

House Engrossed Senate Bill

~~classical learning; tests; examinations~~
(now: school districts; insurance quotes)

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SENATE BILL 1497

AN ACT

AMENDING SECTION 15-382, ARIZONA REVISED STATUTES; RELATING TO SCHOOL
INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-382, Arizona Revised Statutes, is amended to
3 read:

4 15-382. Authorization to self-insure; pooling agreements;
5 joint agreements; trustees; liability coverage and
6 pool requirements; annual required coverage
7 information; definition

8 A. ~~The~~ A school district governing board may determine that
9 self-insurance is necessary or desirable in the best interest of the
10 district and may provide for a self-insurance program or programs for the
11 district, including risk management consultation. Any risk management
12 consultant or insurance administrator employed by a school district
13 governing board must be licensed under title 20, chapter 2, article 3 or
14 9, and ~~such~~ THE license shall be verified by the school district governing
15 board ~~prior to~~ BEFORE employment.

16 B. The school district governing board may:

17 1. Enter into intergovernmental agreements or contracts with pools
18 operated pursuant to section 11-952.01 for participation in SELF-INSURANCE
19 programs offered by public agency pools. In addition to the joint
20 purchasing of insurance or reinsurance or the pooling of the retention of
21 risks for property, fidelity and liability losses, these SELF-INSURANCE
22 programs may include the joint purchasing of health benefits plan, life or
23 disability insurance, prepaid legal insurance or the pooling of the
24 retention of their risks of losses for health, accident, life or
25 disability claims or the provision of the health and medical services
26 enumerated in section 36-2907.

27 2. Separately contract with a trustee or board of trustees that
28 provides a common self-insurance program or SELF-INSURANCE programs with
29 pooled funds and risks to more than one district, a community college
30 district formed pursuant to chapter 12 of this title or an association of
31 school districts within this state that is funded by member school
32 districts pursuant to section 15-342, paragraph 8 or a pool created for
33 and operated solely for charter schools pursuant to section 11-952.01.
34 Beginning January 1, 2010, a trustee, board of trustees or pool that
35 contracts with a school district governing board or charter school
36 pursuant to this paragraph shall comply with title 38, chapter 3, article
37 3.1, title 39, chapter 1 and section 11-952.01, subsections M and N.

38 3. Enter into cooperative procurement agreements with other
39 districts pursuant to rules adopted pursuant to section 15-213 to
40 participate in programs for either self-insurance or the joint purchase of
41 insurance.

42 4. Separately establish a self-insurance program solely for its
43 district.

44 C. If the school district governing board, either alone or in
45 combination with another school district or an association of school

districts in this state that is funded by member school districts pursuant to section 15-342, paragraph 8, establishes a self-insurance program, the governing board or an association of school districts shall place all funds into a trust to be used for payment of uninsured losses, claims, defense costs, costs of training designed to reduce losses and claims, the cost of related employee benefits including wellness programs, life, disability and other fully and partially insured group insurance plans, programs that allow for participation in a cafeteria plan that meets the requirements of the United States internal revenue code of 1986, costs of administration and other related expenses. If a member of the governing board or employee of the school district is acting as a trustee, the trust shall be administered by at least five joint trustees, of whom ~~no~~ NOT more than one may be a member of the governing board and ~~no~~ NOT more than one may be an employee of the school district. Funds budgeted for self-insurance programs ~~shall be~~ ARE subject to district budgetary requirements, including ~~but not limited to~~ the requirements that the funds be budgeted within the maintenance and operation section and the budget limitation on increases as prescribed in section 15-905. The funds, ~~upon~~ ON being placed in the trust, ~~shall~~ DO not lapse at the close of the fiscal year, except that any cash balance remaining after termination of the SELF-INSURANCE program and settlement of all outstanding claims shall be used for reduction of school district taxes for the budget year. The trustees of the trust must be bonded, a stop-loss provision must be incorporated in the trust agreement, and an annual audit must be performed by a certified public accountant and a copy of the report kept on file in the district office for a period of ~~not less than~~ AT LEAST five years.

D. If the self-insurance is for liability losses, excess liability coverage or reinsurance must be obtained as follows:

1. For a single school district, the coverage may include an annual aggregate limit of ~~no~~ NOT more than ~~three million dollars~~ \$3,000,000 and the maximum retention per occurrence shall be one-half of one ~~per cent~~ PERCENT of the district's maintenance and operation budget.

2. For a pool, the coverage may include an annual aggregate limit set by the pool and the maximum retention per occurrence shall not exceed one-half of one ~~per cent~~ PERCENT of the combined maintenance and operation budgets of the districts in the pool.

