

Conference Engrossed

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

CHAPTER 337
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
46 to the insurer within thirty-one days after the date of birth, adoption or

1 adoption placement in order to have the coverage continue beyond the
2 thirty-one day period.

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

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

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

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

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

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

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

45 J. Any contract that is issued to the insured and that provides
46 coverage for maternity benefits shall also provide that the maternity

1 benefits apply to the costs of the birth of any child legally adopted by the
2 insured if all of the following are true:

- 3 1. The child is adopted within one year of birth.
- 4 2. The insured is legally obligated to pay the costs of birth.
- 5 3. All preexisting conditions and other limitations have been met by
6 the insured.
- 7 4. The insured has notified the insurer of the insured's acceptability
8 to adopt children pursuant to section 8-105, within sixty days after such
9 approval or within sixty days after a change in insurance policies, plans or
10 companies.

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

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

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

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

40 N. Any contract that provides maternity benefits shall not restrict
41 benefits for any hospital length of stay in connection with childbirth for
42 the mother or the newborn child to less than forty-eight hours following a
43 normal vaginal delivery or ninety-six hours following a cesarean section.
44 The contract shall not require the provider to obtain authorization from the
45 corporation for prescribing the minimum length of stay required by this
46 subsection. The contract may provide that an attending provider in

1 consultation with the mother may discharge the mother or the newborn child
2 before the expiration of the minimum length of stay required by this
3 subsection. The corporation shall not:

- 4 1. Deny the mother or the newborn child eligibility or continued
5 eligibility to enroll or to renew coverage under the terms of the contract
6 solely for the purpose of avoiding the requirements of this subsection.
- 7 2. Provide monetary payments or rebates to mothers to encourage those
8 mothers to accept less than the minimum protections available pursuant to
9 this subsection.
- 10 3. Penalize or otherwise reduce or limit the reimbursement of an
11 attending provider because that provider provided care to any insured under
12 the contract in accordance with this subsection.
- 13 4. Provide monetary or other incentives to an attending provider to
14 induce that provider to provide care to an insured under the contract in a
15 manner that is inconsistent with this subsection.
- 16 5. Except as described in subsection O of this section, restrict
17 benefits for any portion of a period within the minimum length of stay in a
18 manner that is less favorable than the benefits provided for any preceding
19 portion of that stay.

20 O. Nothing in subsection N of this section:

- 21 1. Requires a mother to give birth in a hospital or to stay in the
22 hospital for a fixed period of time following the birth of the child.
- 23 2. Prevents a corporation from imposing deductibles, coinsurance or
24 other cost sharing in relation to benefits for hospital lengths of stay in
25 connection with childbirth for a mother or a newborn child under the
26 contract, except that any coinsurance or other cost sharing for any portion
27 of a period within a hospital length of stay required pursuant to subsection
28 N of this section shall not be greater than the coinsurance or cost sharing
29 for any preceding portion of that stay.
- 30 3. Prevents a corporation from negotiating the level and type of
31 reimbursement with a provider for care provided in accordance with subsection
32 N of this section.

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

- 36 1. Blood glucose monitors.
- 37 2. Blood glucose monitors for the legally blind.
- 38 3. Test strips for glucose monitors and visual reading and urine
39 testing strips.
- 40 4. Insulin preparations and glucagon.
- 41 5. Insulin cartridges.
- 42 6. Drawing up devices and monitors for the visually impaired.
- 43 7. Injection aids.
- 44 8. Insulin cartridges for the legally blind.
- 45 9. Syringes and lancets, including automatic lancing devices.

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

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

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

9 Q. Nothing in subsection P of this section prohibits a medical service
10 corporation, a hospital service corporation or a hospital, medical, dental
11 and optometric service corporation from imposing deductibles, coinsurance or
12 other cost sharing in relation to benefits for equipment or supplies for the
13 treatment of diabetes.

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

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

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

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

36 4. Notwithstanding section 20-841.05, require reimbursement or
37 coverage for any prescription drug that is not included in the drug formulary
38 or list of covered prescription drugs specified in the contract.

39 5. Notwithstanding section 20-841.05, prohibit a contract from
40 limiting or excluding coverage of a prescription drug, if the decision to
41 limit or exclude coverage of the prescription drug is not based primarily on
42 the coverage of prescription drugs required by this section.

