

Conference Engrossed

State of Arizona
House of Representatives
Fiftieth Legislature
Second Regular Session
2012

HOUSE BILL 2625

AN ACT

AMENDING SECTIONS 20-826, 20-1057.08, 20-1402, 20-1404 AND 20-2329, ARIZONA
REVISED STATUTES; RELATING TO HEALTH INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-826, Arizona Revised Statutes, is amended to
3 read:

4 20-826. Subscription contracts: definitions

5 A. A contract between a corporation and its subscribers shall not be
6 issued unless the form of such contract is approved in writing by the
7 director.

8 B. Each contract shall plainly state the services to which the
9 subscriber is entitled and those to which the subscriber is not entitled
10 under the plan, and shall constitute a direct obligation of the providers of
11 services with which the corporation has contracted for hospital, medical,
12 dental or optometric services.

13 C. Each contract, except for dental services or optometric services,
14 shall be so written that the corporation shall pay benefits for each of the
15 following:

16 1. Performance of any surgical service that is covered by the terms of
17 such contract, regardless of the place of service.

18 2. Any home health services that are performed by a licensed home
19 health agency and that a physician has prescribed in lieu of hospital
20 services, as defined by the director, providing the hospital services would
21 have been covered.

22 3. Any diagnostic service that a physician has performed outside a
23 hospital in lieu of inpatient service, providing the inpatient service would
24 have been covered.

25 4. Any service performed in a hospital's outpatient department or in a
26 freestanding surgical facility, if such service would have been covered if
27 performed as an inpatient service.

28 D. Each contract for dental or optometric services shall be so written
29 that the corporation shall pay benefits for contracted dental or optometric
30 services provided by dentists or optometrists.

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

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

4 F. Each contract that is delivered or issued for delivery in this
5 state after December 25, 1977 and that provides that coverage of a dependent
6 child shall terminate on attainment of the limiting age for dependent
7 children specified in the contract shall also provide in substance that
8 attainment of such limiting age shall not operate to terminate the coverage
9 of such child while the child is and continues to be both incapable of
10 self-sustaining employment by reason of intellectual disability or physical
11 handicap and chiefly dependent on the subscriber for support and maintenance.
12 Proof of such incapacity and dependency shall be furnished to the corporation
13 by the subscriber within thirty-one days of the child's attainment of the
14 limiting age and subsequently as may be required by the corporation, but not
15 more frequently than annually after the two-year period following the child's
16 attainment of the limiting age.

17 G. No corporation may cancel or refuse to renew any subscriber's
18 contract without giving notice of such cancellation or nonrenewal to the
19 subscriber under such contract. A notice by the corporation to the
20 subscriber of cancellation or nonrenewal of a subscription contract shall be
21 mailed to the named subscriber at least forty-five days before the effective
22 date of such cancellation or nonrenewal. The notice shall include or be
23 accompanied by a statement in writing of the reasons for such action by the
24 corporation. Failure of the corporation to comply with this subsection shall
25 invalidate any cancellation or nonrenewal except a cancellation or nonrenewal
26 for nonpayment of premium.

27 H. A contract that provides coverage for surgical services for a
28 mastectomy shall also provide coverage incidental to the patient's covered
29 mastectomy for surgical services for reconstruction of the breast on which
30 the mastectomy was performed, surgery and reconstruction of the other breast
31 to produce a symmetrical appearance, prostheses, treatment of physical
32 complications for all stages of the mastectomy, including lymphedemas, and at
33 least two external postoperative prostheses subject to all of the terms and
34 conditions of the policy.

35 I. A contract that provides coverage for surgical services for a
36 mastectomy shall also provide coverage for mammography screening performed on
37 dedicated equipment for diagnostic purposes on referral by a patient's
38 physician, subject to all of the terms and conditions of the policy and
39 according to the following guidelines:

40 1. A baseline mammogram for a woman from age thirty-five to
41 thirty-nine.

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

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

1 J. Any contract that is issued to the insured and that provides
2 coverage for maternity benefits shall also provide that the maternity
3 benefits apply to the costs of the birth of any child legally adopted by the
4 insured if all of the following are true:

5 1. The child is adopted within one year of birth.
6 2. The insured is legally obligated to pay the costs of birth.
7 3. All preexisting conditions and other limitations have been met by
8 the insured.

9 4. The insured has notified the insurer of the insured's acceptability
10 to adopt children pursuant to section 8-105, within sixty days after such
11 approval or within sixty days after a change in insurance policies, plans or
12 companies.

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

25 L. The director may disapprove any contract if the benefits provided
26 in the form of such contract are unreasonable in relation to the premium
27 charged.

28 M. The director shall adopt emergency rules applicable to persons who
29 are leaving active service in the armed forces of the United States and
30 returning to civilian status including:

- 31 1. Conditions of eligibility.
- 32 2. Coverage of dependents.
- 33 3. Preexisting conditions.
- 34 4. Termination of insurance.
- 35 5. Probationary periods.
- 36 6. Limitations.
- 37 7. Exceptions.
- 38 8. Reductions.
- 39 9. Elimination periods.
- 40 10. Requirements for replacement.
- 41 11. Any other condition of subscription contracts.

42 N. Any contract that provides maternity benefits shall not restrict
43 benefits for any hospital length of stay in connection with childbirth for
44 the mother or the newborn child to less than forty-eight hours following a
45 normal vaginal delivery or ninety-six hours following a cesarean section.

1 The contract shall not require the provider to obtain authorization from the
2 corporation for prescribing the minimum length of stay required by this
3 subsection. The contract may provide that an attending provider in
4 consultation with the mother may discharge the mother or the newborn child
5 before the expiration of the minimum length of stay required by this
6 subsection. The corporation shall not:

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

10 2. Provide monetary payments or rebates to mothers to encourage those
11 mothers to accept less than the minimum protections available pursuant to
12 this subsection.

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

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

19 5. Except as described in subsection O of this section, restrict
20 benefits for any portion of a period within the minimum length of stay in a
21 manner that is less favorable than the benefits provided for any preceding
22 portion of that stay.

23 O. Nothing in subsection N of this section:

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

26 2. Prevents a corporation from imposing deductibles, coinsurance or
27 other cost sharing in relation to benefits for hospital lengths of stay in
28 connection with childbirth for a mother or a newborn child under the
29 contract, except that any coinsurance or other cost sharing for any portion
30 of a period within a hospital length of stay required pursuant to subsection
31 N of this section shall not be greater than the coinsurance or cost sharing
32 for any preceding portion of that stay.

33 3. Prevents a corporation from negotiating the level and type of
34 reimbursement with a provider for care provided in accordance with subsection
35 N of this section.

36 P. Any contract that provides coverage for diabetes shall also provide
37 coverage for equipment and supplies that are medically necessary and that are
38 prescribed by a health care provider, including:

39 1. Blood glucose monitors.

40 2. Blood glucose monitors for the legally blind.

41 3. Test strips for glucose monitors and visual reading and urine
42 testing strips.

43 4. Insulin preparations and glucagon.

44 5. Insulin cartridges.

