



STATE OF ARIZONA
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY
GOVERNOR

EXECUTIVE OFFICE

May 7, 2019

The Honorable Katie Hobbs
Secretary of State
1700 W. Washington, 7th 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 May 7th, 2019:

H.B. 2059 independent oversight committees; report; website (Barto)
H.B. 2060 pharmacists; providers; drug therapy; refills (Barto)
H.B. 2083 kindergarten; survey; report. (Biasiucci)
H.B. 2113 public restrooms; changing stations (Griffin)
H.B. 2119 school safety; reporting (Barto)
H.B. 2589 distinguished flying cross license plates (Kavanagh)
H.B. 2602 multiple sentences for imprisonment (Finchem)
S.B. 1007 insurance; corporate governance; disclosure (Livingston)
S.B. 1018 ASRS; compensation; definition (Livingston)
S.B. 1029 qualifying physicians; opiate-dependent patients (Carter)
S.B. 1035 insurance; small employers; continuation coverage (Brophy-McGee)
S.B. 1039 pain management clinics; regulation (Brophy-McGee)
S.B. 1094 planned communities; applicability; recreational center (Borrelli)
S.B. 1186 municipalities; pension fund; transfer (Pratt)
S.B. 1304 mechanics liens; notice; applicability (Livingston)

Sincerely,

Douglas A. Ducey
Governor
State of Arizona

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

Senate Engrossed

FILED
KATIE HOBBS
SECRETARY OF STATE

State of Arizona
Senate
Fifty-fourth Legislature
First Regular Session
2019

CHAPTER 183
SENATE BILL 1035

AN ACT

AMENDING SECTION 20-2330, ARIZONA REVISED STATUTES; RELATING TO
CONTINUATION COVERAGE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-2330, Arizona Revised Statutes, is amended to
3 read:

4 20-2330. Continuation of small group coverage; notice;
5 duration; definitions

6 A. For health benefit plans issued or renewed after December 31,
7 2018, a health benefits plan shall provide that an enrollee and any
8 qualified dependent may continue coverage under the plan as provided in
9 this section.

10 B. A small employer shall notify the enrollee in writing of the
11 enrollee's qualifying event and right to continue the enrollee's and any
12 qualified dependent's coverage within thirty days after the qualifying
13 event. A written communication or a notice postmarked within forty-four
14 days after a qualifying event mailed by the employer to the enrollee's
15 last known address satisfies this notice requirement. Notice to the
16 enrollee constitutes notice to any qualified dependent unless the employer
17 knows there is a qualified dependent who does not live at the same address
18 and knows the dependent's address, in which case a separate notice shall
19 be sent to the qualified dependent. The notice shall inform the enrollee
20 and any qualified dependent of the following information:

21 1. The enrollee's and any qualified dependent's right to continue
22 coverage at the full cost of the coverage, which includes the employer's
23 contribution and the enrollee's contribution and an administrative fee for
24 the employer that may not exceed five percent of the premium.

25 2. The amount of the full cost of the coverage, stated separately
26 for the enrollee and qualified dependent.

27 3. The process and deadline for the enrollee to elect continuation
28 coverage for the enrollee and any qualified dependent.

29 4. The date and time by which the enrollee must submit the initial
30 and ongoing payments to the employer to continue coverage.

31 5. The loss of continuation coverage if the enrollee fails to pay
32 the premium and administrative fee in a timely manner.

33 C. The department shall prepare a sample notice of coverage
34 continuation form and make the form available on its website. Use of the
35 department's form, if properly completed, is presumed to satisfy the
36 requirements in subsection B of this section.

37 D. To continue coverage, the enrollee or a qualified dependent
38 shall elect continuation coverage in writing for the enrollee and any
39 qualified dependent within sixty days after the date of the notice to
40 elect continuation coverage and submit the first month premium to the
41 employer within forty-five days after the date of election to continue
42 coverage. If the enrollee or qualified dependent elects coverage pursuant
43 to this section, coverage continues as if there had been no interruption.

44 E. Notwithstanding subsection D of this section, if the employer
45 fails to provide complete, accurate and timely notice of the right to

1 continue coverage as specified in subsection B of this section, the
2 enrollee has one hundred twenty days after the date of the notice to elect
3 continuation coverage and pay the required premium and administrative fee.

4 F. If an insurance renewal occurs during the enrollee's or
5 qualified dependent's period of eligibility for continuation coverage, the
6 employer shall notify the enrollee or qualified dependent of any change to
7 the premium due at least thirty days before the change is effective
8 through the process prescribed in subsections B, C, D and E of this
9 section.

10 G. This section does not apply if continuation coverage benefits
11 are available to enrollees or qualified dependents pursuant to 29 United
12 States Code sections 1161 through 1169 or 42 United States Code sections
13 300bb-1 through 300bb-8 or if the enrollee or qualified dependent seeking
14 to continue coverage is eligible for medicare.

15 H. Continuation coverage ends on the earliest of the following:

16 1. Eighteen months after the date the continuation coverage begins.

17 2. The date on which coverage ceases under the health benefits plan
18 due to the enrollee's failure to timely pay the premium and administrative
19 fee.

