



STATE OF ARIZONA  
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY  
GOVERNOR

EXECUTIVE OFFICE

April 23, 2019

The Honorable Katie Hobbs  
Secretary of State  
1700 W. Washington, 7<sup>th</sup> Floor  
Phoenix, AZ 85007

Dear Secretary Hobbs:

I am transmitting to you the following bills from the Fifty-fourth Legislature, 1st Regular Session, which I signed on April 23rd, 2019:

H.B. 2070 adult behavioral health therapeutic home (Cobb)  
H.B. 2175 insurance; third-party administrators; exemptions (Weninger)  
H.B. 2183 memorial; Frances Munds; women suffrage (Udall)

Sincerely,

Douglas A. Ducey  
Governor  
State of Arizona

cc: Senate Secretary  
Chief Clerk of the House of Representatives  
Arizona News Service

House Engrossed  
**FILED**  
**KATIE HOBBS**  
**SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Fifty-fourth Legislature  
First Regular Session  
2019

**CHAPTER 122**  
**HOUSE BILL 2175**

AN ACT

AMENDING SECTIONS 20-485, 20-1401 AND 20-1404, ARIZONA REVISED STATUTES;  
RELATING TO INSURANCE ADMINISTRATORS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-485, Arizona Revised Statutes, is amended to  
3 read:

4 20-485. Definitions; scope

5 A. In this article, unless the context otherwise requires:

6 1. "Administrator" means any person who collects charges or  
7 premiums from or paid on behalf of, or who adjusts or settles claims by,  
8 residents of this state in connection with life or health insurance  
9 coverage or annuities other than any of the following:

10 (a) An employer on behalf of ~~such~~ THE employer's employees or the  
11 employees of one or more subsidiary or affiliated corporations of ~~such~~ THE  
12 employer.

13 (b) A union on behalf of its members.

14 (c) An insurer authorized to transact insurance in this state,  
15 including its employees and sales representatives, to the extent that it  
16 collects charges or premiums from or paid on behalf of, or adjusts or  
17 settles claims by, residents of this state in connection with life or  
18 health insurance coverage or annuities lawfully issued and delivered or  
19 assumed in this state and pursuant to the laws of this state or another  
20 state and for which the insurer or an affiliated insurer is presently  
21 directly liable.

22 (d) An insurer authorized to transact insurance in this state,  
23 including its employees and sales representatives, to the extent that it  
24 collects charges or premiums from or paid on behalf of, or adjusts or  
25 settles claims by, residents of this state in connection with life or  
26 health insurance coverage or annuities lawfully issued and delivered or  
27 assumed in this state and pursuant to the laws of this state or another  
28 state and for which an unaffiliated insurer is presently directly liable.

29 (e) A person other than an insurer, to the extent that the person's  
30 activities are limited to the collection of charges or premiums from or  
31 paid on behalf of, or the adjustment or settlement of claims by, residents  
32 of this state in connection with life and health insurance coverage issued  
33 and delivered or assumed by an affiliated insurer authorized to transact  
34 insurance in this state and for which the affiliated insurer is presently  
35 directly liable.

36 (f) A life or disability insurance producer who is licensed in this  
37 state ~~and whose activities are limited exclusively to the sale of~~  
38 ~~insurance~~ OR AN EMPLOYEE OF A LICENSED PRODUCER WORKING AT THE DIRECTION  
39 AND UNDER THE SUPERVISION OF A LICENSED PRODUCER IF THE PRODUCER OR THE  
40 PRODUCER'S EMPLOYEE DOES NOT ADJUST OR SETTLE CLAIMS.

41 (g) A creditor on behalf of ~~such~~ THE creditor's debtors with  
42 respect to insurance covering a debt between the creditor and its debtors.

43 (h) A trust and its trustees, agents and employees acting pursuant  
44 to ~~such~~ THE trust established in conformity with 29 United States Code  
45 section 186.

1 (i) A trust exempt from taxation under section 501(a) of the  
2 internal revenue code and its trustees and employees acting pursuant to  
3 ~~such~~ THE trust, or a custodian and its agents and employees acting  
4 pursuant to a custodian account ~~which~~ THAT meets the requirements of  
5 section 401(f) of the internal revenue code.

6 (j) A financial institution ~~which~~ OR MONEY TRANSMITTER THAT is  
7 subject to supervision or examination by federal or state banking  
8 authorities IF THE FINANCIAL INSTITUTION OR MONEY TRANSMITTER DOES NOT  
9 ADJUST OR SETTLE CLAIMS.

10 (k) A credit card issuing company ~~which~~ THAT advances for and  
11 collects premiums or charges from its credit card holders who have  
12 authorized such collection, if ~~such~~ THE company does not adjust or settle  
13 claims.

14 (l) A person who adjusts or settles claims in the normal course of  
15 ~~such~~ THE person's practice or employment as an attorney and who does not  
16 collect charges or premiums in connection with life or health insurance  
17 coverage or annuities.