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

1 7. Injection aids.
2 8. Insulin cartridges for the legally blind.
3 9. Syringes and lancets, including automatic lancing devices.
4 10. Prescribed oral agents for controlling blood sugar that are
5 included on the plan formulary.
6 11. To the extent coverage is required under medicare, podiatric
7 appliances for prevention of complications associated with diabetes.
8 12. Any other device, medication, equipment or supply for which
9 coverage is required under medicare from and after January 1, 1999. The
10 coverage required in this paragraph is effective six months after the
11 coverage is required under medicare.
12 Q. Nothing in subsection P of this section prohibits a medical service
13 corporation, a hospital service corporation or a hospital, medical, dental
14 and optometric service corporation from imposing deductibles, coinsurance or
15 other cost sharing in relation to benefits for equipment or supplies for the
16 treatment of diabetes.
17 R. Any hospital or medical service contract that provides coverage for
18 prescription drugs shall not limit or exclude coverage for any prescription
19 drug prescribed for the treatment of cancer on the basis that the
20 prescription drug has not been approved by the United States food and drug
21 administration for the treatment of the specific type of cancer for which the
22 prescription drug has been prescribed, if the prescription drug has been
23 recognized as safe and effective for treatment of that specific type of
24 cancer in one or more of the standard medical reference compendia prescribed
25 in subsection S of this section or medical literature that meets the criteria
26 prescribed in subsection S of this section. The coverage required under this
27 subsection includes covered medically necessary services associated with the
28 administration of the prescription drug. This subsection does not:
29 1. Require coverage of any prescription drug used in the treatment of
30 a type of cancer if the United States food and drug administration has
31 determined that the prescription drug is contraindicated for that type of
32 cancer.
33 2. Require coverage for any experimental prescription drug that is not
34 approved for any indication by the United States food and drug
35 administration.
36 3. Alter any law with regard to provisions that limit the coverage of
37 prescription drugs that have not been approved by the United States food and
38 drug administration.
39 4. Notwithstanding section 20-841.05, require reimbursement or
40 coverage for any prescription drug that is not included in the drug formulary
41 or list of covered prescription drugs specified in the contract.
42 5. Notwithstanding section 20-841.05, prohibit a contract from
43 limiting or excluding coverage of a prescription drug, if the decision to
44 limit or exclude coverage of the prescription drug is not based primarily on
45 the coverage of prescription drugs required by this section.

1 6. Prohibit the use of deductibles, coinsurance, copayments or other
2 cost sharing in relation to drug benefits and related medical benefits
3 offered.

4 S. For the purposes of subsection R of this section:

5 1. The acceptable standard medical reference compendia are the
6 following:

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

9 (b) The national comprehensive cancer network drugs and biologics
10 compendium.

11 (c) Thomson Micromedex compendium DrugDex.

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

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

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

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

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

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

31 T. A corporation shall not issue or deliver any advertising matter or
32 sales material to any person in this state until the corporation files the
33 advertising matter or sales material with the director. This subsection does
34 not require a corporation to have the prior approval of the director to issue
35 or deliver the advertising matter or sales material. If the director finds
36 that the advertising matter or sales material, in whole or in part, is false,
37 deceptive or misleading, the director may issue an order disapproving the
38 advertising matter or sales material, directing the corporation to cease and
39 desist from issuing, circulating, displaying or using the advertising matter
40 or sales material within a period of time specified by the director but not
41 less than ten days and imposing any penalties prescribed in this title. At
42 least five days before issuing an order pursuant to this subsection, the
43 director shall provide the corporation with a written notice of the basis of
44 the order to provide the corporation with an opportunity to cure the alleged
45 deficiency in the advertising matter or sales material within a single five

1 day period for the particular advertising matter or sales material at issue.
2 The corporation may appeal the director's order pursuant to title 41,
3 chapter 6, article 10. Except as otherwise provided in this subsection, a
4 corporation may obtain a stay of the effectiveness of the order as prescribed
5 in section 20-162. If the director certifies in the order and provides a
6 detailed explanation of the reasons in support of the certification that
7 continued use of the advertising matter or sales material poses a threat to
8 the health, safety or welfare of the public, the order may be entered
9 immediately without opportunity for cure and the effectiveness of the order
10 is not stayed pending the hearing on the notice of appeal but the hearing
11 shall be promptly instituted and determined.

12 U. Any contract that is offered by a hospital service corporation or
13 medical service corporation and that contains a prescription drug benefit
14 shall provide coverage of medical foods to treat inherited metabolic
15 disorders as provided by this section.

16 V. The metabolic disorders triggering medical foods coverage under
17 this section shall:

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

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

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

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

30 W. Medical foods eligible for coverage under this section shall be
31 prescribed or ordered under the supervision of a physician licensed pursuant
32 to title 32, chapter 13 or 17 as medically necessary for the therapeutic
33 treatment of an inherited metabolic disease.

34 X. A hospital service corporation or medical service corporation shall
35 cover at least fifty per cent of the cost of medical foods prescribed to
36 treat inherited metabolic disorders and covered pursuant to this section. A
37 hospital service corporation or medical service corporation may limit the
38 maximum annual benefit for medical foods under this section to five thousand
39 dollars, which applies to the cost of all prescribed modified low protein
40 foods and metabolic formula.

41 Y. Any contract between a corporation and its subscribers is subject
42 to the following:

43 1. If the contract provides coverage for prescription drugs, the
44 contract shall provide coverage for any prescribed drug or device that is
45 approved by the United States food and drug administration for use as a

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

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

16 3. This subsection does not apply to contracts issued to individuals
17 on a nongroup basis.

18 ~~Z. Notwithstanding subsection Y of this section, a religious employer~~
19 ~~whose religious tenets prohibit the use of prescribed contraceptive methods~~
20 ~~may require that the corporation provide a contract without coverage for all~~
21 ~~United States food and drug administration approved contraceptive methods. A~~
22 ~~religious employer shall submit a written affidavit to the corporation~~
23 ~~stating that it is a religious employer. On receipt of the affidavit, the~~
24 ~~corporation shall issue to the religious employer a contract that excludes~~
25 ~~coverage of prescription contraceptive methods. The corporation shall retain~~
26 ~~the affidavit for the duration of the contract and any renewals of the~~
27 ~~contract. Before enrollment in the plan, every religious employer that~~
28 ~~invokes this exemption shall provide prospective subscribers written notice~~
29 ~~that the religious employer refuses to cover all United States food and drug~~
30 ~~administration approved contraceptive methods for religious reasons. This~~
31 ~~subsection shall not exclude coverage for prescription contraceptive methods~~
32 ~~ordered by a health care provider with prescriptive authority for medical~~
33 ~~indications other than to prevent an unintended pregnancy. A corporation may~~
34 ~~require the subscriber to first pay for the prescription and then submit a~~
35 ~~claim to the corporation along with evidence that the prescription is for a~~
36 ~~noncontraceptive purpose. A corporation may charge an administrative fee for~~
37 ~~handling these claims. A religious employer shall not discriminate against~~
38 ~~an employee who independently chooses to obtain insurance coverage or~~
39 ~~prescriptions for contraceptives from another source.~~

40 Z. NOTWITHSTANDING SUBSECTION Y OF THIS SECTION, A RELIGIOUSLY
41 AFFILIATED EMPLOYER MAY REQUIRE THAT THE CORPORATION PROVIDE A CONTRACT
42 WITHOUT COVERAGE FOR SPECIFIC ITEMS OR SERVICES REQUIRED UNDER SUBSECTION Y
43 OF THIS SECTION BECAUSE PROVIDING OR PAYING FOR COVERAGE OF THE SPECIFIC
44 ITEMS OR SERVICES IS CONTRARY TO THE RELIGIOUS BELIEFS OF THE RELIGIOUSLY
45 AFFILIATED EMPLOYER OFFERING THE PLAN. IF A RELIGIOUSLY AFFILIATED EMPLOYER