20 3. The date on which the enrollee or a qualified dependent becomes
21 eligible for medicare or medicaid or obtains any other health care
22 coverage, with respect only to that person.

23 4. The date on which the employer terminates coverage under the
24 health benefits plan for all employees. If the employer terminates
25 coverage under the health benefits plan for all employees and replaces the
26 plan with coverage under another plan, the enrollee and any qualified
27 dependents who have continuation coverage have the right to become covered
28 under the new plan for the balance of the period that the enrollee or
29 qualified dependent could have remained covered under the continuation
30 coverage.

31 5. As to a dependent child of the enrollee, the date the dependent
32 child would otherwise lose coverage under the terms of the health benefits
33 plan due to attaining a certain age.

34 I. A qualified dependent who is determined to have a disability,
35 under title II or title XVI of the social security act, at the time of a
36 qualifying event may be eligible to continue coverage for an additional
37 eleven months if the qualified dependent provides the written
38 determination of disability from the social security administration to the
39 employer within sixty days after the date of that determination and before
40 the end of the eighteen-month continuation period. The health benefits
41 plan may charge up to one hundred fifty percent of the group rate during
42 the eleven-month disability extension. The qualified dependent shall
43 notify the employer within thirty days after the social security
44 administration determines that the qualified dependent no longer has a
45 disability under title II or title XVI of the social security act.

1 J. If a qualifying event as defined in subsection N, paragraph 3,
2 subdivision (b), (c), (d) or (e) of this section occurs during the
3 eighteen-month continuation period, a qualified dependent may be eligible
4 to continue coverage for an additional eighteen months.

5 K. If an enrollee is in the military reserve or national guard and
6 is called to active duty and the enrollee's employment is terminated
7 either after or during the active duty period, the termination is a
8 separate qualifying event, distinct from the qualifying event that may
9 have occurred when the enrollee was called to active duty, and the
10 enrollee and any qualified dependent are eligible for a new eighteen-month
11 benefit period beginning on the later of the date active duty ends or the
12 date of employment termination.

13 L. If an enrollee is in the military reserve or national guard and
14 is called to active duty, the following events are qualifying events
15 distinct from the qualifying event that may have occurred when the
16 enrollee was called to active duty:

17 1. The enrollee dies during the period of active duty.

18 2. A divorce or legal separation of the enrollee from the
19 enrollee's spouse occurs.

20 3. A dependent child ceases to be a dependent child under the
21 requirements of the employer's health benefits plan.

22 M. Notwithstanding subsection H of this section, if an enrollee who
23 is in the military reserve or national guard has elected to continue
24 coverage and is thereafter called to active duty and the coverage under
25 the employer's health benefits plan is terminated by the enrollee or the
26 health benefits plan due to the enrollee becoming eligible for a health
27 care program provided by the United States department of defense, the
28 eighteen-month period or any other applicable maximum time period for
29 which the enrollee would otherwise be entitled to continuation coverage is
30 tolled during the time that the enrollee is covered under the health care
31 program. Within sixty-three days after the federal health care program
32 coverage terminates, the enrollee may elect to continue coverage under the
33 employer's health benefits plan retroactively to the date coverage
34 terminated under the federal health care program for the remainder of the
35 eighteen-month period or any other applicable time period, subject to
36 termination of coverage at the earliest of the conditions specified in
37 subsection H of this section.

38 N. For the purposes of this section:

39 1. "Enrollee" means an employee who is covered under an employer's
40 health benefits plan for at least three months before a qualifying event.

41 2. "Qualified dependent" means a person who is covered under an
42 enrollee's health benefits plan immediately before a qualifying event and
43 who is the spouse or dependent child of the enrollee.

1 3. "Qualifying event" means the date coverage ends due to:
2 (a) Voluntary or involuntary termination of employment for a reason
3 other than gross misconduct or reduction of hours required to qualify for
4 health benefits under the employer's health benefits plan.
5 (b) Divorce or separation from the enrollee.
6 (c) Death of the enrollee.
7 (d) The enrollee becoming eligible for medicare.
8 (e) A dependent child ceasing to be a dependent child under the
9 generally applicable requirements of the employer's health benefits plan.
10 (f) A retired enrollee or the spouse or dependent child of a
11 retiree losing coverage within one year before or after commencement of a
12 bankruptcy proceeding under title XI of the United States Code by the
13 employer from whose employment the retired enrollee retired.
14 4. "Small employer" means an employer that employs an average of at
15 least one but ~~not more~~ FEWER than twenty eligible employees during the
16 preceding calendar year.

APPROVED BY THE GOVERNOR MAY 7, 2019.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 7, 2019.

Passed the House April 30, 2019,

Passed the Senate February 4, 2019,

by the following vote: 59 Ayes,

by the following vote: 30 Ayes,

0 Nays, 1 Not Voting

0 Nays, 0 Not Voting

[Signature]
Speaker of the House
Antoinette
Joni Drake
Chief Clerk of the House

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

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

1st day of May, 2019,

at 10:35 o'clock A M.

[Signature]
Secretary to the Governor

Approved this 7th day of

May, 2019,

at 12:51 o'clock P M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 7 day of May, 2019,

at 4:04 o'clock P. M.

[Signature]
Secretary of State

S.B. 1035