

REFERENCE TITLE: health insurance; requirements; essential benefits

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

## **SB 1696**

Introduced by  
Senator Gonzales: Representative Hernandez L

AN ACT

AMENDING TITLE 20, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY  
ADDING SECTION 20-123; AMENDING SECTION 20-1384, ARIZONA REVISED STATUTES;  
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 insurers; requirements; prohibitions;  
5 definitions

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

9 1. SHALL:

10 (a) ENSURE THAT ALL PRODUCTS SOLD COVER ESSENTIAL HEALTH CARE  
11 BENEFITS.

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

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

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

23 2. MAY NOT:

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

27 (b) IMPOSE ANY PREEXISTING CONDITION EXCLUSION OR LIMITATION IN ANY  
28 HEALTH CARE PLAN.

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

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

33 (e) REFUSE TO COVER SERVICES THAT ARE NECESSARY TO TREAT A  
34 PREEXISTING CONDITION.

35 (f) IMPOSE ANNUAL OR LIFETIME DOLLAR LIMITS ON ESSENTIAL HEALTH  
36 CARE BENEFITS.

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

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

42 B. FOR THE PURPOSES OF THIS SECTION:

43 1. "ESSENTIAL HEALTH CARE BENEFITS" MEANS THE ITEMS AND SERVICES  
44 COVERED WITHIN THE FOLLOWING TEN GENERAL CATEGORIES:

45 (a) AMBULATORY SERVICES.

- 1 (b) EMERGENCY SERVICES.
- 2 (c) HOSPITALIZATION.
- 3 (d) MATERNITY AND NEWBORN CARE.
- 4 (e) MENTAL HEALTH AND SUBSTANCE ABUSE DISORDER SERVICES.
- 5 (f) PRESCRIPTION DRUGS.
- 6 (g) REHABILITATIVE AND HABILITATIVE SERVICES AND DEVICES.
- 7 (h) LABORATORY SERVICES.
- 8 (i) PREVENTIVE AND WELLNESS SERVICES.
- 9 (j) PEDIATRIC SERVICES, INCLUDING ORAL AND VISION CARE.

10 2. "HEALTH CARE INSURER" MEANS A DISABILITY INSURER, GROUP  
11 DISABILITY INSURER, BLANKET DISABILITY INSURER, HEALTH CARE SERVICES  
12 ORGANIZATION, HOSPITAL SERVICE CORPORATION, MEDICAL SERVICE CORPORATION OR  
13 HOSPITAL AND MEDICAL SERVICE CORPORATION.

14 3. "HEALTH CARE PLAN" MEANS A POLICY, EVIDENCE OF COVERAGE OR  
15 CONTRACT ISSUED BY A HEALTH CARE INSURER.

16 4. "PREEXISTING CONDITION EXCLUSION OR LIMITATION" MEANS AN  
17 EXCLUSION OR LIMITATION OF BENEFITS, INCLUDING A DENIAL OF COVERAGE, BASED  
18 ON THE FACT THAT THE CONDITION WAS PRESENT BEFORE THE DATE OF ENROLLMENT,  
19 REGARDLESS OF WHETHER ANY MEDICAL ADVICE, DIAGNOSIS, CARE OR TREATMENT WAS  
20 RECOMMENDED OR RECEIVED BEFORE THAT DATE.

21 5. "SHORT-TERM LIMITED DURATION INSURANCE" HAS THE SAME MEANING  
22 PRESCRIBED IN SECTION 20-1384.

23 6. "SMALL EMPLOYER GROUP" MEANS AN EMPLOYER WHO EMPLOYS AT LEAST  
24 TWO BUT NOT MORE THAN FIFTY ELIGIBLE EMPLOYEES ON A TYPICAL BUSINESS DAY  
25 DURING ANY ONE CALENDAR YEAR.

26 Sec. 2. Section 20-1384, Arizona Revised Statutes, is amended to  
27 read:

28 20-1384. Short-term limited duration insurance; notice;  
29 definitions

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

35 Notice

36 This coverage is not required to comply with certain federal  
37 market requirements for health insurance, principally those  
38 contained in the affordable care act. Be sure to check your  
39 policy carefully to make sure you are aware of any exclusions  
40 or limitations regarding coverage of preexisting conditions or  
41 health benefits (such as hospitalization, emergency services,  
42 maternity care, preventive care, prescription drugs and mental  
43 health and substance use disorder services). Your policy  
44 might also have lifetime or annual dollar limits on health  
45 benefits, or both. If this coverage expires or you lose

1 eligibility for this coverage, you might have to wait until an  
2 open enrollment period to get other health insurance coverage.

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

5 C. For the purposes of this section:

6 1. "Health care insurer" has the same meaning prescribed in section  
7 20-1379.

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