1 OBJECTS TO PROVIDING COVERAGE FOR SPECIFIC ITEMS OR SERVICES REQUIRED UNDER
2 SUBSECTION Y OF THIS SECTION, A WRITTEN AFFIDAVIT SHALL BE FILED WITH THE
3 CORPORATION STATING THE OBJECTION. ON RECEIPT OF THE AFFIDAVIT, THE
4 CORPORATION SHALL ISSUE TO THE RELIGIOUSLY AFFILIATED EMPLOYER A CONTRACT
5 THAT EXCLUDES COVERAGE FOR SPECIFIC ITEMS OR SERVICES REQUIRED UNDER
6 SUBSECTION Y OF THIS SECTION. THE CORPORATION SHALL RETAIN THE AFFIDAVIT FOR
7 THE DURATION OF THE CONTRACT AND ANY RENEWALS OF THE CONTRACT. THIS
8 SUBSECTION SHALL NOT EXCLUDE COVERAGE FOR PRESCRIPTION CONTRACEPTIVE METHODS
9 ORDERED BY A HEALTH CARE PROVIDER WITH PRESCRIPTIVE AUTHORITY FOR MEDICAL
10 INDICATIONS OTHER THAN FOR CONTRACEPTIVE, ABORTIFACIENT, ABORTION OR
11 STERILIZATION PURPOSES. A RELIGIOUSLY AFFILIATED EMPLOYER OFFERING THE PLAN
12 MAY STATE RELIGIOUS BELIEFS IN ITS AFFIDAVIT AND MAY REQUIRE THE SUBSCRIBER
13 TO FIRST PAY FOR THE PRESCRIPTION AND THEN SUBMIT A CLAIM TO THE HOSPITAL
14 SERVICE CORPORATION, MEDICAL SERVICE CORPORATION OR HOSPITAL, MEDICAL, DENTAL
15 AND OPTOMETRIC SERVICE CORPORATION ALONG WITH EVIDENCE THAT THE PRESCRIPTION
16 IS NOT FOR A PURPOSE COVERED BY THE OBJECTION. A HOSPITAL SERVICE
17 CORPORATION, MEDICAL SERVICE CORPORATION OR HOSPITAL, MEDICAL, DENTAL AND
18 OPTOMETRIC SERVICE CORPORATION MAY CHARGE AN ADMINISTRATIVE FEE FOR HANDLING
19 THESE CLAIMS.

20 AA. SUBSECTION Z OF THIS SECTION DOES NOT AUTHORIZE A RELIGIOUSLY
21 AFFILIATED EMPLOYER TO OBTAIN AN EMPLOYEE'S PROTECTED HEALTH INFORMATION OR
22 TO VIOLATE THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996
23 (P.L. 104-191; 110 STAT. 1936) OR ANY FEDERAL REGULATIONS ADOPTED PURSUANT TO
24 THAT ACT.

25 BB. SUBSECTION Z OF THIS SECTION SHALL NOT BE CONSTRUED TO RESTRICT OR
26 LIMIT ANY PROTECTIONS AGAINST EMPLOYMENT DISCRIMINATION THAT ARE PRESCRIBED
27 IN FEDERAL OR STATE LAW.

28 ~~AA.~~ CC. For the purposes of:

29 1. This section:

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

33 (b) "Medical foods" means modified low protein foods and metabolic
34 formula.

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

36 (i) Formulated to be consumed or administered enterally under the
37 supervision of a physician who is licensed pursuant to title 32, chapter 13
38 or 17.

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

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

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

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

5 (i) Formulated to be consumed or administered enterally under the
6 supervision of a physician who is licensed pursuant to title 32, chapter 13
7 or 17.

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

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

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

17 2. Subsection E of this section, "child", for purposes of initial
18 coverage of an adopted child or a child placed for adoption but not for
19 purposes of termination of coverage of such child, means a person under
20 eighteen years of age.

21 ~~3. Subsection Z of this section, "religious employer" means an entity~~
22 ~~for which all of the following apply:~~

23 3. SUBSECTIONS Z AND AA OF THIS SECTION, "RELIGIOUSLY AFFILIATED
24 EMPLOYER" MEANS EITHER:

25 (a) AN ENTITY FOR WHICH ALL OF THE FOLLOWING APPLY:

26 ~~(a)~~ (i) The entity primarily employs persons who share the religious
27 tenets of the entity.

28 ~~(b)~~ (ii) The entity primarily serves persons who share the religious
29 tenets of the entity.

30 ~~(c)~~ (iii) The entity is a nonprofit organization as described in
31 section 6033(a)~~(2)~~(3)(A)(i) or (iii) of the internal revenue code of 1986, as
32 amended.

33 (b) AN ENTITY WHOSE ARTICLES OF INCORPORATION CLEARLY STATE THAT IT IS
34 A RELIGIOUSLY MOTIVATED ORGANIZATION AND WHOSE RELIGIOUS BELIEFS ARE CENTRAL
35 TO THE ORGANIZATION'S OPERATING PRINCIPLES.

36 Sec. 2. Section 20-1057.08, Arizona Revised Statutes, is amended to
37 read:

38 20-1057.08. Prescription contraceptive drugs and devices;
39 definition

40 A. If a health care services organization issues evidence of coverage
41 that provides coverage for:

42 1. Prescription drugs, the evidence of coverage shall provide coverage
43 for any prescribed drug or device that is approved by the United States food
44 and drug administration for use as a contraceptive. A health care services
45 organization may use a drug formulary, multitiered drug formulary or list but

1 that formulary or list shall include oral, implant and injectable
2 contraceptive drugs, intrauterine devices and prescription barrier methods if
3 the health care services organization does not impose deductibles,
4 coinsurance, copayments or other cost containment measures for contraceptive
5 drugs that are greater than the deductibles, coinsurance, copayments or other
6 cost containment measures for other drugs on the same level of the formulary
7 or list.

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

14 B. Notwithstanding subsection A OF THIS SECTION, ~~a religious employer~~
15 ~~whose religious tenets prohibit the use of prescribed contraceptive methods~~
16 ~~may require that the health care services organization provide coverage that~~
17 ~~excludes all federal food and drug administration approved contraceptive~~
18 ~~methods. A religious employer shall submit a written affidavit to the health~~
19 ~~care services organization stating that it is a religious employer. On~~
20 ~~receipt of the affidavit, the health care services organization shall provide~~
21 ~~coverage to the religious employer that excludes prescription contraceptive~~
22 ~~methods.~~ A RELIGIOUSLY AFFILIATED EMPLOYER MAY REQUIRE THAT THE HEALTH CARE
23 SERVICES ORGANIZATION PROVIDE AN EVIDENCE OF COVERAGE WITHOUT COVERAGE FOR
24 SPECIFIC ITEMS OR SERVICES REQUIRED UNDER SUBSECTION A OF THIS SECTION
25 BECAUSE PROVIDING OR PAYING FOR COVERAGE OF THE SPECIFIC ITEMS OR SERVICES IS
26 CONTRARY TO THE RELIGIOUS BELIEFS OF THE RELIGIOUSLY AFFILIATED EMPLOYER
27 OFFERING THE PLAN. IF A RELIGIOUSLY AFFILIATED EMPLOYER OBJECTS TO PROVIDING
28 COVERAGE FOR SPECIFIC ITEMS OR SERVICES REQUIRED UNDER SUBSECTION A OF THIS
29 SECTION, A WRITTEN AFFIDAVIT SHALL BE FILED WITH THE HEALTH CARE SERVICES
30 ORGANIZATION STATING THE OBJECTION. ON RECEIPT OF THE AFFIDAVIT, THE HEALTH
31 CARE SERVICES ORGANIZATION SHALL ISSUE TO THE RELIGIOUSLY AFFILIATED EMPLOYER
32 AN EVIDENCE OF COVERAGE THAT EXCLUDES COVERAGE FOR SPECIFIC ITEMS OR SERVICES
33 REQUIRED UNDER SUBSECTION A OF THIS SECTION. The health care services
34 organization shall retain the affidavit for the duration of the coverage and
35 any renewals of the coverage.

36 ~~C. Before enrollment in the health care plan, every religious employer~~
37 ~~that invokes this exemption shall provide prospective enrollees written~~
38 ~~notice that the religious employer refuses to cover all federal food and drug~~
39 ~~administration approved contraceptive methods for religious reasons.~~

40 ~~D.~~ C. Subsection B OF THIS SECTION does not exclude coverage for
41 prescription contraceptive methods ordered by a health care provider with
42 prescriptive authority for medical indications other than ~~to prevent an~~
43 ~~unintended pregnancy. A health care services organization may require FOR~~
44 CONTRACEPTIVE, ABORTIFACIENT, ABORTION OR STERILIZATION PURPOSES. A
45 RELIGIOUSLY AFFILIATED EMPLOYER OFFERING THE PLAN MAY STATE RELIGIOUS BELIEFS

1 IN ITS AFFIDAVIT AND MAY REQUIRE the enrollee to first pay for the
2 prescription and then submit a claim to the health care services organization
3 along with evidence that the prescription is ~~for a noncontraceptive purpose~~
4 NOT FOR A PURPOSE COVERED BY THE OBJECTION. A health care services
5 organization may charge an administrative fee for handling claims under this
6 subsection.

