

REFERENCE TITLE: health insurance; requirements; essential benefits

State of Arizona  
Senate  
Fifty-fifth Legislature  
Second Regular Session  
2022

## **SB 1687**

Introduced by  
Senators Gonzales: Gabaldon, Hatathlie, Quezada, Steele, Terán;  
Representatives Dalessandro, Solorio

### **AN ACT**

REPEALING SECTION 20-123, ARIZONA REVISED STATUTES; AMENDING TITLE 20, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 20-123; AMENDING SECTION 20-1384, ARIZONA REVISED STATUTES; REPEALING LAWS 2020, CHAPTER 80, SECTION 2; 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. Repeal

3 Section 20-123, Arizona Revised Statutes, is repealed.

4 Sec. 2. Title 20, chapter 1, article 1, Arizona Revised Statutes,  
5 is amended by adding a new section 20-123, to read:

6 20-123. Health care insurers; requirements; prohibitions;  
7 definitions

8 A. NOTWITHSTANDING ANY OTHER LAW, EVERY HEALTH CARE INSURER THAT  
9 OFFERS AN INDIVIDUAL HEALTH CARE PLAN, SHORT-TERM LIMITED DURATION  
10 INSURANCE OR A SMALL EMPLOYER GROUP HEALTH CARE PLAN IN THIS STATE:

11 1. SHALL:

12 (a) ENSURE THAT ALL PRODUCTS SOLD COVER ESSENTIAL HEALTH CARE  
13 BENEFITS.

14 (b) LIMIT COST SHARING FOR THE COVERAGE OF ESSENTIAL HEALTH CARE  
15 BENEFITS, INCLUDING DEDUCTIBLES, COINSURANCE AND COPAYMENTS.

16 (c) PROVIDE COVERAGE WITHOUT COST SHARING FOR PREVENTIVE HEALTH  
17 CARE BENEFITS RECOMMENDED BY THE UNITED STATES PREVENTIVE SERVICES TASK  
18 FORCE, THE ADVISORY COMMITTEE ON IMMUNIZATION PRACTICES OF THE UNITED  
19 STATES CENTERS FOR DISEASE CONTROL AND PREVENTION AND THE HEALTH RESOURCES  
20 AND SERVICES ADMINISTRATION OF THE UNITED STATES DEPARTMENT OF HEALTH AND  
21 HUMAN SERVICES.

22 (d) IF THE HEALTH CARE INSURER OFFERS DEPENDENT COVERAGE, CONTINUE  
23 TO OFFER DEPENDENT COVERAGE TO ADULT CHILDREN UNTIL THE END OF THE  
24 CALENDAR YEAR IN WHICH THE ADULT CHILD ATTAINS TWENTY-SIX YEARS OF AGE.

25 2. MAY NOT:

26 (a) DECLINE TO OFFER COVERAGE TO, OR DENY ENROLLMENT IN, A HEALTH  
27 CARE PLAN FOR AN INDIVIDUAL OR EMPLOYEE OF A SMALL EMPLOYER BASED SOLELY  
28 ON THE INDIVIDUAL'S OR EMPLOYEE'S HEALTH STATUS.

29 (b) IMPOSE ANY PREEXISTING CONDITION EXCLUSION OR LIMITATION IN ANY  
30 HEALTH CARE PLAN.

31 (c) CANCEL OR REFUSE TO RENEW A HEALTH CARE PLAN BASED SOLELY ON AN  
32 INDIVIDUAL'S OR EMPLOYEE'S PREEXISTING CONDITION OR HEALTH STATUS.

33 (d) USE AN INDIVIDUAL'S OR SMALL EMPLOYER GROUP'S HEALTH STATUS TO  
34 ESTABLISH PREMIUMS.

35 (e) REFUSE TO COVER SERVICES THAT ARE NECESSARY TO TREAT A  
36 PREEXISTING CONDITION.

37 (f) IMPOSE ANNUAL OR LIFETIME DOLLAR LIMITS ON ESSENTIAL HEALTH  
38 CARE BENEFITS.

39 (g) APPLY ANY ADDITIONAL DEDUCTIBLE, COPAYMENT OR COINSURANCE BASED  
40 SOLELY ON AN INDIVIDUAL'S OR EMPLOYEE'S PREEXISTING CONDITION.

41 (h) UNFAIRLY DISCRIMINATE AGAINST AN INDIVIDUAL OR EMPLOYEE IN  
42 ESTABLISHING OR ADJUSTING PREMIUM RATES BASED ON THE INDIVIDUAL'S OR  
43 EMPLOYEE'S AGE OR SEX.