E. IF A SCHOOL DISTRICT GOVERNING BOARD ESTABLISHES A SELF-INSURANCE PROGRAM PURSUANT TO THIS SECTION TO PURCHASE DISABILITY OR HEALTH BENEFIT PLANS INSURANCE, POOL THE RETENTION OF RISKS OF LOSSES FOR HEALTH OR ACCIDENT CLAIMS OR PROVIDE HEALTH AND MEDICAL SERVICES AND THE SCHOOL DISTRICT EMPLOYS AT LEAST THREE HUNDRED EMPLOYEES, THE SCHOOL DISTRICT GOVERNING BOARD SHALL OBTAIN QUOTES FOR COVERAGE AND SERVICES FROM AUTHORIZED SERVICE PROVIDERS AT LEAST ONCE DURING EVERY FOUR-YEAR PERIOD TO DETERMINE WHETHER COMPARABLE COVERAGE AND SERVICES ARE AVAILABLE AT A MORE FAVORABLE PRICE. A SCHOOL DISTRICT GOVERNING BOARD MAY NOT

1 RENEW COVERAGE OR SERVICES FROM ANY PERSON THAT FAILS TO PROVIDE TIMELY,
2 ACCURATE AND COMPLETE INFORMATION AS REQUIRED BY SUBSECTION F OF THIS
3 SECTION. FOR THE PURPOSES OF THIS SUBSECTION, "AUTHORIZED SERVICE
4 PROVIDERS" MEANS ANY OF THE FOLLOWING:

5 1. TWO OR MORE SERVICE PROVIDERS THAT ARE AVAILABLE THROUGH THE
6 POOL, TRUSTEE OR BOARD OF TRUSTEES THAT ADMINISTERS THE SCHOOL DISTRICT'S
7 SELF-INSURANCE PROGRAM.

8 2. TWO OR MORE QUALIFIED INSURERS THAT PROVIDE PROPOSALS DIRECTLY
9 TO THE SCHOOL DISTRICT GOVERNING BOARD.

10 3. AN INSURANCE PRODUCER WHO IS LICENSED PURSUANT TO TITLE 20,
11 CHAPTER 2, ARTICLE 3 AND WHO OBTAINS PROPOSALS FROM TWO OR MORE QUALIFIED
12 INSURERS ON BEHALF OF THE SCHOOL DISTRICT GOVERNING BOARD.

13 F. AT LEAST SIXTY DAYS BEFORE THE END OF THE CURRENT BENEFIT
14 PROGRAM YEAR, EACH TRUST, INSURER, THIRD-PARTY ADMINISTRATOR, PHARMACY
15 BENEFIT MANAGER OR OTHER PERSON WHO SUPPORTS THE SCHOOL DISTRICT'S
16 SELF-INSURANCE PROGRAM SHALL PROVIDE THE FOLLOWING INFORMATION TO THE
17 SCHOOL DISTRICT IN AN ELECTRONIC, MACHINE-READABLE FORMAT:

18 1. MONTHLY ENROLLMENT COUNTS BY EMPLOYEE-ONLY AND DEPENDENT TIERS
19 FOR EACH PLAN OPTION OFFERED TO THE SCHOOL DISTRICT FOR THE TWO CALENDAR
20 YEARS THAT IMMEDIATELY PRECEDE THE CURRENT YEAR.

21 2. MONTHLY TOTAL CLAIMS PAID, DISAGGREGATED BY MEDICAL CLAIMS AND
22 PRESCRIPTION DRUG CLAIMS, FOR THE TWO CALENDAR YEARS THAT IMMEDIATELY
23 PRECEDE THE CURRENT YEAR.

24 3. A DETAILED REPORT ON ENROLLEES WHOSE TOTAL CLAIMS PAID EXCEEDS
25 \$50,000 FOR ANY OF THE FOUR CALENDAR YEARS THAT IMMEDIATELY PRECEDE THE
26 CURRENT YEAR AND ENROLLEES WHOSE TOTAL CLAIMS PAID IS PROJECTED TO EXCEED
27 \$50,000 IN THE CURRENT YEAR. THE REPORT REQUIRED BY THIS PARAGRAPH MUST
28 INCLUDE ONLY DE-IDENTIFIED DATA, COMPLY WITH THE HEALTH INSURANCE
29 PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (P.L. 104-191; 110 STAT. 1936)
30 AND INCLUDE THE FOLLOWING:

31 (a) THE TOTAL CLAIMS PAID FOR EACH ENROLLEE.

32 (b) EACH ENROLLEE'S DIAGNOSIS OR A DESCRIPTION OF EACH ENROLLEE'S
33 MEDICAL CONDITION OR CONDITIONS.