7 ~~E. A religious employer shall not discriminate against an employee who~~
8 ~~independently chooses to obtain insurance coverage or prescriptions for~~
9 ~~contraceptives from another source.~~

10 D. SUBSECTIONS B AND C OF THIS SECTION DO NOT AUTHORIZE A RELIGIOUSLY
11 AFFILIATED EMPLOYER TO OBTAIN AN EMPLOYEE'S PROTECTED HEALTH INFORMATION OR
12 TO VIOLATE THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996
13 (P.L. 104-191; 110 STAT. 1936) OR ANY FEDERAL REGULATIONS ADOPTED PURSUANT TO
14 THAT ACT.

15 E. SUBSECTIONS B AND C OF THIS SECTION SHALL NOT BE CONSTRUED TO
16 RESTRICT OR LIMIT ANY PROTECTIONS AGAINST EMPLOYMENT DISCRIMINATION THAT ARE
17 PRESCRIBED IN FEDERAL OR STATE LAW.

18 F. This section does not apply to evidences of coverage issued to
19 individuals on a nongroup basis.

20 ~~G. For the purposes of this section, "religious employer" means an~~
21 ~~entity for which all of the following apply:~~

22 G. FOR THE PURPOSES OF THIS SECTION, "RELIGIOUSLY AFFILIATED EMPLOYER"
23 MEANS EITHER:

24 1. AN ENTITY FOR WHICH ALL OF THE FOLLOWING APPLY:

25 ~~1-~~ (a) The entity primarily employs persons who share the religious
26 tenets of the entity.

27 ~~2-~~ (b) The entity serves primarily persons who share the religious
28 tenets of the entity.

29 ~~3-~~ (c) The entity is a nonprofit organization as described in section
30 6033(a) ~~(2)~~ (3)(A)(i) or (iii) of the internal revenue code of 1986, as
31 amended.

32 2. AN ENTITY WHOSE ARTICLES OF INCORPORATION CLEARLY STATE THAT IT IS
33 A RELIGIOUSLY MOTIVATED ORGANIZATION AND WHOSE RELIGIOUS BELIEFS ARE CENTRAL
34 TO THE ORGANIZATION'S OPERATING PRINCIPLES.

35 Sec. 3. Section 20-1402, Arizona Revised Statutes, is amended to read:
36 20-1402. Provisions of group disability policies; definitions

37 A. Each group disability policy shall contain in substance the
38 following provisions:

39 1. A provision that, in the absence of fraud, all statements made by
40 the policyholder or by any insured person shall be deemed representations and
41 not warranties, and that no statement made for the purpose of effecting
42 insurance shall avoid such insurance or reduce benefits unless contained in a
43 written instrument signed by the policyholder or the insured person, a copy
44 of which has been furnished to the policyholder or to the person or
45 beneficiary.

1 2. A provision that the insurer will furnish to the policyholder, for
2 delivery to each employee or member of the insured group, an individual
3 certificate setting forth in summary form a statement of the essential
4 features of the insurance coverage of the employee or member and to whom
5 benefits are payable. If dependents or family members are included in the
6 coverage additional certificates need not be issued for delivery to the
7 dependents or family members. Any policy, except accidental death and
8 dismemberment, applied for that provides family coverage, as to such coverage
9 of family members, shall also provide that the benefits applicable for
10 children shall be payable with respect to a newly born child of the insured
11 from the instant of such child's birth, to a child adopted by the insured,
12 regardless of the age at which the child was adopted, and to a child who has
13 been placed for adoption with the insured and for whom the application and
14 approval procedures for adoption pursuant to section 8-105 or 8-108 have been
15 completed to the same extent that such coverage applies to other members of
16 the family. The coverage for newly born or adopted children or children
17 placed for adoption shall include coverage of injury or sickness including
18 the necessary care and treatment of medically diagnosed congenital defects
19 and birth abnormalities. If payment of a specific premium is required to
20 provide coverage for a child, the policy may require that notification of
21 birth, adoption or adoption placement of the child and payment of the
22 required premium must be furnished to the insurer within thirty-one days
23 after the date of birth, adoption or adoption placement in order to have the
24 coverage continue beyond such thirty-one day period.

25 3. A provision that to the group originally insured may be added from
26 time to time eligible new employees or members or dependents, as the case may
27 be, in accordance with the terms of the policy.

28 4. Each contract shall be so written that the corporation shall pay
29 benefits:

30 (a) For performance of any surgical service that is covered by the
31 terms of such contract, regardless of the place of service.

32 (b) For any home health services that are performed by a licensed home
33 health agency and that a physician has prescribed in lieu of hospital
34 services, as defined by the director, providing the hospital services would
35 have been covered.

36 (c) For any diagnostic service that a physician has performed outside
37 a hospital in lieu of inpatient service, providing the inpatient service
38 would have been covered.

39 (d) For any service performed in a hospital's outpatient department or
40 in a freestanding surgical facility, providing such service would have been
41 covered if performed as an inpatient service.

42 5. A group disability insurance policy that provides coverage for the
43 surgical expense of a mastectomy shall also provide coverage incidental to
44 the patient's covered mastectomy for the expense of reconstructive surgery of
45 the breast on which the mastectomy was performed, surgery and reconstruction

1 of the other breast to produce a symmetrical appearance, prostheses,
2 treatment of physical complications for all stages of the mastectomy,
3 including lymphedemas, and at least two external postoperative prostheses
4 subject to all of the terms and conditions of the policy.

5 6. A contract, except a supplemental contract covering a specified
6 disease or other limited benefits, that provides coverage for surgical
7 services for a mastectomy shall also provide coverage for mammography
8 screening performed on dedicated equipment for diagnostic purposes on
9 referral by a patient's physician, subject to all of the terms and conditions
10 of the policy and according to the following guidelines:

11 (a) A baseline mammogram for a woman from age thirty-five to
12 thirty-nine.

13 (b) A mammogram for a woman from age forty to forty-nine every two
14 years or more frequently based on the recommendation of the woman's
15 physician.

16 (c) A mammogram every year for a woman fifty years of age and over.

17 7. Any contract that is issued to the insured and that provides
18 coverage for maternity benefits shall also provide that the maternity
19 benefits apply to the costs of the birth of any child legally adopted by the
20 insured if all the following are true:

21 (a) The child is adopted within one year of birth.

22 (b) The insured is legally obligated to pay the costs of birth.

23 (c) All preexisting conditions and other limitations have been met by
24 the insured.

25 (d) The insured has notified the insurer of the insured's
26 acceptability to adopt children pursuant to section 8-105, within sixty days
27 after such approval or within sixty days after a change in insurance
28 policies, plans or companies.

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

41 B. Any policy that provides maternity benefits shall not restrict
42 benefits for any hospital length of stay in connection with childbirth for
43 the mother or the newborn child to less than forty-eight hours following a
44 normal vaginal delivery or ninety-six hours following a cesarean section.
45 The policy shall not require the provider to obtain authorization from the

insurer for prescribing the minimum length of stay required by this subsection. The policy may provide that an attending provider in consultation with the mother may discharge the mother or the newborn child before the expiration of the minimum length of stay required by this subsection. The insurer shall not:

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

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

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

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

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

C. Nothing in subsection B of this section:

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

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

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

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

1. Blood glucose monitors.

2. Blood glucose monitors for the legally blind.

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

4. Insulin preparations and glucagon.

5. Insulin cartridges.

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

7. Injection aids.

1 8. Insulin cartridges for the legally blind.

2 9. Syringes and lancets including automatic lancing devices.

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

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

7 12. Any other device, medication, equipment or supply for which
8 coverage is required under medicare from and after January 1, 1999. The
9 coverage required in this paragraph is effective six months after the
10 coverage is required under medicare.

