

REFERENCE TITLE: state health insurance exchange; board

State of Arizona  
Senate  
Fifty-sixth Legislature  
Second Regular Session  
2024

## **SB 1069**

Introduced by  
Senator Shope

### AN ACT

REPEALING SECTION 1-271, ARIZONA REVISED STATUTES; AMENDING TITLE 20, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 32; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3034.01; 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3 Section 1-271, Arizona Revised Statutes, is repealed.

4 Sec. 2. Title 20, Arizona Revised Statutes, is amended by adding  
5 chapter 32, to read:

6 CHAPTER 32

7 HEALTH INSURANCE EXCHANGE

8 ARTICLE 1. GENERAL PROVISIONS

9 20-3701. Definitions

10 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

11 1. "AFFORDABLE CARE ACT" MEANS THE PATIENT PROTECTION AND  
12 AFFORDABLE CARE ACT (P.L. 111-148).

13 2. "BOARD" MEANS THE BOARD OF DIRECTORS OF THE EXCHANGE.

14 3. "EXCHANGE" MEANS THE STATE HEALTH INSURANCE EXCHANGE.

15 4. "EXECUTIVE DIRECTOR" MEANS THE EXECUTIVE DIRECTOR OF THE  
16 EXCHANGE.

17 5. "QUALIFIED HEALTH PLAN" HAS THE SAME MEANING PRESCRIBED IN  
18 SECTION 1301 OF THE AFFORDABLE CARE ACT.

19 6. "QUALIFIED INDIVIDUAL" MEANS A PERSON, INCLUDING A MINOR, WHO:

20 (a) SEEKS TO ENROLL IN A QUALIFIED HEALTH PLAN THAT IS OFFERED TO  
21 PERSONS THROUGH THE EXCHANGE.

22 (b) RESIDES IN THIS STATE.

23 (c) AT THE TIME OF ENROLLMENT IS NOT INCARCERATED, UNLESS THE  
24 PERSON IS INCARCERATED PENDING THE DISPOSITION OF CHARGES.

25 (d) IS, AS APPLICABLE, A CITIZEN OF THE UNITED STATES OR AN ALIEN  
26 WHO IS LAWFULLY PRESENT IN THE UNITED STATES FOR THE ENTIRE ENROLLMENT  
27 PERIOD.

28 (e) MEETS ALL QUALIFICATIONS AS PRESCRIBED IN THE AFFORDABLE CARE  
29 ACT.

30 20-3702. State health insurance exchange; powers; duties;  
31 requirements

32 A. THE STATE HEALTH INSURANCE EXCHANGE IS ESTABLISHED TO:

33 1. FACILITATE THE PURCHASE AND SALE OF QUALIFIED HEALTH PLANS IN  
34 THE INDIVIDUAL MARKET IN THIS STATE.

35 2. REDUCE THE NUMBER OF UNINSURED INDIVIDUALS IN THIS STATE.

36 3. PROVIDE A TRANSPARENT MARKETPLACE FOR HEALTH INSURANCE AND  
37 CONSUMER EDUCATION ON MATTERS RELATING TO HEALTH INSURANCE.

38 4. ASSIST RESIDENTS WITH ACCESS TO PROGRAMS, PREMIUM ASSISTANCE,  
39 TAX CREDITS AND COST SHARING REDUCTIONS.

40 B. THE EXCHANGE SHALL:

41 1. ESTABLISH AND ADMINISTER A HEALTH INSURANCE EXCHANGE.

42 2. FACILITATE THE PURCHASE AND SALE OF QUALIFIED HEALTH PLANS.

43 3. ESTABLISH A PROGRAM TO ASSIST QUALIFIED SMALL EMPLOYERS TO  
44 FACILITATE THE ENROLLMENT OF THEIR EMPLOYEES IN QUALIFIED HEALTH PLANS  
45 OFFERED IN THE SMALL GROUP MARKET.

