

REFERENCE TITLE: health care insurance; requirements

State of Arizona  
Senate  
Fifty-fourth Legislature  
Second Regular Session  
2020

## **SB 1599**

Introduced by  
Senators Navarrete: Alston, Bradley, Contreras, Dalessandro, Gonzales,  
Mendez, Otondo, Peshlakai, Quezada, Rios, Steele

AN ACT

AMENDING TITLE 20, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY  
ADDING SECTION 20-123; RELATING TO HEALTH CARE INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 20, chapter 1, article 1, Arizona Revised  
3 Statutes, is amended by adding section 20-123, to read:

4 20-123. Health care insurance; preexisting condition  
5 exclusions; eligibility; annual and lifetime  
6 limits; premium rates; young adult coverage;  
7 definitions

8 A. NOTWITHSTANDING ANY OTHER LAW, A HEALTH CARE INSURER THAT OFFERS  
9 AN INDIVIDUAL, GROUP OR SMALL EMPLOYER HEALTH BENEFITS PLAN IN THIS STATE:

10 1. MAY NOT IMPOSE ANY PREEXISTING CONDITION EXCLUSION WITH RESPECT  
11 TO COVERAGE UNDER THE PLAN.

12 2. MUST ACCEPT EVERY EMPLOYER AND INDIVIDUAL IN THIS STATE THAT  
13 APPLY FOR COVERAGE UNDER A HEALTH BENEFITS PLAN AND THAT ARE ELIGIBLE TO  
14 APPLY.

15 3. MAY NOT IMPOSE AN ANNUAL OR LIFETIME DOLLAR LIMIT ON ANY  
16 ESSENTIAL BENEFIT.

17 4. SHALL DEVELOP AND VARY ITS PREMIUM RATES WITH RESPECT TO A  
18 PARTICULAR HEALTH BENEFITS PLAN OR COVERAGE BASED ONLY ON THE FOLLOWING  
19 CHARACTERISTICS:

20 (a) WHETHER THE HEALTH BENEFITS PLAN OR COVERAGE COVERS AN  
21 INDIVIDUAL OR FAMILY.

22 (b) A GEOGRAPHIC RATING AREA THAT IS ESTABLISHED IN ACCORDANCE WITH  
23 FEDERAL LAW.

24 (c) AN INDIVIDUAL'S AGE, EXCEPT THAT THE RATE MAY NOT VARY BY MORE  
25 THAN THREE TO ONE FOR ADULTS.

26 (d) TOBACCO USE, EXCEPT THAT THE RATE MAY NOT VARY BY MORE THAN  
27 1.07 TO ONE.

28 5. WITH RESPECT TO FAMILY COVERAGE UNDER AN INDIVIDUAL OR SMALL  
29 EMPLOYER HEALTH BENEFITS PLAN, SHALL APPLY THE RATING VARIATIONS ALLOWED  
30 UNDER PARAGRAPH 4 OF THIS SUBSECTION BASED ON THE PORTION OF THE PREMIUM  
31 THAT IS ATTRIBUTABLE TO EACH FAMILY MEMBER WHO IS COVERED UNDER THE PLAN  
32 IN ACCORDANCE WITH ANY APPLICABLE RULES ADOPTED BY THE DIRECTOR.

33 6. MAY NOT ADJUST THE PREMIUM CHARGED WITH RESPECT TO ANY  
34 INDIVIDUAL OR SMALL EMPLOYER HEALTH BENEFITS PLAN MORE FREQUENTLY THAN  
35 ANNUALLY, EXCEPT THAT THE HEALTH CARE INSURER MAY ADJUST THE PREMIUM RATE  
36 MORE OFTEN TO REFLECT THE FOLLOWING:

37 (a) WITH RESPECT TO A SMALL EMPLOYER HEALTH BENEFITS PLAN, CHANGES  
38 TO THE ENROLLMENT OF THE SMALL EMPLOYER.

39 (b) CHANGES TO THE INSURED'S FAMILY COMPOSITION.

40 (c) WITH RESPECT TO AN INDIVIDUAL HEALTH BENEFITS PLAN, CHANGES IN  
41 THE INSURED'S GEOGRAPHIC RATING AREA OR TOBACCO USE.

42 (d) CHANGES TO THE HEALTH BENEFITS PLAN REQUESTED BY THE INSURED OR  
43 SMALL EMPLOYER.

44 (e) OTHER CHANGES REQUIRED BY FEDERAL LAW OR EXPRESSLY ALLOWED BY  
45 STATE LAW.

