO THE REQUIREMENTS OF ANY OF THE
9 FOLLOWING:

10 1. SECTION 20-461, SUBSECTION A, PARAGRAPH 17 AND SUBSECTION B.

11 2. SECTION 20-826, SUBSECTIONS F, J, K, U, V, W AND X.

12 3. SECTION 20-841, SUBSECTIONS A AND C.

13 4. SECTIONS 20-841.01, 20-841.02, 20-841.03, 20-841.04, 20-841.06,
14 20-841.07 AND 20-841.08.

15 5. SECTION 20-841.05, SUBSECTIONS B AND E.

16 B. FOR THE PURPOSES OF THIS SECTION:

17 1. "HEALTH INSURANCE COVERAGE":

18 (a) MEANS A HEALTH CARE PLAN OR ARRANGEMENT THAT PAYS FOR OR FURNISHES
19 MEDICAL OR HEALTH SERVICES AND THAT IS ISSUED BY A DISABILITY INSURER, GROUP
20 DISABILITY INSURER, BLANKET DISABILITY INSURER, HEALTH CARE SERVICES
21 ORGANIZATION, HOSPITAL SERVICE CORPORATION, MEDICAL SERVICE CORPORATION OR
22 MEDICAL, HOSPITAL, DENTAL AND OPTOMETRIC SERVICE CORPORATION OR A SIMILAR
23 ENTITY IN ANOTHER STATE.

24 (b) INCLUDES A SELF-INSURED OR SELF-FUNDED EMPLOYEE BENEFIT PLAN OR
25 MULTIEMPLOYER EMPLOYEE BENEFIT PLAN CREATED PURSUANT TO 29 UNITED STATES CODE
26 SECTION 186(c) IF THE REGULATION OF THAT PLAN IS PREEMPTED BY SECTION 514(b)
27 OF THE EMPLOYEE RETIREMENT INSURANCE SECURITY ACT OF 1974 (29 UNITED STATES
28 CODE SECTION 1144(b)).

29 (c) DOES NOT INCLUDE LIMITED BENEFIT COVERAGE AS DEFINED IN SECTION
30 20-1137.

31 2. "UNINSURED INDIVIDUAL" MEANS A PERSON WHO HAS EITHER:

32 (a) NOT HAD HEALTH INSURANCE COVERAGE FOR THE NINETY DAYS IMMEDIATELY
33 BEFORE THE EFFECTIVE DATE OF COVERAGE ISSUED PURSUANT TO THIS SECTION, EXCEPT
34 THAT THIS REQUIREMENT DOES NOT APPLY AT THE RENEWAL OF COVERAGE PURSUANT TO
35 THIS SECTION.

36 (b) LOST HEALTH INSURANCE COVERAGE IN ONE OF THE FOLLOWING WAYS WITHIN
37 NINETY DAYS IMMEDIATELY BEFORE THE EFFECTIVE DATE OF COVERAGE ISSUED PURSUANT
38 TO THIS SECTION:

39 (i) THE INDIVIDUAL LEFT A JOB THAT PROVIDED HEALTH INSURANCE COVERAGE.

40 (ii) THE INDIVIDUAL'S EMPLOYER DISCONTINUED OFFERING HEALTH INSURANCE
41 COVERAGE.

42 (iii) THE INDIVIDUAL EXHAUSTED CONTINUATION COVERAGE UNDER A COBRA
43 CONTINUATION PROVISION AS DEFINED IN SECTION 20-2301.

44 (iv) THE INDIVIDUAL'S FAMILY HEALTH INSURANCE COVERAGE WAS
45 DISCONTINUED DUE TO THE DEATH OF A SPOUSE OR A DIVORCE.

1 (v) THE INDIVIDUAL ATTAINED THE MAXIMUM AGE FOR DEPENDENT COVERAGE
2 UNDER A HEALTH INSURANCE POLICY.

3 (vi) THE INDIVIDUAL'S PARTICIPATION IN A PUBLIC HEALTH CARE PROGRAM
4 WAS DISCONTINUED.