43 6. Prohibit the use of deductibles, coinsurance, copayments or other
44 cost sharing in relation to drug benefits and related medical benefits
45 offered.

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

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

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

5 (b) The national comprehensive cancer network drugs and biologics
6 compendium.

7 (c) Thomson Micromedex compendium DrugDex.

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

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

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

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

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

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

27 T. A corporation shall not issue or deliver any advertising matter or
28 sales material to any person in this state until the corporation files the
29 advertising matter or sales material with the director. This subsection does
30 not require a corporation to have the prior approval of the director to issue
31 or deliver the advertising matter or sales material. If the director finds
32 that the advertising matter or sales material, in whole or in part, is false,
33 deceptive or misleading, the director may issue an order disapproving the
34 advertising matter or sales material, directing the corporation to cease and
35 desist from issuing, circulating, displaying or using the advertising matter
36 or sales material within a period of time specified by the director but not
37 less than ten days and imposing any penalties prescribed in this title. At
38 least five days before issuing an order pursuant to this subsection, the
39 director shall provide the corporation with a written notice of the basis of
40 the order to provide the corporation with an opportunity to cure the alleged
41 deficiency in the advertising matter or sales material within a single five
42 day period for the particular advertising matter or sales material at issue.
43 The corporation may appeal the director's order pursuant to title 41,
44 chapter 6, article 10. Except as otherwise provided in this subsection, a
45 corporation may obtain a stay of the effectiveness of the order as prescribed
46 in section 20-162. If the director certifies in the order and provides a

1 detailed explanation of the reasons in support of the certification that
2 continued use of the advertising matter or sales material poses a threat to
3 the health, safety or welfare of the public, the order may be entered
4 immediately without opportunity for cure and the effectiveness of the order
5 is not stayed pending the hearing on the notice of appeal but the hearing
6 shall be promptly instituted and determined.

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

11 V. The metabolic disorders triggering medical foods coverage under
12 this section shall:

13 1. Be part of the newborn screening program prescribed in section
14 36-694.

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

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

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

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

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

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

38 1. If the contract provides coverage for prescription drugs, the
39 contract shall provide coverage for any prescribed drug or device that is
40 approved by the United States food and drug administration for use as a
41 contraceptive. A corporation may use a drug formulary, multitiered drug
42 formulary or list but that formulary or list shall include oral, implant and
43 injectable contraceptive drugs, intrauterine devices and prescription barrier
44 methods if the corporation does not impose deductibles, coinsurance,
45 copayments or other cost containment measures for contraceptive drugs that
46 are greater than the deductibles, coinsurance, copayments or other cost

1 containment measures for other drugs on the same level of the formulary or
2 list.

3 2. If the contract provides coverage for outpatient health care
4 services, the contract shall provide coverage for outpatient contraceptive
5 services. For the purposes of this paragraph, "outpatient contraceptive
6 services" means consultations, examinations, procedures and medical services
7 provided on an outpatient basis and related to the use of approved United
8 States food and drug administration prescription contraceptive methods to
9 prevent unintended pregnancies.

10 3. This subsection does not apply to contracts issued to individuals
11 on a nongroup basis.

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

34 Z. NOTWITHSTANDING SUBSECTION Y OF THIS SECTION, A RELIGIOUSLY
35 AFFILIATED EMPLOYER MAY REQUIRE THAT THE CORPORATION PROVIDE A CONTRACT
36 WITHOUT COVERAGE FOR SPECIFIC ITEMS OR SERVICES REQUIRED UNDER SUBSECTION Y
37 OF THIS SECTION BECAUSE PROVIDING OR PAYING FOR COVERAGE OF THE SPECIFIC
38 ITEMS OR SERVICES IS CONTRARY TO THE RELIGIOUS BELIEFS OF THE RELIGIOUSLY
39 AFFILIATED EMPLOYER OFFERING THE PLAN. IF A RELIGIOUSLY AFFILIATED EMPLOYER
40 OBJECTS TO PROVIDING COVERAGE FOR SPECIFIC ITEMS OR SERVICES REQUIRED UNDER
41 SUBSECTION Y OF THIS SECTION, A WRITTEN AFFIDAVIT SHALL BE FILED WITH THE
42 CORPORATION STATING THE OBJECTION. ON RECEIPT OF THE AFFIDAVIT, THE
43 CORPORATION SHALL ISSUE TO THE RELIGIOUSLY AFFILIATED EMPLOYER A CONTRACT
44 THAT EXCLUDES COVERAGE FOR SPECIFIC ITEMS OR SERVICES REQUIRED UNDER
45 SUBSECTION Y OF THIS SECTION. THE CORPORATION SHALL RETAIN THE AFFIDAVIT FOR
46 THE DURATION OF THE CONTRACT AND ANY RENEWALS OF THE CONTRACT. THIS