18 (m) An adjuster WHO IS licensed in this state while acting in  
19 accordance with an adjuster's license.

20 (n) A person who acts only as an administrator of one or more bona  
21 fide employee benefit plans established by an employer or an employee  
22 organization, or both, for which the insurance laws of this state are  
23 preempted pursuant to the employee retirement income security act of 1974  
24 (P.L. 93-406; 88 Stat. 829; 29 United States Code sections 1001 through  
25 1461).

26 (o) A CREDIT CARD PROCESSING COMPANY THAT PROCESSES PAYMENTS OR  
27 CHARGES FOR PREMIUMS IF THE COMPANY DOES NOT ADJUST OR SETTLE CLAIMS.

28 (p) A QUALIFIED MARKETPLACE PLATFORM ON BEHALF OF QUALIFIED  
29 MARKETPLACE CONTRACTORS THAT HAVE EXECUTED A WRITTEN CONTRACT WITH THE  
30 QUALIFIED MARKETPLACE PLATFORM THAT COMPLIES WITH THE REQUIREMENTS OF  
31 SECTION 23-1603, SUBSECTION A.

32 (q) AN EMPLOYEE OF THE GROUP POLICYHOLDER WHO COLLECTS OR REMITS  
33 PREMIUMS FOR GROUP LIFE INSURANCE, GROUP ANNUITIES OR GROUP OR BLANKET  
34 DISABILITY INSURANCE IF THE PERSON DOES NOT ADJUST CLAIMS OR RECEIVE ANY  
35 COMMISSIONS.

36 (r) AN ADMINISTRATOR OF A TRUST THAT WAS ESTABLISHED TO PROVIDE  
37 LIFE INSURANCE, DISABILITY INSURANCE OR ANNUITIES TO PARTICIPANTS IN THE  
38 TRUST AND THAT IS ALSO A GROUP POLICYHOLDER. THE ADMINISTRATOR MAY ACT  
39 ONLY AS AN ADMINISTRATOR OF THE TRUST AND MAY NOT ADJUST OR SETTLE CLAIMS.

40 2. "Affiliate" or "affiliated" means a person who directly, or  
41 indirectly through one or more intermediaries, controls, is controlled by  
42 or is under common control with a specified person.

43 3. "Control" means the direct or ultimate possession of the power  
44 to direct or cause the direction of the management and policies of a  
45 person whether through voting rights, contracts, other than commercial

1 contracts for goods or nonmanagement services, or otherwise, unless the  
2 power is the result of an official position or corporate office. Control  
3 exists if any person, directly or indirectly, owns, controls, holds with  
4 the power to vote or holds proxies representing ten ~~per cent~~ PERCENT or  
5 more of the voting rights of any other person, including the right to  
6 elect or appoint the officers or directors of a nonprofit corporation.

7 4. "Insurer" means any person who provides life or health insurance  
8 coverage in this state or who transacts annuity business in this state.  
9 Insurer includes an authorized insurer, hospital, medical, dental or  
10 optometric service corporation or health care services organization or any  
11 other person providing a plan of insurance subject to the laws of  
12 insurance of this state. Insurer does not include a self-insured or a  
13 self-funded employee benefit plan if regulation of that plan is preempted  
14 pursuant to section 1144(a) of the employee retirement income security act  
15 of 1974 (29 United States Code section 1144(a)) but does include an  
16 insurer who provides coverage as part of an employee benefit plan.

17 5. "Principal" means a person who has the authority to enter into  
18 written agreements on behalf of the administrator pursuant to section  
19 20-485.01.

20 6. "QUALIFIED MARKETPLACE CONTRACTOR":

21 (a) MEANS ANY PERSON OR ORGANIZATION, INCLUDING AN INDIVIDUAL,  
22 CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP, SOLE PROPRIETOR OR  
23 OTHER ENTITY, THAT ENTERS INTO AN AGREEMENT WITH A QUALIFIED MARKETPLACE  
24 PLATFORM TO USE THE QUALIFIED MARKETPLACE PLATFORM'S DIGITAL PLATFORM TO  
25 PROVIDE SERVICES TO THIRD-PARTY INDIVIDUALS OR ENTITIES SEEKING THOSE  
26 SERVICES.

27 (b) DOES NOT INCLUDE A CONTRACTOR IF THE SERVICES PERFORMED CONSIST  
28 OF TRANSPORTING FREIGHT, SEALED AND CLOSED ENVELOPES, BOXES OR PARCELS OR  
29 OTHER SEALED AND CLOSED CONTAINERS FOR COMPENSATION.

30 7. "QUALIFIED MARKETPLACE PLATFORM":

31 (a) MEANS AN ORGANIZATION, INCLUDING A CORPORATION, LIMITED  
32 LIABILITY COMPANY, PARTNERSHIP, SOLE PROPRIETOR OR OTHER ENTITY, THAT  
33 BOTH:

34 (i) OPERATES A DIGITAL WEBSITE OR DIGITAL SMARTPHONE APPLICATION  
35 THAT FACILITATES THE PROVISION OF SERVICES BY QUALIFIED MARKETPLACE  
36 CONTRACTORS TO INDIVIDUALS OR ENTITIES SEEKING THOSE SERVICES.