5 Sec. 2. Title 20, chapter 4, article 9, Arizona Revised Statutes, is
6 amended by adding section 20-1079, to read:

7 20-1079. Individual health insurance policies; mandatory
8 coverage exemption; definition

9 A. A HEALTH CARE SERVICES ORGANIZATION MAY ISSUE AN EVIDENCE OF
10 COVERAGE TO AN UNINSURED INDIVIDUAL THAT IS NOT SUBJECT TO THE REQUIREMENTS
11 OF ANY OF THE FOLLOWING:

- 12 1. SECTION 20-1057, SUBSECTIONS C, K, L, Y, Z, AA AND BB.
13 2. SECTIONS 20-1057.01, 20-1057.03, 20-1057.04 AND 20-1057.05.
14 3. SECTION 20-1057.02, SUBSECTIONS B AND E.

15 B. FOR THE PURPOSES OF THIS SECTION:

16 1. "HEALTH INSURANCE COVERAGE":

17 (a) MEANS A HEALTH CARE PLAN OR ARRANGEMENT THAT PAYS FOR OR FURNISHES
18 MEDICAL OR HEALTH SERVICES AND THAT IS ISSUED BY A DISABILITY INSURER, GROUP
19 DISABILITY INSURER, BLANKET DISABILITY INSURER, HEALTH CARE SERVICES
20 ORGANIZATION, HOSPITAL SERVICE CORPORATION, MEDICAL SERVICE CORPORATION OR
21 MEDICAL, HOSPITAL, DENTAL AND OPTOMETRIC SERVICE CORPORATION OR A SIMILAR
22 ENTITY IN ANOTHER STATE.

23 (b) INCLUDES A SELF-INSURED OR SELF-FUNDED EMPLOYEE BENEFIT PLAN OR
24 MULTIEMPLOYER EMPLOYEE BENEFIT PLAN CREATED PURSUANT TO 29 UNITED STATES CODE
25 SECTION 186(c) IF THE REGULATION OF THAT PLAN IS PREEMPTED BY SECTION 514(b)
26 OF THE EMPLOYEE RETIREMENT INSURANCE SECURITY ACT OF 1974 (29 UNITED STATES
27 CODE SECTION 1144(b)).

28 (c) DOES NOT INCLUDE LIMITED BENEFIT COVERAGE AS DEFINED IN SECTION
29 20-1137.

30 2. "UNINSURED INDIVIDUAL" MEANS A PERSON WHO HAS EITHER:

31 (a) NOT HAD HEALTH INSURANCE COVERAGE FOR THE NINETY DAYS IMMEDIATELY
32 BEFORE THE EFFECTIVE DATE OF COVERAGE ISSUED PURSUANT TO THIS SECTION, EXCEPT
33 THAT THIS REQUIREMENT DOES NOT APPLY AT THE RENEWAL OF COVERAGE PURSUANT TO
34 THIS SECTION.

35 (b) LOST HEALTH INSURANCE COVERAGE IN ONE OF THE FOLLOWING WAYS WITHIN
36 NINETY DAYS IMMEDIATELY BEFORE THE EFFECTIVE DATE OF COVERAGE ISSUED PURSUANT
37 TO THIS SECTION:

38 (i) THE INDIVIDUAL LEFT A JOB THAT PROVIDED HEALTH INSURANCE COVERAGE.

39 (ii) THE INDIVIDUAL'S EMPLOYER DISCONTINUED OFFERING HEALTH INSURANCE
40 COVERAGE.

41 (iii) THE INDIVIDUAL EXHAUSTED CONTINUATION COVERAGE UNDER A COBRA
42 CONTINUATION PROVISION AS DEFINED IN SECTION 20-2301.

43 (iv) THE INDIVIDUAL'S FAMILY HEALTH INSURANCE COVERAGE WAS
44 DISCONTINUED DUE TO THE DEATH OF A SPOUSE OR A DIVORCE.

1 (v) THE INDIVIDUAL ATTAINED THE MAXIMUM AGE FOR DEPENDENT COVERAGE
2 UNDER A HEALTH INSURANCE POLICY.

3 (vi) THE INDIVIDUAL'S PARTICIPATION IN A PUBLIC HEALTH CARE PROGRAM
4 WAS DISCONTINUED.