1 SUBSECTION SHALL NOT EXCLUDE COVERAGE FOR PRESCRIPTION CONTRACEPTIVE METHODS
2 ORDERED BY A HEALTH CARE PROVIDER WITH PRESCRIPTIVE AUTHORITY FOR MEDICAL
3 INDICATIONS OTHER THAN FOR CONTRACEPTIVE, ABORTIFACIENT, ABORTION OR
4 STERILIZATION PURPOSES. A RELIGIOUSLY AFFILIATED EMPLOYER OFFERING THE PLAN
5 MAY STATE RELIGIOUS BELIEFS IN ITS AFFIDAVIT AND MAY REQUIRE THE SUBSCRIBER
6 TO FIRST PAY FOR THE PRESCRIPTION AND THEN SUBMIT A CLAIM TO THE HOSPITAL
7 SERVICE CORPORATION, MEDICAL SERVICE CORPORATION OR HOSPITAL, MEDICAL, DENTAL
8 AND OPTOMETRIC SERVICE CORPORATION ALONG WITH EVIDENCE THAT THE PRESCRIPTION
9 IS NOT FOR A PURPOSE COVERED BY THE OBJECTION. A HOSPITAL SERVICE
10 CORPORATION, MEDICAL SERVICE CORPORATION OR HOSPITAL, MEDICAL, DENTAL AND
11 OPTOMETRIC SERVICE CORPORATION MAY CHARGE AN ADMINISTRATIVE FEE FOR HANDLING
12 THESE CLAIMS.

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

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

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

22 1. This section:

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

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

26 (b) 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. 2. Section 20-1057.08, Arizona Revised Statutes, is amended to
30 read:

31 20-1057.08. Prescription contraceptive drugs and devices:
32 definition

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

35 1. Prescription drugs, the evidence of coverage shall provide coverage
36 for any prescribed drug or device that is approved by the United States food
37 and drug administration for use as a contraceptive. A health care services
38 organization may use a drug formulary, multitiered drug formulary or list but
39 that formulary or list shall include oral, implant and injectable
40 contraceptive drugs, intrauterine devices and prescription barrier methods if
41 the health care services organization does not impose deductibles,
42 coinsurance, copayments or other cost containment measures for contraceptive
43 drugs that are greater than the deductibles, coinsurance, copayments or other
44 cost containment measures for other drugs on the same level of the formulary
45 or list.

1 2. Outpatient health care services, the evidence of coverage shall
2 provide coverage for outpatient contraceptive services. For the purposes of
3 this paragraph, "outpatient contraceptive services" means consultations,
4 examinations, procedures and medical services provided on an outpatient basis
5 and related to the use of United States food and drug prescription
6 contraceptive methods to prevent unintended pregnancies.

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

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

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

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

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

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

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

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

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

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

19 ~~1-~~ (a) The entity primarily employs persons who share the religious
20 tenets of the entity.

21 ~~2-~~ (b) The entity serves primarily persons who share the religious
22 tenets of the entity.