- 1           4. MAKE QUALIFIED HEALTH PLANS AVAILABLE TO QUALIFIED INDIVIDUALS.  
2           5. PERFORM ALL NECESSARY DUTIES TO IMPLEMENT THE AFFORDABLE CARE  
3 ACT.  
4           C. THE EXCHANGE MAY:  
5           1. ENTER INTO CONTRACTS WITH THIS STATE, ANY POLITICAL SUBDIVISION  
6 OF THIS STATE OR A PERSON TO CARRY OUT THE POWERS AND DUTIES OF THE  
7 EXCHANGE OR THE BOARD.  
8           2. APPLY FOR OR ACCEPT ANY GIFT, DONATION, BEQUEST, GRANT OR OTHER  
9 SOURCE OF MONIES TO CARRY OUT THE POWERS AND DUTIES OF THE EXCHANGE OR THE  
10 BOARD.  
11           3. COLLABORATE AND COORDINATE WITH THE ARIZONA HEALTH CARE COST  
12 CONTAINMENT SYSTEM TO FACILITATE TRANSITIONS BETWEEN HEALTH INSURANCE  
13 PLANS.  
14           D. THE BOARD AND THE EXCHANGE SHALL COMPLY WITH THE PROCUREMENT  
15 PROCESS PRESCRIBED IN TITLE 41, CHAPTER 23.  
16           E. THE BOARD AND THE EXCHANGE ARE SUBJECT TO THE OPEN MEETING LAWS  
17 PRESCRIBED IN TITLE 38, CHAPTER 3, ARTICLE 3.1.  
18           20-3703. State health insurance exchange board; membership;  
19                                   terms; compensation  
20           A. THE STATE HEALTH INSURANCE EXCHANGE BOARD IS ESTABLISHED AND  
21 CONSISTS OF THE FOLLOWING MEMBERS:  
22           1. THE DIRECTOR OF THE DEPARTMENT OF HEALTH SERVICES OR THE  
23 DIRECTOR'S DESIGNEE AS A NONVOTING MEMBER.  
24           2. THE DIRECTOR OF THE DEPARTMENT OF INSURANCE AND FINANCIAL  
25 INSTITUTIONS OR DIRECTOR'S DESIGNEE AS A NONVOTING MEMBER.  
26           3. THE DIRECTOR OF THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM  
27 OR THE DIRECTOR'S DESIGNEE AS A NONVOTING MEMBER.  
28           4. THREE MEMBERS WHO ARE APPOINTED BY THE GOVERNOR.  
29           5. TWO MEMBERS WHO ARE APPOINTED BY THE PRESIDENT OF THE SENATE.  
30           6. TWO MEMBERS WHO ARE APPOINTED BY THE SPEAKER OF THE HOUSE OF  
31 REPRESENTATIVES.  
32           B. EACH VOTING MEMBER OF THE BOARD MUST POSSESS ONE OR MORE OF THE  
33 FOLLOWING:  
34           1. EXPERTISE IN SELLING OR MARKETING INDIVIDUAL OR SMALL EMPLOYER  
35 HEALTH INSURANCE.  
36           2. EXPERTISE IN HEALTH CARE ADMINISTRATION, HEALTH CARE FINANCING,  
37 HEALTH CARE INFORMATION TECHNOLOGY OR HEALTH INSURANCE.  
38           3. EXPERTISE IN ADMINISTERING HEALTH CARE DELIVERY SYSTEMS.  
39           4. EXPERIENCE AS A CONSUMER WHO WOULD BENEFIT FROM THE SERVICES  
40 PROVIDED BY THE EXCHANGE.  
41           5. EXPERIENCE AS A HEALTH CARE CONSUMER ADVOCATE, INCLUDING  
42 EXPERIENCE IN CONSUMER OUTREACH AND CONSUMER EDUCATION.

1 C. WHEN MAKING APPOINTMENTS TO THE BOARD, THE GOVERNOR, THE  
2 PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES  
3 SHALL DO BOTH OF THE FOLLOWING:

4 1. CONSIDER THE COLLECTIVE EXPERTISE AND EXPERIENCE OF THE VOTING  
5 MEMBERS OF THE BOARD AND MAKE APPOINTMENTS THAT COLLECTIVELY REPRESENT:

6 (a) THE EXPERTISE AND EXPERIENCE AS DESCRIBED IN SUBSECTION B OF  
7 THIS SECTION.

8 (b) THE RANGE AND DIVERSITY OF MEMBERS' SKILLS, KNOWLEDGE AND  
9 EXPERIENCE AND GEOGRAPHIC AND STAKEHOLDER PERSPECTIVES.

10 2. ENSURE THAT NOT MORE THAN TWO VOTING MEMBERS OF THE BOARD  
11 REPRESENT ANY PARTICULAR AREA OF EXPERTISE OR EXPERIENCE.