5 Sec. 3. Title 20, chapter 6, article 4, Arizona Revised Statutes, is
6 amended by adding section 20-1383, to read:

7 20-1383. Individual health insurance policies; mandatory
8 coverage exemption; definition

9 A. A DISABILITY INSURER MAY ISSUE A POLICY TO AN UNINSURED INDIVIDUAL
10 THAT IS NOT SUBJECT TO THE REQUIREMENTS OF ANY OF THE FOLLOWING:

- 11 1. SECTION 20-461, SUBSECTION A, PARAGRAPH 17 AND SUBSECTION B.
- 12 2. SECTION 20-1342, SUBSECTION A, PARAGRAPHS 11 AND 12.
- 13 3. SECTION 20-1342, SUBSECTIONS H, I, J AND K.
- 14 4. SECTION 20-1376, SUBSECTIONS A AND C.
- 15 5. SECTIONS 20-1342.01, 20-1376.01, 20-1376.02, 20-1376.03 AND
16 20-1376.04.

17 B. FOR THE PURPOSES OF THIS SECTION:

18 1. "HEALTH INSURANCE COVERAGE":

19 (a) MEANS A HEALTH CARE PLAN OR ARRANGEMENT THAT PAYS FOR OR FURNISHES
20 MEDICAL OR HEALTH SERVICES AND THAT IS ISSUED BY A DISABILITY INSURER, GROUP
21 DISABILITY INSURER, BLANKET DISABILITY INSURER, HEALTH CARE SERVICES
22 ORGANIZATION, HOSPITAL SERVICE CORPORATION, MEDICAL SERVICE CORPORATION OR
23 MEDICAL, HOSPITAL, DENTAL AND OPTOMETRIC SERVICE CORPORATION OR A SIMILAR
24 ENTITY IN ANOTHER STATE.

25 (b) INCLUDES A SELF-INSURED OR SELF-FUNDED EMPLOYEE BENEFIT PLAN OR
26 MULTIEMPLOYER EMPLOYEE BENEFIT PLAN CREATED PURSUANT TO 29 UNITED STATES CODE
27 SECTION 186(c) IF THE REGULATION OF THAT PLAN IS PREEMPTED BY SECTION 514(b)
28 OF THE EMPLOYEE RETIREMENT INSURANCE SECURITY ACT OF 1974 (29 UNITED STATES
29 CODE SECTION 1144(b)).

30 (c) DOES NOT INCLUDE LIMITED BENEFIT COVERAGE AS DEFINED IN SECTION
31 20-1137.

32 2. "UNINSURED INDIVIDUAL" MEANS A PERSON WHO HAS EITHER:

33 (a) NOT HAD HEALTH INSURANCE COVERAGE FOR THE NINETY DAYS IMMEDIATELY
34 BEFORE THE EFFECTIVE DATE OF COVERAGE ISSUED PURSUANT TO THIS SECTION, EXCEPT
35 THAT THIS REQUIREMENT DOES NOT APPLY AT THE RENEWAL OF COVERAGE PURSUANT TO
36 THIS SECTION.

37 (b) LOST HEALTH INSURANCE COVERAGE IN ONE OF THE FOLLOWING WAYS WITHIN
38 NINETY DAYS IMMEDIATELY BEFORE THE EFFECTIVE DATE OF COVERAGE ISSUED PURSUANT
39 TO THIS SECTION:

40 (i) THE INDIVIDUAL LEFT A JOB THAT PROVIDED HEALTH INSURANCE COVERAGE.

41 (ii) THE INDIVIDUAL'S EMPLOYER DISCONTINUED OFFERING HEALTH INSURANCE
42 COVERAGE.

43 (iii) THE INDIVIDUAL EXHAUSTED CONTINUATION COVERAGE UNDER A COBRA
44 CONTINUATION PROVISION AS DEFINED IN SECTION 20-2301.

1 (iv) THE INDIVIDUAL'S FAMILY HEALTH INSURANCE COVERAGE WAS
2 DISCONTINUED DUE TO THE DEATH OF A SPOUSE OR A DIVORCE.

3 (v) THE INDIVIDUAL ATTAINED THE MAXIMUM AGE FOR DEPENDENT COVERAGE
4 UNDER A HEALTH INSURANCE POLICY.