23 ~~3-~~ (c) The entity is a nonprofit organization as described in section
24 6033(a) ~~(2)~~(3)(A)(i) or (iii) of the internal revenue code of 1986, as
25 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. 3. Section 20-1402, Arizona Revised Statutes, is amended to read:
30 20-1402. Provisions of group disability policies; definitions

31 A. Each group disability policy shall contain in substance the
32 following provisions:

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

40 2. A provision that the insurer will furnish to the policyholder, for
41 delivery to each employee or member of the insured group, an individual
42 certificate setting forth in summary form a statement of the essential
43 features of the insurance coverage of the employee or member and to whom
44 benefits are payable. If dependents or family members are included in the
45 coverage additional certificates need not be issued for delivery to the
46 dependents or family members. Any policy, except accidental death and

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

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

21 4. Each contract shall be so written that the corporation shall pay
22 benefits:

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

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

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

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

35 5. A group disability insurance policy that provides coverage for the
36 surgical expense of a mastectomy shall also provide coverage incidental to
37 the patient's covered mastectomy for the expense of reconstructive surgery of
38 the breast on which the mastectomy was performed, surgery and reconstruction
39 of the other breast to produce a symmetrical appearance, prostheses,
40 treatment of physical complications for all stages of the mastectomy,
41 including lymphedemas, and at least two external postoperative prostheses
42 subject to all of the terms and conditions of the policy.

43 6. A contract, except a supplemental contract covering a specified
44 disease or other limited benefits, that provides coverage for surgical
45 services for a mastectomy shall also provide coverage for mammography
46 screening performed on dedicated equipment for diagnostic purposes on

1 referral by a patient's physician, subject to all of the terms and conditions
2 of the policy and according to the following guidelines:

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

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

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

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

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

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

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

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

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

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

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

- 1 2. Provide monetary payments or rebates to mothers to encourage those
2 mothers to accept less than the minimum protections available pursuant to
3 this subsection.
- 4 3. Penalize or otherwise reduce or limit the reimbursement of an
5 attending provider because that provider provided care to any insured under
6 the policy in accordance with this subsection.
- 7 4. Provide monetary or other incentives to an attending provider to
8 induce that provider to provide care to an insured under the policy in a
9 manner that is inconsistent with this subsection.
- 10 5. Except as described in subsection C of this section, restrict
11 benefits for any portion of a period within the minimum length of stay in a
12 manner that is less favorable than the benefits provided for any preceding
13 portion of that stay.
- 14 C. Nothing in subsection B of this section:
- 15 1. Requires a mother to give birth in a hospital or to stay in the
16 hospital for a fixed period of time following the birth of the child.
- 17 2. Prevents an insurer from imposing deductibles, coinsurance or other
18 cost sharing in relation to benefits for hospital lengths of stay in
19 connection with childbirth for a mother or a newborn child under the policy,
20 except that any coinsurance or other cost sharing for any portion of a period
21 within a hospital length of stay required pursuant to subsection B of this
22 section shall not be greater than the coinsurance or cost sharing for any
23 preceding portion of that stay.
- 24 3. Prevents an insurer from negotiating the level and type of
25 reimbursement with a provider for care provided in accordance with
26 subsection B of this section.
- 27 D. Any contract that provides coverage for diabetes shall also provide
28 coverage for equipment and supplies that are medically necessary and that are
29 prescribed by a health care provider including:
- 30 1. Blood glucose monitors.
- 31 2. Blood glucose monitors for the legally blind.
- 32 3. Test strips for glucose monitors and visual reading and urine
33 testing strips.
- 34 4. Insulin preparations and glucagon.
- 35 5. Insulin cartridges.
- 36 6. Drawing up devices and monitors for the visually impaired.
- 37 7. Injection aids.
- 38 8. Insulin cartridges for the legally blind.
- 39 9. Syringes and lancets including automatic lancing devices.
- 40 10. Prescribed oral agents for controlling blood sugar that are
41 included on the plan formulary.
- 42 11. To the extent coverage is required under medicare, podiatric
43 appliances for prevention of complications associated with diabetes.
- 44 12. Any other device, medication, equipment or supply for which
45 coverage is required under medicare from and after January 1, 1999. The

1 coverage required in this paragraph is effective six months after the
2 coverage is required under medicare.

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

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

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

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

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

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

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

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

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

40 1. The acceptable standard medical reference compendia are the
41 following:

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

44 (b) The national comprehensive cancer network drugs and biologics
45 compendium.

46 (c) Thomson Micromedex compendium DrugDex.

1 (d) Elsevier gold standard's clinical pharmacology compendium.
2 (e) Other authoritative compendia as identified by the secretary of
3 the United States department of health and human services.