11 E. Nothing in subsection D of this section prohibits a group
12 disability insurer from imposing deductibles, coinsurance or other cost
13 sharing in relation to benefits for equipment or supplies for the treatment
14 of diabetes.

15 F. Any contract that provides coverage for prescription drugs shall
16 not limit or exclude coverage for any prescription drug prescribed for the
17 treatment of cancer on the basis that the prescription drug has not been
18 approved by the United States food and drug administration for the treatment
19 of the specific type of cancer for which the prescription drug has been
20 prescribed, if the prescription drug has been recognized as safe and
21 effective for treatment of that specific type of cancer in one or more of the
22 standard medical reference compendia prescribed in subsection G of this
23 section or medical literature that meets the criteria prescribed in
24 subsection G of this section. The coverage required under this subsection
25 includes covered medically necessary services associated with the
26 administration of the prescription drug. This subsection does not:

27 1. Require coverage of any prescription drug used in the treatment of
28 a type of cancer if the United States food and drug administration has
29 determined that the prescription drug is contraindicated for that type of
30 cancer.

31 2. Require coverage for any experimental prescription drug that is not
32 approved for any indication by the United States food and drug
33 administration.

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

37 4. Require reimbursement or coverage for any prescription drug that is
38 not included in the drug formulary or list of covered prescription drugs
39 specified in the contract.

40 5. Prohibit a contract from limiting or excluding coverage of a
41 prescription drug, if the decision to limit or exclude coverage of the
42 prescription drug is not based primarily on the coverage of prescription
43 drugs required by this section.

1 6. Prohibit the use of deductibles, coinsurance, copayments or other
2 cost sharing in relation to drug benefits and related medical benefits
3 offered.

4 G. For the purposes of subsection F of this section:

5 1. The acceptable standard medical reference compendia are the
6 following:

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

9 (b) The national comprehensive cancer network drugs and biologics
10 compendium.

11 (c) Thomson Micromedex compendium DrugDex.

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

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

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

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

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

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

31 H. Any contract that is offered by a group disability insurer and that
32 contains a prescription drug benefit shall provide coverage of medical foods
33 to treat inherited metabolic disorders as provided by this section.

34 I. The metabolic disorders triggering medical foods coverage under
35 this section shall:

36 1. Be part of the newborn screening program prescribed in section
37 36-694.

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

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

42 4. Require specially processed or treated medical foods that are
43 generally available only under the supervision and direction of a physician
44 who is licensed pursuant to title 32, chapter 13 or 17 or a registered nurse
45 practitioner who is licensed pursuant to title 32, chapter 15, that must be

1 consumed throughout life and without which the person may suffer serious
2 mental or physical impairment.

3 J. Medical foods eligible for coverage under this section shall be
4 prescribed or ordered under the supervision of a physician licensed pursuant
5 to title 32, chapter 13 or 17 or a registered nurse practitioner who is
6 licensed pursuant to title 32, chapter 15 as medically necessary for the
7 therapeutic treatment of an inherited metabolic disease.

8 K. An insurer shall cover at least fifty per cent of the cost of
9 medical foods prescribed to treat inherited metabolic disorders and covered
10 pursuant to this section. An insurer may limit the maximum annual benefit
11 for medical foods under this section to five thousand dollars, which applies
12 to the cost of all prescribed modified low protein foods and metabolic
13 formula.

14 L. Any group disability policy that provides coverage for:

15 1. Prescription drugs shall also provide coverage for any prescribed
16 drug or device that is approved by the United States food and drug
17 administration for use as a contraceptive. A group disability insurer may
18 use a drug formulary, multitiered drug formulary or list but that formulary
19 or list shall include oral, implant and injectable contraceptive drugs,
20 intrauterine devices and prescription barrier methods if the group disability
21 insurer does not impose deductibles, coinsurance, copayments or other cost
22 containment measures for contraceptive drugs that are greater than the
23 deductibles, coinsurance, copayments or other cost containment measures for
24 other drugs on the same level of the formulary or list.

25 2. Outpatient health care services shall also provide coverage for
26 outpatient contraceptive services. For the purposes of this paragraph,
27 "outpatient contraceptive services" means consultations, examinations,
28 procedures and medical services provided on an outpatient basis and related
29 to the use of approved United States food and drug administration
30 prescription contraceptive methods to prevent unintended pregnancies.

31 M. Notwithstanding subsection L of this section, ~~a religious employer~~
32 ~~whose religious tenets prohibit the use of prescribed contraceptive methods~~
33 ~~may require that the insurer provide a group disability policy without~~
34 ~~coverage for all United States food and drug administration approved~~
35 ~~contraceptive methods. A religious employer shall submit a written affidavit~~
36 ~~to the insurer stating that it is a religious employer. On receipt of the~~
37 ~~affidavit, the insurer shall issue to the religious employer a group~~
38 ~~disability policy that excludes coverage of prescription contraceptive~~
39 ~~methods.~~ A RELIGIOUSLY AFFILIATED EMPLOYER MAY REQUIRE THAT THE INSURER
40 PROVIDE A GROUP DISABILITY POLICY WITHOUT COVERAGE FOR SPECIFIC ITEMS OR
41 SERVICES REQUIRED UNDER SUBSECTION L OF THIS SECTION BECAUSE PROVIDING OR
42 PAYING FOR COVERAGE OF THE SPECIFIC ITEMS OR SERVICES IS CONTRARY TO THE
43 RELIGIOUS BELIEFS OF THE RELIGIOUSLY AFFILIATED EMPLOYER OFFERING THE PLAN.
44 IF A RELIGIOUSLY AFFILIATED EMPLOYER OBJECTS TO PROVIDING COVERAGE FOR
45 SPECIFIC ITEMS OR SERVICES REQUIRED UNDER SUBSECTION L OF THIS SECTION, A

1 WRITTEN AFFIDAVIT SHALL BE FILED WITH THE INSURER STATING THE OBJECTION. ON
2 RECEIPT OF THE AFFIDAVIT, THE INSURER SHALL ISSUE TO THE RELIGIOUSLY
3 AFFILIATED EMPLOYER A GROUP DISABILITY POLICY THAT EXCLUDES COVERAGE FOR
4 SPECIFIC ITEMS OR SERVICES REQUIRED UNDER SUBSECTION L OF THIS SECTION. The
5 insurer shall retain the affidavit for the duration of the group disability
6 policy and any renewals of the policy. ~~Before a policy is issued, every~~
7 ~~religious employer that invokes this exemption shall provide prospective~~
8 ~~insureds written notice that the religious employer refuses to cover all~~
9 ~~United States food and drug administration approved contraceptive methods for~~
10 ~~religious reasons.~~ This subsection shall not exclude coverage for
11 prescription contraceptive methods ordered by a health care provider with
12 prescriptive authority for medical indications other than ~~to prevent an~~
13 ~~unintended pregnancy~~ FOR CONTRACEPTIVE, ABORTIFACIENT, ABORTION OR
14 STERILIZATION PURPOSES. ~~An insurer~~ A RELIGIOUSLY AFFILIATED EMPLOYER
15 OFFERING THE POLICY may STATE RELIGIOUS BELIEFS IN ITS AFFIDAVIT AND MAY
16 require the insured to first pay for the prescription and then submit a claim
17 to the insurer along with evidence that the prescription is ~~for a~~
18 ~~noncontraceptive purpose~~ NOT FOR A PURPOSE COVERED BY THE OBJECTION. An
19 insurer may charge an administrative fee for handling these claims.
20 ~~A religious employer shall not discriminate against an employee who~~
21 ~~independently chooses to obtain insurance coverage or prescriptions for~~
22 ~~contraceptives from another source.~~

23 N. SUBSECTION M OF THIS SECTION DOES NOT AUTHORIZE A RELIGIOUSLY
24 AFFILIATED EMPLOYER TO OBTAIN AN EMPLOYEE'S PROTECTED HEALTH INFORMATION OR
25 TO VIOLATE THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996
26 (P.L. 104-191; 110 STAT. 1936) OR ANY FEDERAL REGULATIONS ADOPTED PURSUANT TO
27 THAT ACT.