12 D. VOTING MEMBERS OF THE BOARD:

13 1. MAY NOT BE LEGISLATORS OR HOLD ANY ELECTIVE OFFICE IN THIS  
14 STATE.

15 2. SERVE THREE YEAR TERMS.

16 3. MAY BE REAPPOINTED TO THE BOARD.

17 4. MAY BE REMOVED BY THE APPOINTING AUTHORITY IF THE VOTING MEMBER:

18 (a) NEGLECTS THE VOTING MEMBER'S DUTY.

19 (b) COMMITS MALFEASANCE.

20 (c) COMMITS MISFEASANCE OR NONFEASANCE.

21 E. A VACANCY SHALL BE FILLED IN THE SAME MANNER AS THE ORIGINAL  
22 APPOINTMENT.

23 F. ON THE EXPIRATION OF A BOARD MEMBER'S TERM, THE VOTING MEMBER  
24 MAY CONTINUE TO SERVE UNTIL THAT MEMBER IS REAPPOINTED TO ANOTHER TERM OR  
25 A NEW BOARD MEMBER IS APPOINTED.

26 G. THE BOARD SHALL ANNUALLY ELECT A CHAIRPERSON AND VICE  
27 CHAIRPERSON FROM AMONG ITS MEMBERS. THE CHAIRPERSON AND VICE CHAIRPERSON  
28 MAY SERVE MORE THAN ONE TERM.

29 H. BOARD MEMBERS ARE NOT ELIGIBLE TO RECEIVE COMPENSATION BUT  
30 MEMBERS WHO ARE APPOINTED PURSUANT TO SUBSECTION A, PARAGRAPHS 4, 5 AND 6  
31 ARE ELIGIBLE FOR REIMBURSEMENT OF EXPENSES PURSUANT TO TITLE 38, CHAPTER  
32 4, ARTICLE 2.

33 I. THE BOARD SHALL MEET AT LEAST FOUR TIMES EACH CALENDAR YEAR AND  
34 AT OTHER TIMES AT THE DISCRETION OF THE CHAIRPERSON OR A MAJORITY OF THE  
35 VOTING MEMBERS. A MAJORITY OF THE VOTING MEMBERS CONSTITUTES A QUORUM.

36 20-3704. Subcommittees; advisory committees; requirements;  
37 reimbursement

38 A. THE BOARD MAY APPOINT SUBCOMMITTEES AND ADVISORY COMMITTEES THAT  
39 ARE COMPRISED OF MEMBERS OF THE BOARD, FORMER MEMBERS OF THE BOARD AND THE  
40 PUBLIC WHO HAVE EXPERIENCE OR KNOWLEDGE IN MATTERS RELATING TO HEALTH CARE  
41 OR MATTERS THAT ARE WITHIN THE SCOPE OF THE POWERS, DUTIES AND FUNCTIONS  
42 OF THE BOARD.

43 B. THE MEMBERS OF A SUBCOMMITTEE OR ADVISORY COMMITTEE MUST BE  
44 REPRESENTATIVE OF THE VARIOUS GEOGRAPHIC AREAS AND ETHNIC GROUPS OF THIS  
45 STATE TO THE EXTENT PRACTICABLE.

1 C. SUBCOMMITTEE AND ADVISORY COMMITTEE MEMBERS MAY NOT RECEIVE  
2 REIMBURSEMENT OF EXPENSES PURSUANT TO TITLE 38, CHAPTER 4, ARTICLE 2.

3 20-3705. Board; powers and duties; reports; audits

4 A. THE BOARD SHALL:

5 1. ADOPT RULES THAT SET FORTH THE BOARD'S PROCEDURES AND  
6 OPERATIONS.

7 2. ON OR BEFORE JUNE 30 AND DECEMBER 31 OF EACH YEAR, SUBMIT A  
8 WRITTEN FISCAL AND OPERATIONAL REPORT TO THE GOVERNOR, THE PRESIDENT OF  
9 THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND INCLUDE ANY  
10 RECOMMENDATIONS CONCERNING THE EXCHANGE.