1           7. SHALL CONTINUE TO COVER AN INSURED'S CHILD WHO IS COVERED UNDER  
2 THE HEALTH BENEFITS PLAN UNTIL THE CHILD REACHES TWENTY-SIX YEARS OF AGE  
3 EVEN IF THE CHILD IS ANY OF THE FOLLOWING:

- 4           (a) MARRIED.
- 5           (b) NOT LIVING WITH THE CHILD'S PARENTS.
- 6           (c) ATTENDING SCHOOL.
- 7           (d) NOT FINANCIALLY DEPENDENT ON THE CHILD'S PARENTS.
- 8           (e) ELIGIBLE TO ENROLL IN THE HEALTH BENEFITS PLAN PROVIDED BY THE  
9 CHILD'S EMPLOYER.

10           8. SHALL ALLOW AN ELIGIBLE INDIVIDUAL WHO REACHES TWENTY-SIX YEARS  
11 OF AGE AND WHO WAS PREVIOUSLY COVERED UNDER A FAMILY HEALTH BENEFITS PLAN  
12 TO ENROLL IN ANOTHER HEALTH BENEFITS PLAN WITHOUT HAVING TO WAIT FOR AN  
13 OPEN ENROLLMENT PERIOD IF THE INDIVIDUAL QUALIFIES FOR THE PLAN.

14           B. FOR THE PURPOSES OF THE SECTION:

15           1. "ESSENTIAL BENEFIT" MEANS ANY OF THE FOLLOWING:

- 16           (a) AMBULATORY SERVICES.
- 17           (b) EMERGENCY SERVICES.
- 18           (c) HOSPITALIZATION PROVIDED IN AN INPATIENT CARE SETTING.
- 19           (d) PREGNANCY, MATERNITY AND NEWBORN CARE SERVICES.
- 20           (e) MENTAL HEALTH AND SUBSTANCE USE DISORDER SERVICES, INCLUDING  
21 BEHAVIORAL HEALTH TREATMENT SERVICES.
- 22           (f) PRESCRIPTION DRUG BENEFITS.
- 23           (g) REHABILITATIVE AND HABILITATIVE SERVICES AND DEVICES THAT  
24 ASSIST AN INDIVIDUAL WITH AN INJURY, DISABILITY OR CHRONIC CONDITION TO  
25 GAIN OR RECOVER MENTAL OR PHYSICAL SKILLS.
- 26           (h) LABORATORY SERVICES.
- 27           (i) PREVENTIVE, WELLNESS AND CHRONIC DISEASE MANAGEMENT SERVICES.
- 28           (j) PEDIATRIC SERVICES, INCLUDING PEDIATRIC ORAL AND VISION CARE  
29 SERVICES.

30           2. "HEALTH BENEFITS PLAN" MEANS A POLICY, CONTRACT OR EVIDENCE OF  
31 COVERAGE THAT PROVIDES HEALTH CARE SERVICES AND BENEFITS AND THAT IS  
32 ISSUED BY A HEALTH CARE INSURER.

33           3. "HEALTH CARE INSURER" MEANS A DISABILITY INSURER, GROUP  
34 DISABILITY INSURER, BLANKET DISABILITY INSURER, HEALTH CARE SERVICES  
35 ORGANIZATION, HOSPITAL SERVICE CORPORATION, MEDICAL SERVICE CORPORATION OR  
36 HOSPITAL, MEDICAL, DENTAL AND OPTOMETRIC SERVICE CORPORATION.

37           4. "PREEXISTING CONDITION EXCLUSION" MEANS A LIMITATION OR  
38 EXCLUSION OF BENEFITS, INCLUDING A DENIAL OF COVERAGE, THAT IS BASED ON  
39 THE FACT THAT THE CONDITION WAS PRESENT BEFORE THE EFFECTIVE DATE OF  
40 COVERAGE OR, IF COVERAGE IS DENIED, THE DATE OF DENIAL, WHETHER OR NOT ANY  
41 MEDICAL ADVICE, DIAGNOSIS, CARE OR TREATMENT WAS RECOMMENDED OR RECEIVED  
42 BEFORE THAT DATE.

43           5. "SMALL EMPLOYER" MEANS AN EMPLOYER WHO EMPLOYS AT LEAST TWO BUT  
44 NOT MORE THAN FIFTY ELIGIBLE EMPLOYEES ON A TYPICAL BUSINESS DAY DURING  
45 ANY ONE CALENDAR YEAR.