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

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

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

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

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

23 I. The metabolic disorders triggering medical foods coverage under
24 this section shall:

25 1. Be part of the newborn screening program prescribed in section
26 36-694.

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

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

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

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

42 K. An insurer shall cover at least fifty per cent of the cost of
43 medical foods prescribed to treat inherited metabolic disorders and covered
44 pursuant to this section. An insurer may limit the maximum annual benefit
45 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 L. Any group 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 group 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 group disability
10 insurer does not impose deductibles, coinsurance, copayments or other cost
11 containment measures for contraceptive drugs that are greater than the
12 deductibles, coinsurance, copayments or other cost containment measures for
13 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 M. Notwithstanding subsection L 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 group 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 group
27 disability policy that excludes coverage of prescription contraceptive
28 methods.~~ A RELIGIOUSLY AFFILIATED EMPLOYER MAY REQUIRE THAT THE INSURER
29 PROVIDE A GROUP DISABILITY POLICY WITHOUT COVERAGE FOR SPECIFIC ITEMS OR
30 SERVICES REQUIRED UNDER SUBSECTION L 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 L 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 GROUP DISABILITY POLICY THAT EXCLUDES COVERAGE FOR
38 SPECIFIC ITEMS OR SERVICES REQUIRED UNDER SUBSECTION L OF THIS SECTION. The
39 insurer shall retain the affidavit for the duration of the group 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
46 prescriptive authority for medical indications other than ~~to prevent an~~

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

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

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

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

20 1. This section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (b) 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. 4. Section 20-1404, Arizona Revised Statutes, is amended to read:

30 20-1404. Blanket disability insurance; definitions

31 A. Blanket disability insurance is that form of disability insurance
32 covering special groups of persons as enumerated in one of the following
33 paragraphs:

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

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

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

45 4. Under a policy or contract issued in the name of any volunteer fire
46 department or first aid or other such volunteer group, or agency having

1 jurisdiction thereof, which shall be deemed the policyholder, covering all of
2 the members of such fire department or group.

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

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

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

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

14 C. All benefits under any blanket disability policy shall be payable
15 to the person insured, or to the insured's designated beneficiary or
16 beneficiaries, or to the insured's estate, except that if the person insured
17 is a minor, such benefits may be made payable to the insured's parent or
18 guardian or any other person actually supporting the insured, and except that
19 the policy may provide that all or any portion of any indemnities provided by
20 any such policy on account of hospital, nursing, medical or surgical
21 services, at the insurer's option, may be paid directly to the hospital or
22 person rendering such services, but the policy may not require that the
23 service be rendered by a particular hospital or person. Payment so made
24 shall discharge the insurer's obligation with respect to the amount of
25 insurance so paid.

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

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

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

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

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

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

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

15 G. A blanket disability insurance policy that provides coverage for
16 the surgical expense of a mastectomy shall also provide coverage incidental
17 to the patient's covered mastectomy for the expense of reconstructive surgery
18 of the breast on which the mastectomy was performed, surgery and
19 reconstruction of the other breast to produce a symmetrical appearance,
20 prostheses, treatment of physical complications for all stages of the
21 mastectomy, including lymphedemas, and at least two external postoperative
22 prostheses subject to all of the terms and conditions of the policy.

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

28 1. A baseline mammogram for a woman from age thirty-five to
29 thirty-nine.

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

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

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

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

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

40 3. All preexisting conditions and other limitations have been met by
41 the insured.

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

45 J. The coverage prescribed by subsection I of this section is excess
46 to any other coverage the natural mother may have for maternity benefits

1 except coverage made available to persons pursuant to title 36, chapter 29,
2 but not including coverage made available to persons defined as eligible
3 under section 36-2901, paragraph 6, subdivisions (b), (c), (d) and (e). If
4 such other coverage exists the agency, attorney or individual arranging the
5 adoption shall make arrangements for the insurance to pay those costs that
6 may be covered under that policy and shall advise the adopting parent in
7 writing of the existence and extent of the coverage without disclosing any
8 confidential information such as the identity of the natural parent. The
9 insured adopting parents shall notify their insurer of the existence and
10 extent of the other coverage.