37 (ii) ACCEPTS SERVICE REQUESTS FROM THE PUBLIC ONLY THROUGH ITS  
38 DIGITAL WEBSITE OR DIGITAL SMARTPHONE APPLICATION AND DOES NOT ACCEPT  
39 SERVICE REQUESTS BY TELEPHONE, BY FAX OR IN PERSON AT PHYSICAL RETAIL  
40 LOCATIONS.

41 (b) DOES NOT INCLUDE ANY DIGITAL WEBSITE OR SMARTPHONE APPLICATION  
42 IF THE SERVICES FACILITATED CONSIST OF TRANSPORTING FREIGHT, SEALED AND  
43 CLOSED ENVELOPES, BOXES OR PARCELS OR OTHER SEALED AND CLOSED CONTAINERS  
44 FOR COMPENSATION.

1 B. To the extent that an insurer is subject to subsection A,  
2 paragraph 1, subdivision (d) of this section, it shall comply with this  
3 article except sections 20-485.10 and 20-485.12.

4 C. This article does not apply to a person acting exclusively as a  
5 third party intermediary entity as prescribed in section 20-120.

6 Sec. 2. Section 20-1401, Arizona Revised Statutes, is amended to  
7 read:

8 20-1401. Eligible groups

9 A. Group disability insurance is that form of disability insurance  
10 covering groups of persons as defined below, with or without one or more  
11 members of their families or one or more of their dependents, or covering  
12 one or more members of the families or one or more dependents of persons  
13 in such groups, and issued ~~upon~~ ON the following basis:

14 1. Under a policy issued to an employer or trustees of a fund  
15 established by an employer, who shall be deemed the policyholder, insuring  
16 at least two employees of the employer, for the benefit of persons other  
17 than the employer. ~~The term FOR THE PURPOSES OF THIS PARAGRAPH,~~  
18 ~~"employees" as used herein shall be deemed to include~~ INCLUDES:

19 (a) The officers, managers and employees of the employer, the  
20 individual proprietor or partners if the employer is an individual  
21 proprietor or partnership, the officers, managers and employees of  
22 subsidiary or affiliated corporations, ~~AND~~ the individual proprietors,  
23 partners and employees of individuals and firms, if the business of the  
24 employer and such individual or firm is under common control through stock  
25 ownership, contract or otherwise. ~~The term "employees" as used herein~~  
26 ~~shall be deemed to include~~

27 (b) Retired employees.

28 (c) ~~IF a policy issued to insure employees of a public body may~~  
29 ~~provide that the term "employees" shall include~~ SO PROVIDES, elected or  
30 appointed officials.

31 2. Under a policy issued to an association, including a labor  
32 union, which shall have a constitution and bylaws and which has been  
33 organized and is maintained in good faith for purposes other than that of  
34 obtaining insurance, insuring at least twenty-five members, employees or  
35 employees of members of the association for the benefit of persons other  
36 than the association or its officers or trustees. ~~The term FOR THE~~  
37 ~~PURPOSES OF THIS PARAGRAPH, "employees" as used herein shall be deemed to~~  
38 ~~include~~ INCLUDES retired employees.

39 3. Under a policy issued to the trustees of a fund established by  
40 two or more employers in the same industry or by one or more labor unions  
41 or by one or more employers and one or more labor unions, which trustees  
42 shall be deemed the policyholder, to insure employees of the employers or  
43 members of the unions for the benefit of persons other than the employers  
44 or the unions. ~~The term FOR THE PURPOSES OF THIS PARAGRAPH, "employees"~~  
45 ~~as used herein shall be deemed to include~~ INCLUDES:

1 (a) The officers, managers and employees of the employer, and the  
2 individual proprietor or partners if the employer is an individual  
3 proprietor or partnership. ~~The term "employees" as used herein shall be~~  
4 ~~deemed to include~~

5 (b) Retired employees.

6 (c) IF the policy ~~may provide that the term "employees" shall~~  
7 ~~include~~ SO PROVIDES, the trustees or their employees, or both, if their  
8 duties are principally connected with such trusteeship.

9 4. Under a policy issued to any persons or organizations to which a  
10 policy of group life insurance may be delivered in this state, to insure  
11 any class or classes of individuals that could be insured under such group  
12 life policy.

13 5. UNDER A POLICY OR CONTRACT ISSUED TO A QUALIFIED MARKETPLACE  
14 PLATFORM, WHICH SHALL BE DEEMED THE POLICYHOLDER, COVERING QUALIFIED  
15 MARKETPLACE CONTRACTORS WHO HAVE EXECUTED A WRITTEN CONTRACT WITH THE  
16 QUALIFIED MARKETPLACE PLATFORM. FOR THE PURPOSES OF THIS PARAGRAPH,  
17 "QUALIFIED MARKETPLACE CONTRACTOR" AND "QUALIFIED MARKETPLACE PLATFORM"  
18 HAVE THE SAME MEANINGS PRESCRIBED IN SECTION 20-485.

