REFERENCE TITLE: individual health insurance; coverage exemptions

State of Arizona
Senate
Forty-ninth Legislature
First Regular Session
2009

SB 1325

Introduced by
Senator Leff; Representative Barto: Senator Harper

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)

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

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

20-846. Individual health insurance policies; mandatory coverage exemption; definitions

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

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

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

3. SECTION 20-826.03.

4. SECTION 20-841, SUBSECTIONS A AND C.

5. SECTIONS 20-841.01, 20-841.02, 20-841.03, 20-841.04, 20-841.06, 20-841.07 AND 20-841.08.

6. SECTION 20-841.05, SUBSECTIONS B AND E.

B. FOR THE PURPOSES OF THIS SECTION:

1. "HEALTH INSURANCE COVERAGE":

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

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

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

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

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

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

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

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

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

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

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

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

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

20-1079. Individual health insurance policies; mandatory coverage exemption; definitions

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

1. SECTION 20-1057, SUBSECTIONS C, K, L, Y, Z, AA AND BB.

2. SECTIONS 20-1057.01, 20-1057.03, 20-1057.04, 20-1057.05 AND 20-1057.10.

3. SECTION 20-1057.02, SUBSECTIONS B AND E.

B. FOR THE PURPOSES OF THIS SECTION:

1. "HEALTH INSURANCE COVERAGE":

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

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

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

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

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

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

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

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

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

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

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

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

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

20-1383. Individual health insurance policies; mandatory coverage exemption; definitions

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

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

2. SECTION 20-1342, SUBSECTION A, PARAGRAPHS 11 AND 12.

3. SECTION 20-1342, SUBSECTIONS H, I, J AND K.

4. SECTION 20-1376, SUBSECTIONS A AND C.

5. SECTIONS 20-1342.01, 20-1342.05, 20-1376.01, 20-1376.02, 20-1376.03 AND 20-1376.04.

B. FOR THE PURPOSES OF THIS SECTION:

1. "HEALTH INSURANCE COVERAGE":

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

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

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

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

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

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

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

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

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

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

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

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