11 K. Any contract that provides maternity benefits shall not restrict
12 benefits for any hospital length of stay in connection with childbirth for
13 the mother or the newborn child to less than forty-eight hours following a
14 normal vaginal delivery or ninety-six hours following a cesarean section.
15 The contract shall not require the provider to obtain authorization from the
16 insurer for prescribing the minimum length of stay required by this
17 subsection. The contract may provide that an attending provider in
18 consultation with the mother may discharge the mother or the newborn child
19 before the expiration of the minimum length of stay required by this
20 subsection. The insurer shall not:

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

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

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

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

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

37 L. Nothing in subsection K of this section:

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

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

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

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

- 7 1. Blood glucose monitors.
- 8 2. Blood glucose monitors for the legally blind.
- 9 3. Test strips for glucose monitors and visual reading and urine
10 testing strips.
- 11 4. Insulin preparations and glucagon.
- 12 5. Insulin cartridges.
- 13 6. Drawing up devices and monitors for the visually impaired.
- 14 7. Injection aids.
- 15 8. Insulin cartridges for the legally blind.
- 16 9. Syringes and lancets including automatic lancing devices.
- 17 10. Prescribed oral agents for controlling blood sugar that are
18 included on the plan formulary.

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

21 12. Any other device, medication, equipment or supply for which
22 coverage is required under medicare from and after January 1, 1999. The
23 coverage required in this paragraph is effective six months after the
24 coverage is required under medicare.

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

29 O. Any contract that provides coverage for prescription drugs shall
30 not limit or exclude coverage for any prescription drug prescribed for the
31 treatment of cancer on the basis that the prescription drug has not been
32 approved by the United States food and drug administration for the treatment
33 of the specific type of cancer for which the prescription drug has been
34 prescribed, if the prescription drug has been recognized as safe and
35 effective for treatment of that specific type of cancer in one or more of the
36 standard medical reference compendia prescribed in subsection P of this
37 section or medical literature that meets the criteria prescribed in
38 subsection P of this section. The coverage required under this subsection
39 includes covered medically necessary services associated with the
40 administration of the prescription drug. This subsection does not:

- 41 1. Require coverage of any prescription drug used in the treatment of
42 a type of cancer if the United States food and drug administration has
43 determined that the prescription drug is contraindicated for that type of
44 cancer.

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

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

7 4. Require reimbursement or coverage for any prescription drug that is
8 not included in the drug formulary or list of covered prescription drugs
9 specified in the contract.

10 5. Prohibit a contract from limiting or excluding coverage of a
11 prescription drug, if the decision to limit or exclude coverage of the
12 prescription drug is not based primarily on the coverage of prescription
13 drugs required by this section.

14 6. Prohibit the use of deductibles, coinsurance, copayments or other
15 cost sharing in relation to drug benefits and related medical benefits
16 offered.

17 P. For the purposes of subsection 0 of this section:

18 1. The acceptable standard medical reference compendia are the
19 following:

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

22 (b) The national comprehensive cancer network drugs and biologics
23 compendium.

24 (c) Thomson Micromedex compendium DrugDex.

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

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

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

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

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

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

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

1 R. The metabolic disorders triggering medical foods coverage under
2 this section shall:

3 1. Be part of the newborn screening program prescribed in section
4 36-694.

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

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

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

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

20 T. An insurer shall cover at least fifty per cent of the cost of
21 medical foods prescribed to treat inherited metabolic disorders and covered
22 pursuant to this section. An insurer may limit the maximum annual benefit
23 for medical foods under this section to five thousand dollars which applies
24 to the cost of all prescribed modified low protein foods and metabolic
25 formula.

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

27 1. Prescription drugs shall also provide coverage for any prescribed
28 drug or device that is approved by the United States food and drug
29 administration for use as a contraceptive. A blanket disability insurer may
30 use a drug formulary, multitiered drug formulary or list but that formulary
31 or list shall include oral, implant and injectable contraceptive drugs,
32 intrauterine devices and prescription barrier methods if the blanket
33 disability insurer does not impose deductibles, coinsurance, copayments or
34 other cost containment measures for contraceptive drugs that are greater than
35 the deductibles, coinsurance, copayments or other cost containment measures
36 for other drugs on the same level of the formulary or list.

