



STATE OF ARIZONA  
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY  
GOVERNOR

EXECUTIVE OFFICE

May 8, 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 May 8th, 2019:

H.B. 2671 animal cruelty; domestic animals; classification (Kavanagh)  
S.B. 1019 TPT; over the top (S. Allen)  
S.B. 1038 Arizona pioneers' home; regulation (Brophy-McGee)  
S.B. 1071 school districts; personnel evaluations (Boyer)  
S.B. 1079 ASRS; long-term disability program (Livingston)  
S.B. 1084 funeral; last illness; expenses; lien (Borrelli)  
S.B. 1085 association health plans; definitions; requirements (Brophy-McGee)  
S.B. 1086 health professions; temporary licensure (Brophy-McGee)  
S.B. 1100 insurance; living organ donors (Carter)  
S.B. 1144 racetracks; ejection; exclusion; process (D. Farnsworth)  
S.B. 1318 schools; training; screening; dyslexia (Boyer)  
S.B. 1468 schools; suicide prevention training (Bowie)  
S.B. 1531 HOAs; costs; assessments (D. Farnsworth)

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 194**  
**SENATE BILL 1085**

AN ACT

AMENDING SECTION 20-2324, ARIZONA REVISED STATUTES; RELATING TO  
ACCOUNTABLE HEALTH PLANS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-2324, Arizona Revised Statutes, is amended to  
3 read:

4 20-2324. Bona fide associations; definitions

5 A. ~~On or before January 1 of each year, every AN association that~~  
6 ~~qualifies as a PATH 1 bona fide association shall file a statement with~~  
7 ~~the director that certifies that the association~~ IF THE ASSOCIATION MEETS  
8 THE FOLLOWING REQUIREMENTS:

9 ~~1. Has been in active existence for at least five years.~~

10 ~~2.~~ 1. Has been formed and maintained in good faith for purposes  
11 other than obtaining insurance and does not condition membership in the  
12 association on the purchase of insurance that is sponsored by the  
13 association.

14 ~~3.~~ 2. Has a constitution and bylaws.

15 ~~4.~~ 3. Insures at least twenty-five members, employees or employees  
16 of members of the association for the benefit of persons other than the  
17 association or its officers or trustees.

18 ~~5.~~ 4. Does not condition membership in the association on any  
19 health status-related factor relating to an individual, including an  
20 employee of an employer or a dependent of an employee, and clearly states  
21 this in all membership and application materials.

22 ~~6.~~ 5. Makes health benefits plans offered through the association  
23 available to all members regardless of any health status-related factor  
24 relating to any member of the association or individual eligible for  
25 coverage through a member and clearly states this in all membership and  
26 application materials.

27 ~~7.~~ 6. Does not make health benefits plans offered through the  
28 association available other than in connection with a member of the  
29 association and clearly states this in all membership and application  
30 materials.

31 B. AN ASSOCIATION QUALIFIES AS A PATH 2 BONA FIDE ASSOCIATION IF  
32 THE ASSOCIATION MEETS THE REQUIREMENTS OF 29 CODE OF FEDERAL REGULATIONS  
33 SECTION 2510.3-5. AN INSURER ELECTING TO OFFER HEALTH BENEFITS PLANS  
34 THROUGH A BONA FIDE ASSOCIATION TO SMALL EMPLOYER GROUPS OF ONE, WHICH MAY  
35 INCLUDE SOLE PROPRIETORS OR WORKING OWNERS, IS NOT REQUIRED TO MAKE HEALTH  
36 BENEFITS PLANS AVAILABLE UNDER SECTION 20-2304, SUBSECTION A TO SMALL  
37 EMPLOYER GROUPS OF ONE IF THE SMALL EMPLOYER IS NOT SEEKING A HEALTH  
38 BENEFITS PLAN THROUGH A BONA FIDE ASSOCIATION.

39 ~~B.~~ C. The requirements of section 20-2304, subsection A ~~shall~~ DO  
40 not apply to health benefits plans offered by an accountable health plan  
41 if the accountable health plan makes this coverage available in the small  
42 group market only through one or more PATH 1 bona fide associations.

43 D. THE DEPARTMENT MAY SURVEY INSURERS ISSUING HEALTH BENEFITS PLANS  
44 TO DETERMINE THE NUMBER OF HEALTH BENEFITS PLANS ISSUED TO BONA FIDE  
45 ASSOCIATIONS IN THIS STATE EACH YEAR.