11 3. ON OR BEFORE JULY 1 OF EACH YEAR, POST A REPORT ON A PUBLICLY  
12 ACCESSIBLE WEBSITE THAT SUMMARIZES THE ACTIVITIES OF THE BOARD AND  
13 EXPLAINS HOW THE EXCHANGE HAS IMPACTED HEALTH CARE IN THIS STATE FOR THE  
14 PREVIOUS FISCAL YEAR.

15 4. PROVIDE FOR AN ANNUAL AUDIT OF THE BOARD'S FUNCTIONS AND  
16 OPERATIONS.

17 5. SUBMIT IN A TIMELY MANNER ALL REPORTS THAT ARE REQUIRED BY  
18 FEDERAL LAW TO THE APPROPRIATE FEDERAL AGENCIES.

19 B. THE BOARD MAY:

20 1. ADOPT RULES TO CARRY OUT THE DUTIES AND POWERS OF THE EXCHANGE.

21 2. PREPARE SPECIAL REPORTS CONCERNING THE EXCHANGE THAT ARE SENT TO  
22 THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF  
23 REPRESENTATIVES AND THAT ARE PUBLICLY POSTED ON ITS WEBSITE.

24 3. CONTRACT FOR SERVICES THAT THE EXCHANGE MAY REQUIRE TO EXECUTE  
25 THE DUTIES AND POWERS OF THE EXCHANGE, INCLUDING LEGAL, PROFESSIONAL,  
26 TECHNICAL AND PERSONNEL SERVICES.

27 C. THE BOARD IS SUBJECT TO LEGISLATIVE AND EXECUTIVE BRANCH AUDITS,  
28 AS APPROPRIATE.

29 20-3706. Executive director; appointment

30 THE BOARD SHALL APPOINT AN EXECUTIVE DIRECTOR OF THE EXCHANGE. THE  
31 EXECUTIVE DIRECTOR:

32 1. IS AN EMPLOYEE OF THIS STATE.

33 2. SERVES AT THE PLEASURE OF THE BOARD.

34 3. IS RESPONSIBLE TO THE BOARD.

35 4. IS RESPONSIBLE FOR THE ADMINISTRATIVE MATTERS OF THE BOARD.

36 5. MUST HAVE EXPERIENCE AND EDUCATION IN ADMINISTERING HEALTH CARE  
37 OR HEALTH INSURANCE.

38 6. IS SUBJECT TO THE LIMITS OF AVAILABLE FUNDING.

39 7. MAY HIRE OR REMOVE EMPLOYEES.

40 20-3707. Coordination with AHCCCS; children's health  
41 insurance program

42 THE BOARD AND THE DIRECTOR OF THE DEPARTMENT OF HEALTH SERVICES OR  
43 THE DIRECTOR'S DESIGNEE SHALL ENSURE THAT THE EXCHANGE COORDINATES WITH  
44 THE HEALTH CARE COST CONTAINMENT SYSTEM AS PRESCRIBED IN TITLE 36, CHAPTER

1 29, THE CHILDREN'S HEALTH INSURANCE PROGRAM AS PRESCRIBED IN TITLE 36,  
2 CHAPTER 29, ARTICLE 4 AND ANY OTHER STATE OR LOCAL PUBLIC HEALTH PROGRAM.

3 Sec. 3. Title 41, chapter 27, article 2, Arizona Revised Statutes,  
4 is amended by adding section 41-3034.01, to read:

5 41-3034.01. State health insurance exchange board;  
6 termination July 1, 2034

7 A. THE STATE HEALTH INSURANCE EXCHANGE BOARD TERMINATES ON JULY 1,  
8 2034.

9 B. TITLE 20, CHAPTER 32, ARTICLE 1 AND THIS SECTION ARE REPEALED ON  
10 JANUARY 1, 2035.

11 Sec. 4. Initial terms of state health insurance exchange board

12 A. Notwithstanding section 20-3703, Arizona Revised Statutes, as  
13 added by this act, the initial terms of members of the state health  
14 insurance exchange board are:

- 15 1. Two terms ending January 31, 2025.
- 16 2. Two terms ending January 31, 2026.
- 17 3. Three terms ending January 31, 2027.

18 B. The appropriate official shall make all subsequent appointments  
19 as prescribed by statute.

20 Sec. 5. Purpose

21 Pursuant to section 41-2955, subsection E, Arizona Revised Statutes,  
22 the legislature establishes the state health insurance exchange board to  
23 facilitate the purchase and sale of qualified health plans in the  
24 individual health insurance market in this state.