34 (c) A STATEMENT INDICATING WHETHER EACH CLAIM IS:

35 (i) COMPLETED WITH NO FURTHER HEALTH CARE SERVICES EXPECTED.

36 (ii) ONGOING WITH ADDITIONAL HEALTH CARE SERVICES EXPECTED OR
37 REQUIRED TO ADDRESS THE ENROLLEE'S DIAGNOSIS, MEDICAL CONDITION OR MEDICAL
38 CONDITIONS.

39 4. DETAILED PRESCRIPTION DRUG DATA FOR THE IMMEDIATELY PRECEDING
40 TWELVE-MONTH PERIOD FOR ALL ENROLLEES, INCLUDING THE FOLLOWING LINE-LEVEL
41 DETAILS:

42 (a) THE NATIONAL DRUG CODE.

43 (b) THE DATE EACH PRESCRIPTION WAS FILLED.

44 (c) THE DRUG NAME.

45 (d) THE TOTAL DAYS' SUPPLY OF THE DRUG.

- 1 (e) THE METRIC QUANTITY THAT IS DISPENSED.
- 2 (f) THE INGREDIENT COST.
- 3 (g) THE DISPENSING FEE.
- 4 (h) THE PHARMACY PROVIDER NUMBER.
- 5 (i) THE AMOUNT PAID BY THE SCHOOL DISTRICT, IF ANY.
- 6 (j) THE AMOUNT PAID BY THE ENROLLEE, IF ANY.
- 7 (k) THE TOTAL AMOUNT OF REBATES RECEIVED, INCLUDING REBATES BY THE
- 8 DRUG MANUFACTURER AND THE METHOD OF ALLOCATION.
- 9 (l) THE AMOUNT OF PHARMACY BENEFIT MANAGER ADMINISTRATIVE FEES
- 10 PAID, IF ANY.
- 11 (m) ANY OTHER FEES CHARGED TO THE SCHOOL DISTRICT, INCLUDING
- 12 PER-CLAIM FEES, NETWORK ACCESS FEES, DATA OR CLINICAL PROGRAM FEES,
- 13 SPREAD-PRICING COMPONENTS AND ALL SOURCES OF PHARMACY BENEFIT MANAGER
- 14 COMPENSATION CHARGED TO THE SCHOOL DISTRICT.
- 15 (n) WHETHER PRICING IS SET ON A PASS-THROUGH OR SPREAD BASIS.
- 16 5. COMPLETE DOCUMENTATION FOR EACH BENEFIT PLAN CURRENTLY AVAILABLE
- 17 TO THE SCHOOL DISTRICT'S EMPLOYEES, INCLUDING THE FOLLOWING FOR EACH PLAN:
- 18 (a) SUMMARY BENEFITS AND COVERAGE.
- 19 (b) FULL PLAN DOCUMENTS OR BENEFIT BOOKLETS.
- 20 (c) PRESCRIPTION DRUG FORMULARIES.
- 21 (d) COST-SHARING STRUCTURES, DEDUCTIBLES AND OUT-OF-POCKET
- 22 MAXIMUMS.
- 23 6. A REPORT OF COMPREHENSIVE ELIGIBILITY CENSUS DATA FOR ALL
- 24 EMPLOYEES AND FOR ALL DEPENDENTS WHO PARTICIPATE IN THE SCHOOL DISTRICT'S
- 25 SELF-INSURANCE PROGRAM THAT IS UPDATED NOT MORE THAN SIXTY DAYS BEFORE THE
- 26 REPORT IS SUBMITTED. THE REPORT REQUIRED BY THIS PARAGRAPH MUST INCLUDE
- 27 ONLY DE-IDENTIFIED DATA, COMPLY WITH THE HEALTH INSURANCE PORTABILITY AND
- 28 ACCOUNTABILITY ACT OF 1996 (P.L. 104-191; 110 STAT. 1936) AND INCLUDE, FOR
- 29 EACH EMPLOYEE AND DEPENDENT, ALL OF THE FOLLOWING:
- 30 (a) DATE OF BIRTH.
- 31 (b) GENDER.
- 32 (c) ZIP CODE OF RESIDENCE.
- 33 (d) COVERAGE TIER.
- 34 (e) SELECTED PLAN.
- 35 ~~E.~~ G. FOR THE PURPOSES OF THIS SECTION, "self-insurance program":
- 36 ~~as used in this section~~
- 37 1. Means programs established and wholly or partially funded by the
- 38 school district governing board. ~~Self-insurance programs shall~~
- 39 2. DOES not include a decision by the governing board not to carry
- 40 insurance ~~upon~~ ON a particular risk or risks.