37 2. Outpatient health care services shall also provide coverage for
38 outpatient contraceptive services. For the purposes of this paragraph,
39 "outpatient contraceptive services" means consultations, examinations,
40 procedures and medical services provided on an outpatient basis and related
41 to the use of approved United States food and drug administration
42 prescription contraceptive methods to prevent unintended pregnancies.

43 V. Notwithstanding subsection U of this section, ~~a religious employer
44 whose religious tenets prohibit the use of prescribed contraceptive methods
45 may require that the insurer provide a blanket disability policy without
46 coverage for all United States food and drug administration approved~~

1 ~~contraceptive methods. A religious employer shall submit a written affidavit~~
2 ~~to the insurer stating that it is a religious employer. On receipt of the~~
3 ~~affidavit, the insurer shall issue to the religious employer a blanket~~
4 ~~disability policy that excludes coverage of prescription contraceptive~~
5 ~~methods.~~ A RELIGIOUSLY AFFILIATED EMPLOYER MAY REQUIRE THAT THE INSURER
6 PROVIDE A BLANKET DISABILITY POLICY WITHOUT COVERAGE FOR SPECIFIC ITEMS OR
7 SERVICES REQUIRED UNDER SUBSECTION U OF THIS SECTION BECAUSE PROVIDING OR
8 PAYING FOR COVERAGE OF THE SPECIFIC ITEMS OR SERVICES IS CONTRARY TO THE
9 RELIGIOUS BELIEFS OF THE RELIGIOUSLY AFFILIATED EMPLOYER OFFERING THE PLAN.
10 IF A RELIGIOUSLY AFFILIATED EMPLOYER OBJECTS TO PROVIDING COVERAGE FOR
11 SPECIFIC ITEMS OR SERVICES REQUIRED UNDER SUBSECTION U OF THIS SECTION, A
12 WRITTEN AFFIDAVIT SHALL BE FILED WITH THE INSURER STATING THE OBJECTION. ON
13 RECEIPT OF THE AFFIDAVIT, THE INSURER SHALL ISSUE TO THE RELIGIOUSLY
14 AFFILIATED EMPLOYER A BLANKET DISABILITY POLICY THAT EXCLUDES COVERAGE FOR
15 SPECIFIC ITEMS OR SERVICES REQUIRED UNDER SUBSECTION U OF THIS SECTION. The
16 insurer shall retain the affidavit for the duration of the blanket disability
17 policy and any renewals of the policy. ~~Before a policy is issued, every~~
18 ~~religious employer that invokes this exemption shall provide prospective~~
19 ~~insureds written notice that the religious employer refuses to cover all~~
20 ~~United States food and drug administration approved contraceptive methods for~~
21 ~~religious reasons.~~ This subsection shall not exclude coverage for
22 prescription contraceptive methods ordered by a health care provider with
23 prescriptive authority for medical indications other than ~~to prevent an~~
24 ~~unintended pregnancy~~ FOR CONTRACEPTIVE, ABORTIFACIENT, ABORTION OR
25 STERILIZATION PURPOSES. ~~An insurer~~ A RELIGIOUSLY AFFILIATED EMPLOYER
26 OFFERING THE POLICY may STATE RELIGIOUS BELIEFS IN ITS AFFIDAVIT AND MAY
27 require the insured to first pay for the prescription and then submit a claim
28 to the insurer along with evidence that the prescription is ~~for a~~
29 ~~noncontraceptive purpose~~ NOT FOR A PURPOSE COVERED BY THE OBJECTION. An
30 insurer may charge an administrative fee for handling these claims under this
31 subsection. ~~A religious employer shall not discriminate against an employee~~
32 ~~who independently chooses to obtain insurance coverage or prescriptions for~~
33 ~~contraceptives from another source.~~

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

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

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

43 1. This section:

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

1 (b) "Medical foods" means modified low protein foods and metabolic
2 formula.

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

4 (i) Formulated to be consumed or administered enterally under the
5 supervision of a physician who is licensed pursuant to title 32, chapter 13
6 or 17 or a registered nurse practitioner who is licensed pursuant to title
7 32, chapter 15.