1 E. THIS SECTION DOES NOT LIMIT OR PROHIBIT THE ISSUANCE OF  
2 SELF-FUNDED HEALTH BENEFITS PLANS IN THIS STATE THROUGH A BONA FIDE  
3 ASSOCIATION IF THE ASSOCIATION IS ESTABLISHED AND OPERATING IN COMPLIANCE  
4 WITH APPLICABLE PROVISIONS OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT  
5 OF 1974. THE DEPARTMENT RETAINS THE AUTHORITY TO INVESTIGATE WHETHER AN  
6 ASSOCIATION IS UNLAWFULLY TRANSACTING INSURANCE IN VIOLATION OF THIS  
7 TITLE.

8 ~~C. F. As used in~~ FOR THE PURPOSES OF SUBSECTION A OF this section,  
9 ~~the term "employees" shall be deemed to include~~ INCLUDES retired  
10 employees.

11 G. FOR THE PURPOSES OF THIS SECTION:

12 1. "BONA FIDE ASSOCIATION" INCLUDES PATH 1 BONA FIDE ASSOCIATIONS  
13 AND PATH 2 BONA FIDE ASSOCIATIONS.

14 2. "SMALL EMPLOYER" INCLUDES, IF AN INSURER ELECTS TO ISSUE  
15 COVERAGE TO SMALL EMPLOYER GROUPS OF ONE:

16 (a) FOR HEALTH BENEFITS PLANS ISSUED THROUGH A BONA FIDE  
17 ASSOCIATION, AN EMPLOYER WHO EMPLOYS AT LEAST ONE BUT NOT MORE THAN FIFTY  
18 ELIGIBLE EMPLOYEES ON A TYPICAL BUSINESS DAY DURING ANY ONE CALENDAR YEAR.

19 (b) FOR HEALTH BENEFITS PLANS ISSUED THROUGH A PATH 2 BONA FIDE  
20 ASSOCIATION, A SOLE PROPRIETOR OR WORKING OWNER.

21 3. "SOLE PROPRIETOR" MEANS A PERSON WHO IS A WORKING OWNER, WHO  
22 OWNS A BUSINESS AND WHO DOES NOT OPERATE THE BUSINESS USING ANY TYPE OF  
23 ENTITY.

24 4. "WORKING OWNER" MEANS A PERSON WHO A RESPONSIBLE PLAN FIDUCIARY  
25 REASONABLY DETERMINES IS AN INDIVIDUAL WHO MEETS ALL OF THE FOLLOWING  
26 REQUIREMENTS:

27 (a) HAS AN OWNERSHIP RIGHT OF ANY NATURE IN A TRADE OR BUSINESS,  
28 WHETHER INCORPORATED OR UNINCORPORATED, INCLUDING A PARTNER AND ANOTHER  
29 SELF-EMPLOYED INDIVIDUAL.

30 (b) IS EARNING WAGES OR SELF-EMPLOYMENT INCOME FROM THE TRADE OR  
31 BUSINESS FOR PROVIDING PERSONAL SERVICES TO THE TRADE OR BUSINESS.

32 (c) EITHER:

33 (i) WORKS ON AVERAGE AT LEAST TWENTY HOURS PER WEEK OR AT LEAST  
34 EIGHTY HOURS PER MONTH PROVIDING PERSONAL SERVICES TO THE TRADE OR  
35 BUSINESS.

36 (ii) HAS WAGES OR SELF-EMPLOYMENT INCOME FROM THE TRADE OR BUSINESS  
37 THAT AT LEAST EQUALS THE WORKING OWNER'S COST OF COVERAGE FOR  
38 PARTICIPATION BY THE WORKING OWNER AND ANY COVERED BENEFICIARIES IN THE  
39 GROUP HEALTH PLAN SPONSORED BY THE ASSOCIATION IN WHICH THE INDIVIDUAL IS  
40 PARTICIPATING.

41 Sec. 2. Department of insurance; association health plans;  
42 information

43 On or before January 1, 2020, the department of insurance shall post  
44 information on the department's public website that summarizes applicable  
45 state law and other pertinent information related to association health  
46 plans.

Passed the House May 1, 20 19

by the following vote: 38 Ayes,

21 Nays, 1 Not Voting

R. P. Boyce Jr.  
Speaker of the House  
*Pro Tempore*  
Jim Drake  
Chief Clerk of the House

Passed the Senate February 27, 20 19

by the following vote: 24 Ayes,

6 Nays, 0 Not Voting

Karen Farns  
President of the Senate  
Susan Owens  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

2nd day of May, 20 19,

at 11:24 o'clock A M.

[Signature]  
Secretary to the Governor

Approved this 8th day of

May, 20 19,

at 3:25 o'clock P M.

[Signature]  
Governor of Arizona

S.B. 1085

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 8 day of May, 20 19,

at 4:30 o'clock P M.

[Signature]  
Secretary of State