19 ~~5.~~ 6. Under a policy issued to cover any other substantially  
20 similar group ~~which~~ THAT, in the discretion of the director, may be  
21 subject to the issuance of a group disability policy or contract.

22 B. ~~Nothing in~~ This article ~~validates~~ DOES NOT VALIDATE any charge  
23 or practice illegal under any rule of law or regulation governing usury,  
24 consumer lender loans, retail installment sales or the like, or ~~extends~~  
25 EXTEND the application of any such rule of law or regulation to any  
26 transaction not otherwise subject ~~thereto~~ TO IT.

27 Sec. 3. Section 20-1404, Arizona Revised Statutes, is amended to  
28 read:

29 20-1404. Blanket disability insurance; definitions

30 A. Blanket disability insurance is that form of disability  
31 insurance covering special groups of persons as enumerated in one of the  
32 following paragraphs:

33 1. Under a policy or contract issued to any common carrier or to  
34 any operator, owner or lessee of a means of transportation, which shall be  
35 deemed the policyholder, covering a group defined as all persons who may  
36 become passengers on such common carrier or means of transportation.

37 2. Under a policy or contract issued to an employer, who shall be  
38 deemed the policyholder, covering all employees or any group of employees  
39 defined by reference to hazards incident to an activity or activities or  
40 operations of the policyholder. Dependents of the employees and guests of  
41 the employer or employees may also be included where exposed to the same  
42 hazards.

43 3. Under a policy or contract issued to a college, school or other  
44 institution of learning or to the head or principal thereof, who or which

1 shall be deemed the policyholder, covering students, teachers, employees  
2 or volunteers.

3 4. Under a policy or contract issued in the name of any volunteer  
4 fire department or any first aid, civil defense or other such volunteer  
5 group, or agency having jurisdiction thereof, which shall be deemed the  
6 policyholder, covering all or any group of the members, participants or  
7 volunteers of ~~such~~ THE fire department or first aid, civil defense or  
8 other group.

9 5. Under a policy or contract issued to a creditor, who shall be  
10 deemed the policyholder, to insure debtors of the creditor.

11 6. Under a policy or contract issued to a sports team or to a camp  
12 or sponsor thereof, which team or camp or sponsor thereof shall be deemed  
13 the policyholder, covering members, campers, employees, officials,  
14 supervisors or volunteers.

15 7. Under a policy or contract issued to an incorporated or  
16 unincorporated religious, charitable, recreational, educational or civic  
17 organization, or branch thereof, which organization shall be deemed the  
18 policyholder, covering any group of members, participants or volunteers  
19 defined by reference to hazards incident to an activity or activities or  
20 operations sponsored or supervised by or on the premises of the  
21 policyholder.

22 8. Under a policy or contract issued to a newspaper or other  
23 publisher, which shall be deemed the policyholder, covering its carriers.

24 9. Under a policy or contract issued to a restaurant, hotel, motel,  
25 resort, innkeeper or other group with a high degree of potential customer  
26 liability, which shall be deemed the policyholder, covering patrons or  
27 guests.

28 10. Under a policy or contract issued to a health care provider or  
29 other arranger of health services, which shall be deemed the policyholder,  
30 covering patients, donors or surrogates provided that the coverage is not  
31 made a condition of receiving care.

32 11. Under a policy or contract issued to a bank, financial vendor  
33 or other financial institution, or to a parent holding company or to the  
34 trustee, trustees or agent designated by one or more banks, financial  
35 vendors or other financial institutions, which shall be deemed the  
36 policyholder, covering account holders, debtors, guarantors or purchasers.

37 12. Under a policy or contract issued to an incorporated or  
38 unincorporated association of persons having a common interest or calling,  
39 which association shall be deemed the policyholder, formed for purposes  
40 other than obtaining insurance, covering members of such association.

41 13. Under a policy or contract issued to a travel agency or other  
42 organization that provides travel-related services, which agency or  
43 organization shall be deemed the policyholder, to cover all persons for  
44 whom travel-related services are provided.

1           14. UNDER A POLICY OR CONTRACT ISSUED TO A QUALIFIED MARKETPLACE  
2 PLATFORM, WHICH IS DEEMED THE POLICYHOLDER, COVERING QUALIFIED MARKETPLACE  
3 CONTRACTORS THAT HAVE EXECUTED A WRITTEN CONTRACT WITH THE QUALIFIED  
4 MARKETPLACE PLATFORM. FOR THE PURPOSES OF THIS PARAGRAPH, "QUALIFIED  
5 MARKETPLACE CONTRACTOR" AND "QUALIFIED MARKETPLACE PLATFORM" HAVE THE SAME  
6 MEANINGS PRESCRIBED IN SECTION 20-485.