28 O. SUBSECTION M OF THIS SECTION SHALL NOT BE CONSTRUED TO RESTRICT OR
29 LIMIT ANY PROTECTIONS AGAINST EMPLOYMENT DISCRIMINATION THAT ARE PRESCRIBED
30 IN FEDERAL OR STATE LAW.

31 ~~N.~~ P. For the purposes of:

32 1. This section:

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

36 (b) "Medical foods" means modified low protein foods and metabolic
37 formula.

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

39 (i) Formulated to be consumed or administered enterally under the
40 supervision of a physician who is licensed pursuant to title 32, chapter 13
41 or 17 or a registered nurse practitioner who is licensed pursuant to title
42 32, chapter 15.

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

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

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

7 (d) "Modified low protein foods" means foods that are all of the
8 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 13
11 or 17 or a registered nurse practitioner who is licensed pursuant to title
12 32, chapter 15.

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

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

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

22 2. Subsection A of this section, the term "child", for purposes of
23 initial coverage of an adopted child or a child placed for adoption but not
24 for purposes of termination of coverage of such child, means a person under
25 the age of eighteen years.

26 ~~3. Subsection M of this section, "religious employer" means an entity~~
27 ~~for which all of the following apply:~~

28 3. SUBSECTIONS M AND N OF THIS SECTION, "RELIGIOUSLY AFFILIATED
29 EMPLOYER" MEANS EITHER:

30 (a) AN ENTITY FOR WHICH ALL OF THE FOLLOWING APPLY:

31 ~~(a)~~ (i) The entity primarily employs persons who share the religious
32 tenets of the entity.

33 ~~(b)~~ (ii) The entity serves primarily persons who share the religious
34 tenets of the entity.

35 ~~(c)~~ (iii) The entity is a nonprofit organization as described in
36 section 6033(a)~~(2)~~(3)(A)(i) or (iii) of the internal revenue code of 1986, as
37 amended.

38 (b) AN ENTITY WHOSE ARTICLES OF INCORPORATION CLEARLY STATE THAT IT IS
39 A RELIGIOUSLY MOTIVATED ORGANIZATION AND WHOSE RELIGIOUS BELIEFS ARE CENTRAL
40 TO THE ORGANIZATION'S OPERATING PRINCIPLES.

41 Sec. 4. Section 20-1404, Arizona Revised Statutes, is amended to read:
42 20-1404. Blanket disability insurance; definitions

43 A. Blanket disability insurance is that form of disability insurance
44 covering special groups of persons as enumerated in one of the following
45 paragraphs:

1 1. Under a policy or contract issued to any common carrier, which
2 shall be deemed the policyholder, covering a group defined as all persons who
3 may become passengers on such common carrier.

4 2. Under a policy or contract issued to an employer, who shall be
5 deemed the policyholder, covering all employees or any group of employees
6 defined by reference to exceptional hazards incident to such employment.
7 Dependents of the employees and guests of the employer may also be included
8 where exposed to the same hazards.

9 3. Under a policy or contract issued to a college, school or other
10 institution of learning or to the head or principal thereof, who or which
11 shall be deemed the policyholder, covering students or teachers.

12 4. Under a policy or contract issued in the name of any volunteer fire
13 department or first aid or other such volunteer group, or agency having
14 jurisdiction thereof, which shall be deemed the policyholder, covering all of
15 the members of such fire department or group.

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

18 6. Under a policy or contract issued to a sports team or to a camp or
19 sponsor thereof, which team or camp or sponsor thereof shall be deemed the
20 policyholder, covering members or campers.

21 7. Under a policy or contract that is issued to any other
22 substantially similar group and that, in the discretion of the director, may
23 be subject to the issuance of a blanket disability policy or contract.

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

27 C. All benefits under any blanket disability policy shall be payable
28 to the person insured, or to the insured's designated beneficiary or
29 beneficiaries, or to the insured's estate, except that if the person insured
30 is a minor, such benefits may be made payable to the insured's parent or
31 guardian or any other person actually supporting the insured, and except that
32 the policy may provide that all or any portion of any indemnities provided by
33 any such policy on account of hospital, nursing, medical or surgical
34 services, at the insurer's option, may be paid directly to the hospital or
35 person rendering such services, but the policy may not require that the
36 service be rendered by a particular hospital or person. Payment so made
37 shall discharge the insurer's obligation with respect to the amount of
38 insurance so paid.

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

42 E. Any policy or contract, except accidental death and dismemberment,
43 applied for that provides family coverage, as to such coverage of family
44 members, shall also provide that the benefits applicable for children shall
45 be payable with respect to a newly born child of the insured from the instant

1 of such child's birth, to a child adopted by the insured, regardless of the
2 age at which the child was adopted, and to a child who has been placed for
3 adoption with the insured and for whom the application and approval
4 procedures for adoption pursuant to section 8-105 or 8-108 have been
5 completed to the same extent that such coverage applies to other members of
6 the family. The coverage for newly born or adopted children or children
7 placed for adoption shall include coverage of injury or sickness including
8 necessary care and treatment of medically diagnosed congenital defects and
9 birth abnormalities. If payment of a specific premium is required to provide
10 coverage for a child, the policy or contract may require that notification of
11 birth, adoption or adoption placement of the child and payment of the
12 required premium must be furnished to the insurer within thirty-one days
13 after the date of birth, adoption or adoption placement in order to have the
14 coverage continue beyond the thirty-one day period.

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

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

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

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

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

29 G. A blanket disability insurance policy that provides coverage for
30 the surgical expense of a mastectomy shall also provide coverage incidental
31 to the patient's covered mastectomy for the expense of reconstructive surgery
32 of the breast on which the mastectomy was performed, surgery and
33 reconstruction of the other breast to produce a symmetrical appearance,
34 prostheses, treatment of physical complications for all stages of the
35 mastectomy, including lymphedemas, and at least two external postoperative
36 prostheses subject to all of the terms and conditions of the policy.

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

42 1. A baseline mammogram for a woman from age thirty-five to
43 thirty-nine.

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

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

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

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

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

11 3. All preexisting conditions and other limitations have been met by
12 the insured.

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

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

28 K. Any contract that provides maternity benefits shall not restrict
29 benefits for any hospital length of stay in connection with childbirth for
30 the mother or the newborn child to less than forty-eight hours following a
31 normal vaginal delivery or ninety-six hours following a cesarean section.
32 The contract shall not require the provider to obtain authorization from the
33 insurer for prescribing the minimum length of stay required by this
34 subsection. The contract may provide that an attending provider in
35 consultation with the mother may discharge the mother or the newborn child
36 before the expiration of the minimum length of stay required by this
37 subsection. The insurer shall not:

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

41 2. Provide monetary payments or rebates to mothers to encourage those
42 mothers to accept less than the minimum protections available pursuant to
43 this subsection.

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

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

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

11 L. Nothing in subsection K of this section:

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

14 2. Prevents an insurer from imposing deductibles, coinsurance or other
15 cost sharing in relation to benefits for hospital lengths of stay in
16 connection with childbirth for a mother or a newborn child under the
17 contract, except that any coinsurance or other cost sharing for any portion
18 of a period within a hospital length of stay required pursuant to subsection
19 K of this section shall not be greater than the coinsurance or cost sharing
20 for any preceding portion of that stay.

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

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

27 1. Blood glucose monitors.

28 2. Blood glucose monitors for the legally blind.

29 3. Test strips for glucose monitors and visual reading and urine
30 testing strips.

31 4. Insulin preparations and glucagon.

32 5. Insulin cartridges.

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

34 7. Injection aids.

35 8. Insulin cartridges for the legally blind.

36 9. Syringes and lancets including automatic lancing devices.

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

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

41 12. Any other device, medication, equipment or supply for which
42 coverage is required under medicare from and after January 1, 1999. The
43 coverage required in this paragraph is effective six months after the
44 coverage is required under medicare.