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

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

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

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

18 (i) Formulated to be consumed or administered enterally under the
19 supervision of a physician who is licensed pursuant to title 32, chapter 13
20 or 17 or a registered nurse practitioner who is licensed pursuant to title
21 32, chapter 15.

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

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

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

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

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

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

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

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

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

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

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

4 Sec. 5. Section 20-2329, Arizona Revised Statutes, is amended to read:
5 20-2329. Prescription contraceptive drugs and devices:
6 definition

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

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

19 2. Outpatient health care services shall also provide coverage for
20 outpatient contraceptive services. For the purposes of this paragraph,
21 "outpatient contraceptive services" means consultations, examinations,
22 procedures and medical services provided on an outpatient basis and related
23 to the use of United States food and drug prescription contraceptive methods
24 to prevent unintended pregnancies.

25 B. Notwithstanding subsection A OF THIS SECTION, ~~a religious employer~~
26 ~~whose religious tenets prohibit the use of prescribed contraceptive methods~~
27 ~~may require that the accountable health plan provide a health benefits plan~~
28 ~~without coverage for all federal food and drug administration approved~~
29 ~~contraceptive methods. A religious employer shall submit a written affidavit~~
30 ~~to the accountable health plan stating that it is a religious employer. On~~
31 ~~receipt of the affidavit, the accountable health plan shall issue to the~~
32 ~~religious employer a health benefits plan that excludes coverage of~~
33 ~~prescription contraceptive methods.~~ A RELIGIOUSLY AFFILIATED EMPLOYER MAY
34 REQUIRE THAT THE ACCOUNTABLE HEALTH PLAN PROVIDE A HEALTH BENEFITS PLAN
35 WITHOUT COVERAGE FOR SPECIFIC ITEMS OR SERVICES REQUIRED UNDER SUBSECTION A
36 OF THIS SECTION BECAUSE PROVIDING OR PAYING FOR COVERAGE OF THE SPECIFIC
37 ITEMS OR SERVICES IS CONTRARY TO THE RELIGIOUS BELIEFS OF THE RELIGIOUSLY
38 AFFILIATED EMPLOYER OFFERING THE PLAN. IF A RELIGIOUSLY AFFILIATED EMPLOYER
39 OBJECTS TO PROVIDING COVERAGE FOR SPECIFIC ITEMS OR SERVICES REQUIRED UNDER
40 SUBSECTION A OF THIS SECTION, A WRITTEN AFFIDAVIT SHALL BE FILED WITH THE
41 ACCOUNTABLE HEALTH PLAN STATING THE OBJECTION. ON RECEIPT OF THE AFFIDAVIT,
42 THE ACCOUNTABLE HEALTH PLAN SHALL ISSUE TO THE RELIGIOUSLY AFFILIATED
43 EMPLOYER A HEALTH BENEFITS PLAN THAT EXCLUDES COVERAGE FOR SPECIFIC ITEMS OR
44 SERVICES REQUIRED UNDER SUBSECTION A OF THIS SECTION. The accountable health
45 plan shall retain the affidavit for the duration of the health benefits plan
46 and any renewals of the plan.

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

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

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

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

21 ~~1. The entity primarily employs persons who share the religious tenets~~
22 ~~of the entity.~~

23 ~~2. The entity serves primarily persons who share the religious tenets~~
24 ~~of the entity.~~

25 ~~3. The entity is a nonprofit organization as described in section~~
26 ~~6033(a)(2)(A)i or iii of the internal revenue code of 1986, as amended.~~

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

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

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

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

38 (a) THE ENTITY PRIMARILY EMPLOYS PERSONS WHO SHARE THE RELIGIOUS
39 TENETS OF THE ENTITY.

40 (b) THE ENTITY SERVES PRIMARILY PERSONS WHO SHARE THE RELIGIOUS TENETS
41 OF THE ENTITY.

42 (c) THE ENTITY IS A NONPROFIT ORGANIZATION AS DESCRIBED IN SECTION
43 6033(a)(3)(A)(i) OR (iii) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

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

1 Sec. 6. Applicability

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

APPROVED BY THE GOVERNOR MAY 11, 2012.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 14, 2012.