5 (vi) THE INDIVIDUAL'S PARTICIPATION IN A PUBLIC HEALTH CARE PROGRAM
6 WAS DISCONTINUED.

7 Sec. 4. Section 20-2341, Arizona Revised Statutes, is amended to read:
8 20-2341. Uninsured small business health insurance plans;

9 mandatory coverage exemption; definitions

10 A. A policy, subscription contract, contract, plan or evidence of
11 coverage issued to an uninsured small business by a health care insurer is
12 not subject to the requirements of any of the following:

- 13 1. Section 20-461, subsection A, paragraph 17 and subsection B.
- 14 2. Section 20-826, subsection C, paragraph 1.
- 15 3. Section 20-826, subsections F, J, K, U, V, W, X and Y.
- 16 4. Sections 20-841, 20-841.01, 20-841.02, 20-841.03, 20-841.04,
17 20-841.06, 20-841.07 and 20-841.08.
- 18 5. Section 20-841.05, subsections B and E.
- 19 6. Section 20-1057, subsections C, K, L, Y, Z, AA and BB.
- 20 7. Sections 20-1057.01, 20-1057.03, 20-1057.04, 20-1057.05 and
21 20-1057.08.
- 22 8. Section 20-1057.02, subsection B.
- 23 9. Section 20-1342, subsection A, paragraph 8, subdivision (a).
- 24 10. Section 20-1342, subsection A, paragraphs 11 and 12.
- 25 11. Section 20-1342, subsections H, I, J and K.
- 26 12. Section 20-1342.01.
- 27 13. Sections 20-1376, 20-1376.01, 20-1376.02, 20-1376.03 and
28 20-1376.04.
- 29 14. Section 20-1402, subsection A, paragraph 4, subdivision (a).
- 30 15. Section 20-1402, subsection A, paragraphs 7 and 8.
- 31 16. Section 20-1402, subsections H, I, J, K and L.
- 32 17. Section 20-1404, subsection F, paragraph 1.
- 33 18. Section 20-1404, subsections I, Q, R, S, T and U.
- 34 19. Section 20-1406.
- 35 20. Sections 20-1406.01, 20-1406.02, 20-1406.03 and 20-1406.04.
- 36 21. Section 20-1407.
- 37 22. Section 20-2321.
- 38 23. Section 20-2327.
- 39 24. Section 20-2329.

40 B. Section 20-2304, subsection B does not apply to a policy,
41 subscription contract, contract, plan or evidence of coverage issued to an
42 uninsured small business pursuant to subsection A of this section.

43 C. In this article, unless the context otherwise requires:

44 1. "Health care insurer" means a disability insurer, group disability
45 insurer, blanket disability insurer, health care services organization,

1 hospital service corporation, medical service corporation or hospital and
2 medical service corporation.

3 2. "Uninsured small business" means a small employer that did not
4 provide a health benefits plan for at least ~~six consecutive months~~ NINETY
5 DAYS immediately before the effective date of coverage provided pursuant to
6 this section, except that this requirement does not apply at the renewal of
7 coverage pursuant to this section.

APPROVED BY THE GOVERNOR JULY 10, 2009.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JULY 10, 2009.

Passed the House June 9, 20 09

Passed the Senate July 1, 20 09

by the following vote: 54 Ayes,

by the following vote: 28 Ayes,

4 Nays, 2 Not Voting

0 Nays, 2 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 received by the Governor this

_____ day of _____, 20_____

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of _____

at _____ o'clock _____ M.

Governor of Arizona

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE**

This Bill received by the Secretary of State

this _____ day of _____, 20_____

at _____ o'clock _____ M.

Secretary of State

H.B. 2323

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

July 1, 2009,

by the following vote: 31 Ayes,

10 Nays, 19 Not Voting

[Signature]

Speaker of the House

[Signature]

Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

1st day of July, 2009

at 8:25 o'clock A. M.

[Signature]
Secretary to the Governor

Approved this 10th day of

July, 2009,

at 2:04 o'clock P M.

[Signature]
Governor of Arizona

H.B. 2323

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 10 day of July, 2009,

at 4:30 o'clock P. M.

[Signature]
Secretary of State