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

5 O. Any contract that provides coverage for prescription drugs shall
6 not limit or exclude coverage for any prescription drug prescribed for the
7 treatment of cancer on the basis that the prescription drug has not been
8 approved by the United States food and drug administration for the treatment
9 of the specific type of cancer for which the prescription drug has been
10 prescribed, if the prescription drug has been recognized as safe and
11 effective for treatment of that specific type of cancer in one or more of the
12 standard medical reference compendia prescribed in subsection P of this
13 section or medical literature that meets the criteria prescribed in
14 subsection P of this section. The coverage required under this subsection
15 includes covered medically necessary services associated with the
16 administration of the prescription drug. This subsection does not:

17 1. Require coverage of any prescription drug used in the treatment of
18 a type of cancer if the United States food and drug administration has
19 determined that the prescription drug is contraindicated for that type of
20 cancer.

21 2. Require coverage for any experimental prescription drug that is not
22 approved for any indication by the United States food and drug
23 administration.

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

27 4. Require reimbursement or coverage for any prescription drug that is
28 not included in the drug formulary or list of covered prescription drugs
29 specified in the contract.

30 5. Prohibit a contract from limiting or excluding coverage of a
31 prescription drug, if the decision to limit or exclude coverage of the
32 prescription drug is not based primarily on the coverage of prescription
33 drugs required by this section.

34 6. Prohibit the use of deductibles, coinsurance, copayments or other
35 cost sharing in relation to drug benefits and related medical benefits
36 offered.

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

38 1. The acceptable standard medical reference compendia are the
39 following:

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

42 (b) The national comprehensive cancer network drugs and biologics
43 compendium.

44 (c) Thomson Micromedex compendium DrugDex.

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

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

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

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

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

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

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

22 R. The metabolic disorders triggering medical foods coverage under
23 this section shall:

24 1. Be part of the newborn screening program prescribed in section
25 36-694.

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

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

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

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

41 T. An insurer shall cover at least fifty per cent of the cost of
42 medical foods prescribed to treat inherited metabolic disorders and covered
43 pursuant to this section. An insurer may limit the maximum annual benefit
44 for medical foods under this section to five thousand dollars which applies

1 to the cost of all prescribed modified low protein foods and metabolic
2 formula.

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

4 1. Prescription drugs shall also provide coverage for any prescribed
5 drug or device that is approved by the United States food and drug
6 administration for use as a contraceptive. A blanket disability insurer may
7 use a drug formulary, multitiered drug formulary or list but that formulary
8 or list shall include oral, implant and injectable contraceptive drugs,
9 intrauterine devices and prescription barrier methods if the blanket
10 disability insurer does not impose deductibles, coinsurance, copayments or
11 other cost containment measures for contraceptive drugs that are greater than
12 the deductibles, coinsurance, copayments or other cost containment measures
13 for other drugs on the same level of the formulary or list.

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

20 V. Notwithstanding subsection U of this section, ~~a religious employer~~
21 ~~whose religious tenets prohibit the use of prescribed contraceptive methods~~
22 ~~may require that the insurer provide a blanket disability policy without~~
23 ~~coverage for all United States food and drug administration approved~~
24 ~~contraceptive methods. A religious employer shall submit a written affidavit~~
25 ~~to the insurer stating that it is a religious employer. On receipt of the~~
26 ~~affidavit, the insurer shall issue to the religious employer a blanket~~
27 ~~disability policy that excludes coverage of prescription contraceptive~~
28 ~~methods. A RELIGIOUSLY AFFILIATED EMPLOYER MAY REQUIRE THAT THE INSURER~~
29 ~~PROVIDE A BLANKET DISABILITY POLICY WITHOUT COVERAGE FOR SPECIFIC ITEMS OR~~
30 ~~SERVICES REQUIRED UNDER SUBSECTION U OF THIS SECTION BECAUSE PROVIDING OR~~
31 ~~PAYING FOR COVERAGE OF THE SPECIFIC ITEMS OR SERVICES IS CONTRARY TO THE~~
32 ~~RELIGIOUS BELIEFS OF THE RELIGIOUSLY AFFILIATED EMPLOYER OFFERING THE PLAN.~~
33 ~~IF A RELIGIOUSLY AFFILIATED EMPLOYER OBJECTS TO PROVIDING COVERAGE FOR~~
34 ~~SPECIFIC ITEMS OR SERVICES REQUIRED UNDER SUBSECTION U OF THIS SECTION, A~~
35 ~~WRITTEN AFFIDAVIT SHALL BE FILED WITH THE INSURER STATING THE OBJECTION. ON~~
36 ~~RECEIPT OF THE AFFIDAVIT, THE INSURER SHALL ISSUE TO THE RELIGIOUSLY~~
37 ~~AFFILIATED EMPLOYER A BLANKET DISABILITY POLICY THAT EXCLUDES COVERAGE FOR~~
38 ~~SPECIFIC ITEMS OR SERVICES REQUIRED UNDER SUBSECTION U OF THIS SECTION. The~~
39 ~~insurer shall retain the affidavit for the duration of the blanket disability~~
40 ~~policy and any renewals of the policy. Before a policy is issued, every~~
41 ~~religious employer that invokes this exemption shall provide prospective~~
42 ~~insureds written notice that the religious employer refuses to cover all~~
43 ~~United States food and drug administration approved contraceptive methods for~~
44 ~~religious reasons. This subsection shall not exclude coverage for~~
45 ~~prescription contraceptive methods ordered by a health care provider with~~

1 prescriptive authority for medical indications other than ~~to prevent an~~
2 ~~unintended pregnancy~~ FOR CONTRACEPTIVE, ABORTIFACIENT, ABORTION OR
3 STERILIZATION PURPOSES. ~~An insurer~~ A RELIGIOUSLY AFFILIATED EMPLOYER
4 OFFERING THE POLICY may STATE RELIGIOUS BELIEFS IN ITS AFFIDAVIT AND MAY
5 require the insured to first pay for the prescription and then submit a claim
6 to the insurer along with evidence that the prescription is ~~for a~~
7 ~~noncontraceptive purpose~~ NOT FOR A PURPOSE COVERED BY THE OBJECTION. An
8 insurer may charge an administrative fee for handling these claims under this
9 subsection. ~~A religious employer shall not discriminate against an employee~~
10 ~~who independently chooses to obtain insurance coverage or prescriptions for~~
11 ~~contraceptives from another source.~~

12 W. SUBSECTION V OF THIS SECTION DOES NOT AUTHORIZE A RELIGIOUSLY
13 AFFILIATED EMPLOYER TO OBTAIN AN EMPLOYEE'S PROTECTED HEALTH INFORMATION OR
14 TO VIOLATE THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996
15 (P.L. 104-191; 110 STAT. 1936) OR ANY FEDERAL REGULATIONS ADOPTED PURSUANT TO
16 THAT ACT.

17 X. SUBSECTION V OF THIS SECTION SHALL NOT BE CONSTRUED TO RESTRICT OR
18 LIMIT ANY PROTECTIONS AGAINST EMPLOYMENT DISCRIMINATION THAT ARE PRESCRIBED
19 IN FEDERAL OR STATE LAW.

20 ~~W.~~ Y. For the purposes of:

21 1. This section:

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

25 (b) "Medical foods" means modified low protein foods and metabolic
26 formula.

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

28 (i) Formulated to be consumed or administered enterally under the
29 supervision of a physician who is licensed pursuant to title 32, chapter 13
30 or 17 or a registered nurse practitioner who is licensed pursuant to title
31 32, chapter 15.

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

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

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

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

42 (i) Formulated to be consumed or administered enterally under the
43 supervision of a physician who is licensed pursuant to title 32, chapter 13
44 or 17 or a registered nurse practitioner who is licensed pursuant to title
45 32, chapter 15.

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

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

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

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

~~3. Subsection V of this section, "religious employer" means an entity for which all of the following apply:~~

3. SUBSECTIONS V AND W OF THIS SECTION, "RELIGIOUSLY AFFILIATED EMPLOYER" MEANS EITHER:

(a) AN ENTITY FOR WHICH ALL OF THE FOLLOWING APPLY:

~~(a)~~ (i) The entity primarily employs persons who share the religious tenets of the entity.