7           ~~14.~~ 15. Under a policy or contract that is issued to any other  
8 substantially similar group and that, in the discretion of the director,  
9 may be subject to the issuance of a blanket disability policy or  
10 contract. The director may exercise discretion on an individual risk  
11 basis or class of risks, or both.

12           B. An individual application need not be required from a person  
13 covered under a blanket disability policy or contract, nor shall it be  
14 necessary for the insurer to furnish each person with a certificate.

15           C. All benefits under any blanket disability policy shall be  
16 payable to the person insured, or to the insured's designated beneficiary  
17 or beneficiaries, or to the insured's estate, except that if the person  
18 insured is a minor, such benefits may be made payable to the insured's  
19 parent or guardian or any other person actually supporting the insured,  
20 and except that the policy may provide that all or any portion of any  
21 indemnities provided by any such policy on account of hospital, nursing,  
22 medical or surgical services, at the insurer's option, may be paid  
23 directly to the hospital or person rendering such services, but the policy  
24 may not require that the service be rendered by a particular hospital or  
25 person. Payment so made shall discharge the insurer's obligation with  
26 respect to the amount of insurance so paid.

27           D. Nothing contained in this section shall be deemed to affect the  
28 legal liability of policyholders for the death of or injury to any member  
29 of the group.

30           E. Any policy or contract, except accidental death and  
31 dismemberment, applied for that provides family coverage, as to such  
32 coverage of family members, shall also provide that the benefits  
33 applicable for children shall be payable with respect to a newly born  
34 child of the insured from the instant of such child's birth, to a child  
35 adopted by the insured, regardless of the age at which the child was  
36 adopted, and to a child who has been placed for adoption with the insured  
37 and for whom the application and approval procedures for adoption pursuant  
38 to section 8-105 or 8-108 have been completed to the same extent that such  
39 coverage applies to other members of the family. The coverage for newly  
40 born or adopted children or children placed for adoption shall include  
41 coverage of injury or sickness including necessary care and treatment of  
42 medically diagnosed congenital defects and birth abnormalities. If  
43 payment of a specific premium is required to provide coverage for a child,  
44 the policy or contract may require that notification of birth, adoption or  
45 adoption placement of the child and payment of the required premium must

1 be furnished to the insurer within thirty-one days after the date of  
2 birth, adoption or adoption placement in order to have the coverage  
3 continue beyond the thirty-one day period.

4 F. Each policy or contract shall be so written that the insurer  
5 shall pay benefits:

6 1. For performance of any surgical service that is covered by the  
7 terms of such contract, regardless of the place of service.

8 2. For any home health services that are performed by a licensed  
9 home health agency and that a physician has prescribed in lieu of hospital  
10 services, as defined by the director, providing the hospital services  
11 would have been covered.

12 3. For any diagnostic service that a physician has performed  
13 outside a hospital in lieu of inpatient service, providing the inpatient  
14 service would have been covered.

15 4. For any service performed in a hospital's outpatient department  
16 or in a freestanding surgical facility, providing such service would have  
17 been covered if performed as an inpatient service.

18 G. A blanket disability insurance policy that provides coverage for  
19 the surgical expense of a mastectomy shall also provide coverage  
20 incidental to the patient's covered mastectomy for the expense of  
21 reconstructive surgery of the breast on which the mastectomy was  
22 performed, surgery and reconstruction of the other breast to produce a  
23 symmetrical appearance, prostheses, treatment of physical complications  
24 for all stages of the mastectomy, including lymphedemas, and at least two  
25 external postoperative prostheses subject to all of the terms and  
26 conditions of the policy.

27 H. A contract that provides coverage for surgical services for a  
28 mastectomy shall also provide coverage for mammography screening performed  
29 on dedicated equipment for diagnostic purposes on referral by a patient's  
30 physician, subject to all of the terms and conditions of the policy and  
31 according to the following guidelines:

32 1. A baseline mammogram for a woman from age thirty-five to  
33 thirty-nine.

34 2. A mammogram for a woman from age forty to forty-nine every two  
35 years or more frequently based on the recommendation of the woman's  
36 physician.

37 3. A mammogram every year for a woman fifty years of age and over.

38 I. Any contract that is issued to the insured and that provides  
39 coverage for maternity benefits shall also provide that the maternity  
40 benefits apply to the costs of the birth of any child legally adopted by  
41 the insured if all the following are true:

42 1. The child is adopted within one year of birth.

43 2. The insured is legally obligated to pay the costs of birth.

44 3. All preexisting conditions and other limitations have been met  
45 by the insured.

1           4. The insured has notified the insurer of his acceptability to  
2 adopt children pursuant to section 8-105, within sixty days after such  
3 approval or within sixty days after a change in insurance policies, plans  
4 or companies.

