

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

HOUSE BILL 2324

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; RELATING TO INDIVIDUAL HEALTH INSURANCE COVERAGE.

(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.