~~(b)~~ (ii) The entity serves primarily persons who share the religious tenets of the entity.

~~(c)~~ (iii) The entity is a nonprofit organization as described in section 6033(a)~~(2)~~(3)(A)(i) or (iii) of the internal revenue code of 1986, as amended.

(b) AN ENTITY WHOSE ARTICLES OF INCORPORATION CLEARLY STATE THAT IT IS A RELIGIOUSLY MOTIVATED ORGANIZATION AND WHOSE RELIGIOUS BELIEFS ARE CENTRAL TO THE ORGANIZATION'S OPERATING PRINCIPLES.

Sec. 5. Section 20-2329, Arizona Revised Statutes, is amended to read:

20-2329. Prescription contraceptive drugs and devices:
definition

A. An accountable health plan that provides a health benefits plan that provides coverage for:

1. Prescription drugs shall also provide coverage for any prescribed drug or device that is approved by the United States food and drug administration for use as a contraceptive. An accountable health plan may use a drug formulary, multitiered drug formulary or list but that formulary or list shall include oral, implant and injectable contraceptive drugs, intrauterine devices and prescription barrier methods if the accountable health plan does not impose deductibles, coinsurance, copayments or other cost containment measures for contraceptive drugs that are greater than the deductibles, coinsurance, copayments or other cost containment measures for other drugs on the same level of the formulary or list.

2. Outpatient health care services shall also provide coverage for outpatient contraceptive services. For the purposes of this paragraph,

1 "outpatient contraceptive services" means consultations, examinations,
2 procedures and medical services provided on an outpatient basis and related
3 to the use of United States food and drug prescription contraceptive methods
4 to prevent unintended pregnancies.

5 B. Notwithstanding subsection A ~~OF THIS SECTION, a religious employer~~
6 ~~whose religious tenets prohibit the use of prescribed contraceptive methods~~
7 ~~may require that the accountable health plan provide a health benefits plan~~
8 ~~without coverage for all federal food and drug administration approved~~
9 ~~contraceptive methods. A religious employer shall submit a written affidavit~~
10 ~~to the accountable health plan stating that it is a religious employer. On~~
11 ~~receipt of the affidavit, the accountable health plan shall issue to the~~
12 ~~religious employer a health benefits plan that excludes coverage of~~
13 ~~prescription contraceptive methods. A RELIGIOUSLY AFFILIATED EMPLOYER MAY~~
14 ~~REQUIRE THAT THE ACCOUNTABLE HEALTH PLAN PROVIDE A HEALTH BENEFITS PLAN~~
15 ~~WITHOUT COVERAGE FOR SPECIFIC ITEMS OR SERVICES REQUIRED UNDER SUBSECTION A~~
16 ~~OF THIS SECTION BECAUSE PROVIDING OR PAYING FOR COVERAGE OF THE SPECIFIC~~
17 ~~ITEMS OR SERVICES IS CONTRARY TO THE RELIGIOUS BELIEFS OF THE RELIGIOUSLY~~
18 ~~AFFILIATED EMPLOYER OFFERING THE PLAN. IF A RELIGIOUSLY AFFILIATED EMPLOYER~~
19 ~~OBJECTS TO PROVIDING COVERAGE FOR SPECIFIC ITEMS OR SERVICES REQUIRED UNDER~~
20 ~~SUBSECTION A OF THIS SECTION, A WRITTEN AFFIDAVIT SHALL BE FILED WITH THE~~
21 ~~ACCOUNTABLE HEALTH PLAN STATING THE OBJECTION. ON RECEIPT OF THE AFFIDAVIT,~~
22 ~~THE ACCOUNTABLE HEALTH PLAN SHALL ISSUE TO THE RELIGIOUSLY AFFILIATED~~
23 ~~EMPLOYER A HEALTH BENEFITS PLAN THAT EXCLUDES COVERAGE FOR SPECIFIC ITEMS OR~~
24 ~~SERVICES REQUIRED UNDER SUBSECTION A OF THIS SECTION. The accountable health~~
25 ~~plan shall retain the affidavit for the duration of the health benefits plan~~
26 ~~and any renewals of the plan.~~

27 ~~C. Before enrollment in the plan, every religious employer that~~
28 ~~invokes this exemption shall provide prospective enrollees written notice~~
29 ~~that the religious employer refuses to cover all federal food and drug~~
30 ~~administration approved contraceptive methods for religious reasons.~~

31 ~~D.~~ C. Subsection B ~~OF THIS SECTION~~ shall not exclude coverage for
32 prescription contraceptive methods ordered by a health care provider with
33 prescriptive authority for medical indications other than ~~to prevent an~~
34 ~~unintended pregnancy~~ FOR CONTRACEPTIVE, ABORTIFACIENT, ABORTION OR
35 STERILIZATION PURPOSES. ~~An accountable health plan~~ A RELIGIOUSLY AFFILIATED
36 EMPLOYER OFFERING THE PLAN may STATE RELIGIOUS BELIEFS IN ITS AFFIDAVIT AND
37 MAY require the enrollee to first pay for the prescription and then submit a
38 claim to the accountable health plan along with evidence that the
39 prescription is ~~for a noncontraceptive purpose~~ NOT FOR A PURPOSE COVERED BY
40 THE OBJECTION. An accountable health plan may charge an administrative fee
41 for handling claims under this subsection.

42 ~~E. A religious employer shall not discriminate against an employee who~~
43 ~~independently chooses to obtain insurance coverage or prescriptions for~~
44 ~~contraceptives from another source.~~

1 ~~F. For the purposes of this section, "religious employer" means an~~
2 ~~entity for which all of the following apply:~~

3 ~~1. The entity primarily employs persons who share the religious tenets~~
4 ~~of the entity.~~

5 ~~2. The entity serves primarily persons who share the religious tenets~~
6 ~~of the entity.~~

7 ~~3. The entity is a nonprofit organization as described in section~~
8 ~~6033(a)(2)(A)i or iii of the internal revenue code of 1986, as amended.~~

9 D. SUBSECTIONS B AND C OF THIS SECTION DO NOT AUTHORIZE A RELIGIOUSLY
10 AFFILIATED EMPLOYER TO OBTAIN AN EMPLOYEE'S PROTECTED HEALTH INFORMATION OR
11 TO VIOLATE THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996
12 (P.L. 104-191; 110 STAT. 1936) OR ANY FEDERAL REGULATIONS ADOPTED PURSUANT TO
13 THAT ACT.

14 E. SUBSECTIONS B AND C OF THIS SECTION SHALL NOT BE CONSTRUED TO
15 RESTRICT OR LIMIT ANY PROTECTIONS AGAINST EMPLOYMENT DISCRIMINATION THAT ARE
16 PRESCRIBED IN FEDERAL OR STATE LAW.

17 F. FOR THE PURPOSES OF THIS SECTION, "RELIGIOUSLY AFFILIATED EMPLOYER"
18 MEANS EITHER:

19 1. AN ENTITY FOR WHICH ALL OF THE FOLLOWING APPLY:

20 (a) THE ENTITY PRIMARILY EMPLOYS PERSONS WHO SHARE THE RELIGIOUS
21 TENETS OF THE ENTITY.

22 (b) THE ENTITY SERVES PRIMARILY PERSONS WHO SHARE THE RELIGIOUS TENETS
23 OF THE ENTITY.

24 (c) THE ENTITY IS A NONPROFIT ORGANIZATION AS DESCRIBED IN SECTION
25 6033(a)(3)(A)(i) OR (iii) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

26 2. AN ENTITY WHOSE ARTICLES OF INCORPORATION CLEARLY STATE THAT IT IS
27 A RELIGIOUSLY MOTIVATED ORGANIZATION AND WHOSE RELIGIOUS BELIEFS ARE CENTRAL
28 TO THE ORGANIZATION'S OPERATING PRINCIPLES.

29 Sec. 6. Applicability

30 This act applies to contracts, policies and evidences of coverage
31 issued or renewed from and after the effective date of this act.