5           J. The coverage prescribed by subsection I of this section is  
6 excess to any other coverage the natural mother may have for maternity  
7 benefits except coverage made available to persons pursuant to title 36,  
8 chapter 29, ~~but not including coverage made available to persons defined~~  
9 ~~as eligible under section 36-2901, paragraph 6, subdivisions (b), (c), (d)~~  
10 ~~and (e)~~. If such other coverage exists the agency, attorney or individual  
11 arranging the adoption shall make arrangements for the insurance to pay  
12 those costs that may be covered under that policy and shall advise the  
13 adopting parent in writing of the existence and extent of the coverage  
14 without disclosing any confidential information such as the identity of  
15 the natural parent. The insured adopting parents shall notify their  
16 insurer of the existence and extent of the other coverage.

17           K. Any contract that provides maternity benefits shall not restrict  
18 benefits for any hospital length of stay in connection with childbirth for  
19 the mother or the newborn child to less than forty-eight hours following a  
20 normal vaginal delivery or ninety-six hours following a cesarean section.  
21 The contract shall not require the provider to obtain authorization from  
22 the insurer for prescribing the minimum length of stay required by this  
23 subsection. The contract may provide that an attending provider in  
24 consultation with the mother may discharge the mother or the newborn child  
25 before the expiration of the minimum length of stay required by this  
26 subsection. The insurer shall not:

27           1. Deny the mother or the newborn child eligibility or continued  
28 eligibility to enroll or to renew coverage under the terms of the contract  
29 solely for the purpose of avoiding the requirements of this subsection.

30           2. Provide monetary payments or rebates to mothers to encourage  
31 those mothers to accept less than the minimum protections available  
32 pursuant to this subsection.

33           3. Penalize or otherwise reduce or limit the reimbursement of an  
34 attending provider because that provider provided care to any insured  
35 under the contract in accordance with this subsection.

36           4. Provide monetary or other incentives to an attending provider to  
37 induce that provider to provide care to an insured under the contract in a  
38 manner that is inconsistent with this subsection.

39           5. Except as described in subsection L of this section, restrict  
40 benefits for any portion of a period within the minimum length of stay in  
41 a manner that is less favorable than the benefits provided for any  
42 preceding portion of that stay.

1 L. Nothing in subsection K of this section:

2 1. Requires a mother to give birth in a hospital or to stay in the  
3 hospital for a fixed period of time following the birth of the child.

4 2. Prevents an insurer from imposing deductibles, coinsurance or  
5 other cost sharing in relation to benefits for hospital lengths of stay in  
6 connection with childbirth for a mother or a newborn child under the  
7 contract, except that any coinsurance or other cost sharing for any  
8 portion of a period within a hospital length of stay required pursuant to  
9 subsection K of this section shall not be greater than the coinsurance or  
10 cost sharing for any preceding portion of that stay.

11 3. Prevents an insurer from negotiating the level and type of  
12 reimbursement with a provider for care provided in accordance with  
13 subsection K of this section.

14 M. Any contract that provides coverage for diabetes shall also  
15 provide coverage for equipment and supplies that are medically necessary  
16 and that are prescribed by a health care provider including:

17 1. Blood glucose monitors.

18 2. Blood glucose monitors for the legally blind.

19 3. Test strips for glucose monitors and visual reading and urine  
20 testing strips.

21 4. Insulin preparations and glucagon.

22 5. Insulin cartridges.

23 6. Drawing up devices and monitors for the visually impaired.

24 7. Injection aids.

25 8. Insulin cartridges for the legally blind.

26 9. Syringes and lancets including automatic lancing devices.

27 10. Prescribed oral agents for controlling blood sugar that are  
28 included on the plan formulary.

29 11. To the extent coverage is required under medicare, podiatric  
30 appliances for prevention of complications associated with diabetes.

31 12. Any other device, medication, equipment or supply for which  
32 coverage is required under medicare from and after January 1, 1999. The  
33 coverage required in this paragraph is effective six months after the  
34 coverage is required under medicare.

35 N. Nothing in subsection M of this section prohibits a blanket  
36 disability insurer from imposing deductibles, coinsurance or other cost  
37 sharing in relation to benefits for equipment or supplies for the  
38 treatment of diabetes.

39 O. Any contract that provides coverage for prescription drugs shall  
40 not limit or exclude coverage for any prescription drug prescribed for the  
41 treatment of cancer on the basis that the prescription drug has not been  
42 approved by the United States food and drug administration for the  
43 treatment of the specific type of cancer for which the prescription drug  
44 has been prescribed, if the prescription drug has been recognized as safe  
45 and effective for treatment of that specific type of cancer in one or more

1 of the standard medical reference compendia prescribed in subsection P of  
2 this section or medical literature that meets the criteria prescribed in  
3 subsection P of this section. The coverage required under this subsection  
4 includes covered medically necessary services associated with the  
5 administration of the prescription drug. This subsection does not:

6 1. Require coverage of any prescription drug used in the treatment  
7 of a type of cancer if the United States food and drug administration has  
8 determined that the prescription drug is contraindicated for that type of  
9 cancer.

10 2. Require coverage for any experimental prescription drug that is  
11 not approved for any indication by the United States food and drug  
12 administration.

13 3. Alter any law with regard to provisions that limit the coverage  
14 of prescription drugs that have not been approved by the United States  
15 food and drug administration.