- 1 B. FOR THE PURPOSES OF THIS SECTION:  
2 1. "ESSENTIAL HEALTH CARE BENEFITS" MEANS THE ITEMS AND SERVICES  
3 COVERED WITHIN THE FOLLOWING TEN GENERAL CATEGORIES:  
4 (a) AMBULATORY SERVICES.  
5 (b) EMERGENCY SERVICES.  
6 (c) HOSPITALIZATION.  
7 (d) MATERNITY AND NEWBORN CARE.  
8 (e) MENTAL HEALTH AND SUBSTANCE ABUSE DISORDER SERVICES.  
9 (f) PRESCRIPTION DRUGS.  
10 (g) REHABILITATIVE AND HABILITATIVE SERVICES AND DEVICES.  
11 (h) LABORATORY SERVICES.  
12 (i) PREVENTIVE AND WELLNESS SERVICES.  
13 (j) PEDIATRIC SERVICES, INCLUDING ORAL AND VISION CARE.  
14 2. "HEALTH CARE INSURER" MEANS A DISABILITY INSURER, GROUP  
15 DISABILITY INSURER, BLANKET DISABILITY INSURER, HEALTH CARE SERVICES  
16 ORGANIZATION, HOSPITAL SERVICE CORPORATION, MEDICAL SERVICE CORPORATION OR  
17 HOSPITAL AND MEDICAL SERVICE CORPORATION.  
18 3. "HEALTH CARE PLAN" MEANS A POLICY, EVIDENCE OF COVERAGE OR  
19 CONTRACT ISSUED BY A HEALTH CARE INSURER.  
20 4. "PREEXISTING CONDITION EXCLUSION OR LIMITATION" MEANS AN  
21 EXCLUSION OR LIMITATION OF BENEFITS, INCLUDING A DENIAL OF COVERAGE, BASED  
22 ON THE FACT THAT THE CONDITION WAS PRESENT BEFORE THE DATE OF ENROLLMENT,  
23 REGARDLESS OF WHETHER ANY MEDICAL ADVICE, DIAGNOSIS, CARE OR TREATMENT WAS  
24 RECOMMENDED OR RECEIVED BEFORE THAT DATE.  
25 5. "SHORT-TERM LIMITED DURATION INSURANCE" HAS THE SAME MEANING  
26 PRESCRIBED IN SECTION 20-1384.  
27 6. "SMALL EMPLOYER GROUP" MEANS AN EMPLOYER WHO EMPLOYS AT LEAST  
28 TWO BUT NOT MORE THAN FIFTY ELIGIBLE EMPLOYEES ON A TYPICAL BUSINESS DAY  
29 DURING ANY ONE CALENDAR YEAR.

30 Sec. 3. Section 20-1384, Arizona Revised Statutes, is amended to  
31 read:

32 20-1384. Short-term limited duration insurance; notice;  
33 definitions

34 A. All policies or certificates issued, delivered or renewed in  
35 this state for short-term limited duration insurance shall display on the  
36 policy's fact page and in any application materials provided in connection  
37 with enrollment in such coverage the following federal disclosure in at  
38 least fourteen-point type:

39 Notice

40 This coverage is not required to comply with certain federal  
41 market requirements for health insurance, principally those  
42 contained in the affordable care act. Be sure to check your  
43 policy carefully to make sure you are aware of any exclusions  
44 or limitations regarding coverage of preexisting conditions or  
45 health benefits (such as hospitalization, emergency services,

1           maternity care, preventive care, prescription drugs and mental  
2           health and substance use disorder services). Your policy  
3           might also have lifetime or annual dollar limits on health  
4           benefits, or both. If this coverage expires or you lose  
5           eligibility for this coverage, you might have to wait until an  
6           open enrollment period to get other health insurance coverage.

7           B. A health care insurer shall provide notice to the insured before  
8           expiration that the policy needs to be renewed or is expiring.

9           C. For the purposes of this section:

10          1. "Health care insurer" has the same meaning prescribed in section  
11          20-1379.

12          2. "Short-term limited duration insurance" means health insurance  
13          coverage that is offered by a health care insurer, ~~that is not subject to~~  
14          ~~state health coverage mandates in this title,~~ that has an expiration date  
15          specified in the contract that is less than twelve months after the  
16          original effective date of the contract and, taking into account renewals  
17          or extensions, that has a duration of not longer than thirty-six months.

18          Sec. 4. Repeal

19          Laws 2020, chapter 80, section 2 is repealed.