16 4. Require reimbursement or coverage for any prescription drug that  
17 is not included in the drug formulary or list of covered prescription  
18 drugs specified in the contract.

19 5. Prohibit a contract from limiting or excluding coverage of a  
20 prescription drug, if the decision to limit or exclude coverage of the  
21 prescription drug is not based primarily on the coverage of prescription  
22 drugs required by this section.

23 6. Prohibit the use of deductibles, coinsurance, copayments or  
24 other cost sharing in relation to drug benefits and related medical  
25 benefits offered.

26 P. For the purposes of subsection O of this section:

27 1. The acceptable standard medical reference compendia are the  
28 following:

29 (a) The American hospital formulary service drug information, a  
30 publication of the American society of health system pharmacists.

31 (b) The national comprehensive cancer network drugs and biologics  
32 compendium.

33 (c) Thomson Micromedex compendium DrugDex.

34 (d) Elsevier gold standard's clinical pharmacology compendium.

35 (e) Other authoritative compendia as identified by the secretary of  
36 the United States department of health and human services.

37 2. Medical literature may be accepted if all of the following  
38 apply:

39 (a) At least two articles from major peer reviewed professional  
40 medical journals have recognized, based on scientific or medical criteria,  
41 the drug's safety and effectiveness for treatment of the indication for  
42 which the drug has been prescribed.

1 (b) No article from a major peer reviewed professional medical  
2 journal has concluded, based on scientific or medical criteria, that the  
3 drug is unsafe or ineffective or that the drug's safety and effectiveness  
4 cannot be determined for the treatment of the indication for which the  
5 drug has been prescribed.

6 (c) The literature meets the uniform requirements for manuscripts  
7 submitted to biomedical journals established by the international  
8 committee of medical journal editors or is published in a journal  
9 specified by the United States department of health and human services as  
10 acceptable peer reviewed medical literature pursuant to section  
11 186(t)(2)(B) of the social security act (42 United States Code section  
12 1395x(t)(2)(B)).

13 Q. Any contract that is offered by a blanket disability insurer and  
14 that contains a prescription drug benefit shall provide coverage of  
15 medical foods to treat inherited metabolic disorders as provided by this  
16 section.

17 R. The metabolic disorders triggering medical foods coverage under  
18 this section shall:

19 1. Be part of the newborn screening program prescribed in section  
20 36-694.

21 2. Involve amino acid, carbohydrate or fat metabolism.

22 3. Have medically standard methods of diagnosis, treatment and  
23 monitoring including quantification of metabolites in blood, urine or  
24 spinal fluid or enzyme or DNA confirmation in tissues.

25 4. Require specially processed or treated medical foods that are  
26 generally available only under the supervision and direction of a  
27 physician who is licensed pursuant to title 32, chapter 13 or 17 or a  
28 registered nurse practitioner who is licensed pursuant to title 32,  
29 chapter 15, that must be consumed throughout life and without which the  
30 person may suffer serious mental or physical impairment.

31 S. Medical foods eligible for coverage under this section shall be  
32 prescribed or ordered under the supervision of a physician licensed  
33 pursuant to title 32, chapter 13 or 17 or a registered nurse practitioner  
34 who is licensed pursuant to title 32, chapter 15 as medically necessary  
35 for the therapeutic treatment of an inherited metabolic disease.

36 T. An insurer shall cover at least fifty ~~per cent~~ PERCENT of the  
37 cost of medical foods prescribed to treat inherited metabolic disorders  
38 and covered pursuant to this section. An insurer may limit the maximum  
39 annual benefit for medical foods under this section to ~~five thousand~~  
40 ~~dollars~~ \$5,000, which applies to the cost of all prescribed modified low  
41 protein foods and metabolic formula.

42 U. Any blanket disability policy that provides coverage for:

43 1. Prescription drugs shall also provide coverage for any  
44 prescribed drug or device that is approved by the United States food and  
45 drug administration for use as a contraceptive. A blanket disability

1 insurer may use a drug formulary, multitiered drug formulary or list but  
2 that formulary or list shall include oral, implant and injectable  
3 contraceptive drugs, intrauterine devices and prescription barrier methods  
4 if the blanket disability insurer does not impose deductibles,  
5 coinsurance, copayments or other cost containment measures for  
6 contraceptive drugs that are greater than the deductibles, coinsurance,  
7 copayments or other cost containment measures for other drugs on the same  
8 level of the formulary or list.

9 2. Outpatient health care services shall also provide coverage for  
10 outpatient contraceptive services. For the purposes of this paragraph,  
11 "outpatient contraceptive services" means consultations, examinations,  
12 procedures and medical services provided on an outpatient basis and  
13 related to the use of approved United States food and drug administration  
14 prescription contraceptive methods to prevent unintended pregnancies.

15 V. Notwithstanding subsection U of this section, a religiously  
16 affiliated employer may require that the insurer provide a blanket  
17 disability policy without coverage for specific items or services required  
18 under subsection U of this section because providing or paying for  
19 coverage of the specific items or services is contrary to the religious  
20 beliefs of the religiously affiliated employer offering the plan. If a  
21 religiously affiliated employer objects to providing coverage for specific  
22 items or services required under subsection U of this section, a written  
23 affidavit shall be filed with the insurer stating the objection. On  
24 receipt of the affidavit, the insurer shall issue to the religiously  
25 affiliated employer a blanket disability policy that excludes coverage for  
26 specific items or services required under subsection U of this section.  
27 The insurer shall retain the affidavit for the duration of the blanket  
28 disability policy and any renewals of the policy. This subsection shall  
29 not exclude coverage for prescription contraceptive methods ordered by a  
30 health care provider with prescriptive authority for medical indications  
31 other than for contraceptive, abortifacient, abortion or sterilization  
32 purposes. A religiously affiliated employer offering the policy may state  
33 religious beliefs in its affidavit and may require the insured to first  
34 pay for the prescription and then submit a claim to the insurer along with  
35 evidence that the prescription is not for a purpose covered by the  
36 objection. An insurer may charge an administrative fee for handling these  
37 claims under this subsection.

38 W. Subsection V of this section does not authorize a religiously  
39 affiliated employer to obtain an employee's protected health information  
40 or to violate the health insurance portability and accountability act of  
41 1996 (P.L. 104-191; 110 Stat. 1936) or any federal regulations adopted  
42 pursuant to that act.

43 X. Subsection V of this section shall not be construed to restrict  
44 or limit any protections against employment discrimination that are  
45 prescribed in federal or state law.

1 Y. For the purposes of:

2 1. This section:

3 (a) "Inherited metabolic disorder" means a disease caused by an  
4 inherited abnormality of body chemistry and includes a disease tested  
5 under the newborn screening program prescribed in section 36-694.

6 (b) "Medical foods" means modified low protein foods and metabolic  
7 formula.

8 (c) "Metabolic formula" means foods that are all of the following:

9 (i) Formulated to be consumed or administered enterally under the  
10 supervision of a physician who is licensed pursuant to title 32, chapter  
11 13 or 17 or a registered nurse practitioner who is licensed pursuant to  
12 title 32, chapter 15.

13 (ii) Processed or formulated to be deficient in one or more of the  
14 nutrients present in typical foodstuffs.

15 (iii) Administered for the medical and nutritional management of a  
16 person who has limited capacity to metabolize foodstuffs or certain  
17 nutrients contained in the foodstuffs or who has other specific nutrient  
18 requirements as established by medical evaluation.

19 (iv) Essential to a person's optimal growth, health and metabolic  
20 homeostasis.

21 (d) "Modified low protein foods" means foods that are all of the  
22 following:

23 (i) Formulated to be consumed or administered enterally under the  
24 supervision of a physician who is licensed pursuant to title 32, chapter  
25 13 or 17 or a registered nurse practitioner who is licensed pursuant to  
26 title 32, chapter 15.

27 (ii) Processed or formulated to contain less than one gram of  
28 protein per unit of serving, but does not include a natural food that is  
29 naturally low in protein.

30 (iii) Administered for the medical and nutritional management of a  
31 person who has limited capacity to metabolize foodstuffs or certain  
32 nutrients contained in the foodstuffs or who has other specific nutrient  
33 requirements as established by medical evaluation.

34 (iv) Essential to a person's optimal growth, health and metabolic  
35 homeostasis.

36 2. Subsection E of this section, the term "child", for purposes of  
37 initial coverage of an adopted child or a child placed for adoption but  
38 not for purposes of termination of coverage of such child, means a person  
39 under eighteen years of age.

40 3. Subsections V and W of this section, "religiously affiliated  
41 employer" means either:

42 (a) An entity for which all of the following apply:

43 (i) The entity primarily employs persons who share the religious  
44 tenets of the entity.

1 (ii) The entity serves primarily persons who share the religious  
2 tenets of the entity.

3 (iii) The entity is a nonprofit organization as described in  
4 section 6033(a)(3)(A)(i) or (iii) of the internal revenue code of 1986, as  
5 amended.

6 (b) An entity whose articles of incorporation clearly state that it  
7 is a religiously motivated organization and whose religious beliefs are  
8 central to the organization's operating principles.

**APPROVED BY THE GOVERNOR APRIL 23, 2019.**

**FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 23, 2019.**

Passed the House February 25, 20 19

Passed the Senate April 16 20 19

by the following vote: 60 Ayes,

by the following vote: 30 Ayes,

0 Nays, 0 Not Voting

0 Nays, 0 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

17<sup>th</sup> day of April, 20 19

at 1:25 o'clock P M.

[Signature]  
Secretary to the Governor

Approved this 23<sup>rd</sup> day of

April 2019

at 4:07 o'clock P M.

[Signature]  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 23 day of April, 20 19

at 6:20 o'clock P M.

[Signature]  
Secretary of State

H.B. 2175