REFERENCE TITLE: family leave insurance

State of Arizona Senate Forty-eighth Legislature Second Regular Session 2008

SB 1199

Introduced by Senator Garcia

AN ACT

AMENDING TITLE 23, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 10; RELATING TO FAMILY LEAVE INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Title 23, Arizona Revised Statutes, is amended by adding chapter 10, to read:

CHAPTER 10

FAMILY LEAVE INSURANCE

ARTICLE 1. GENERAL PROVISIONS

23-1601. <u>Definitions</u>

IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

- 1. "APPLICATION YEAR" MEANS THE TWELVE MONTH PERIOD BEGINNING ON THE FIRST DAY OF THE CALENDAR WEEK IN WHICH AN INDIVIDUAL FILES AN APPLICATION FOR FAMILY LEAVE INSURANCE BENEFITS AND, THEREAFTER, THE TWELVE MONTH PERIOD BEGINNING WITH THE FIRST DAY OF THE CALENDAR WEEK IN WHICH THE INDIVIDUAL NEXT FILES AN APPLICATION FOR FAMILY LEAVE INSURANCE BENEFITS AFTER THE EXPIRATION OF THE INDIVIDUAL'S LAST PRECEDING APPLICATION YEAR.
- 2. "CALENDAR QUARTER" HAS THE SAME MEANING PRESCRIBED IN SECTION 23-610.
- 3. "CHILD" MEANS A PERSON WHO IS A BIOLOGICAL, ADOPTED OR FOSTER CHILD, A STEPCHILD, A LEGAL WARD OR A CHILD OF A PERSON STANDING IN LOCO PARENTIS AND WHO IS EITHER:
 - (a) UNDER EIGHTEEN YEARS OF AGE.
- (b) EIGHTEEN YEARS OF AGE OR OLDER AND INCAPABLE OF SELF-CARE BECAUSE OF A MENTAL OR PHYSICAL DISABILITY, WHETHER PERMANENT OR TEMPORARY.
 - 4. "DEPARTMENT" MEANS THE DEPARTMENT OF ECONOMIC SECURITY.
- 5. "DIRECTOR" MEANS THE DIRECTOR OF THE DEPARTMENT OF ECONOMIC SECURITY.
- 6. "DOMESTIC PARTNER" MEANS AN UNMARRIED PERSON EIGHTEEN YEARS OF AGE OR OLDER IF ALL THE FOLLOWING APPLY:
- (a) WITH WHOM THE INDIVIDUAL ENTERED INTO A CLOSE PERSONAL RELATIONSHIP WHEN BOTH PARTIES WERE MENTALLY COMPETENT AND HAS MAINTAINED A CLOSE PERSONAL RELATIONSHIP SOLELY WITH THAT PERSON FOR A MINIMUM OF SIX CONTINUOUS MONTHS.
 - (b) WITH WHOM THE INDIVIDUAL SHARES A REGULAR AND PERMANENT RESIDENCE.
- (c) WITH WHOM THE INDIVIDUAL HAS AGREED TO BE JOINTLY RESPONSIBLE FOR BASIC LIVING EXPENSES INCURRED DURING THE DOMESTIC PARTNERSHIP.
- (d) TO WHOM THE INDIVIDUAL IS NOT RELATED BY BLOOD AS WOULD BAR MARRIAGE.
- 7. "EMPLOYER" HAS THE SAME MEANING PRESCRIBED IN SECTION 23-613 AND INCLUDES THIS STATE AND POLITICAL SUBDIVISIONS OF THIS STATE.
 - 8. "EMPLOYMENT" HAS THE SAME MEANING PRESCRIBED IN SECTION 23-615.
- 9. "FAMILY AND MEDICAL LEAVE ACT" MEANS THE UNITED STATES FAMILY AND MEDICAL LEAVE ACT OF 1993 (P.L. 103-3; 107 STAT. 6; 29 UNITED STATES CODE CHAPTER 28).
 - 10. "FAMILY LEAVE" MEANS LEAVE FROM EMPLOYMENT:
- (a) TO CARE FOR A NEWBORN CHILD OR ADOPTED OR FOSTER CHILD OF THE INDIVIDUAL OR THE INDIVIDUAL'S SPOUSE OR DOMESTIC PARTNER IF LEAVE IS

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COMPLETED WITHIN TWELVE MONTHS AFTER THE BIRTH OR THE PLACEMENT FOR ADOPTION OR FOSTER CARE, AS APPLICABLE.

- (b) TO CARE FOR THE INDIVIDUAL'S FAMILY MEMBER WHO HAS A SERIOUS HEALTH CONDITION.
- (c) BECAUSE OF THE INDIVIDUAL'S SERIOUS HEALTH CONDITION THAT MAKES THE INDIVIDUAL UNABLE TO PERFORM THE FUNCTIONS OF THE INDIVIDUAL'S POSITION.
- 11. "FAMILY LEAVE INSURANCE BENEFITS" MEANS THE BENEFITS PAYABLE PURSUANT TO SECTIONS 23-1605 AND 23-1606.
- 12. "FAMILY MEMBER" MEANS A CHILD, SPOUSE OR DOMESTIC PARTNER OR THE PARENT OF THE INDIVIDUAL OR INDIVIDUAL'S SPOUSE OR DOMESTIC PARTNER.
 - 13. "HEALTH CARE PROVIDER" MEANS:
 - (a) A PERSON LICENSED AS A PHYSICIAN UNDER TITLE 32, CHAPTER 13.
- (b) A PERSON LICENSED AS AN OSTEOPATHIC PHYSICIAN AND SURGEON UNDER TITLE 32, CHAPTER 17.
- (c) ANY OTHER PERSON DETERMINED BY THE DIRECTOR TO BE CAPABLE OF PROVIDING HEALTH CARE SERVICES.
- 14. "PARENT" MEANS A BIOLOGICAL OR ADOPTIVE PARENT, A STEPPARENT OR AN INDIVIDUAL WHO STOOD IN LOCO PARENTIS TO AN INDIVIDUAL OR AN INDIVIDUAL'S SPOUSE OR DOMESTIC PARTNER WHEN THE INDIVIDUAL OR INDIVIDUAL'S SPOUSE OR DOMESTIC PARTNER WAS A CHILD.
- 15. "PREMIUM" MEANS PAYMENTS REQUIRED BY THIS CHAPTER TO BE MADE TO THE DEPARTMENT FOR THE FAMILY LEAVE INSURANCE FUND UNDER SECTION 23-1619.
- 16. "QUALIFYING YEAR" MEANS THE FIRST FOUR OF THE LAST FIVE COMPLETED CALENDAR QUARTERS OR THE LAST FOUR COMPLETED CALENDAR QUARTERS IMMEDIATELY PRECEDING THE FIRST DAY OF THE INDIVIDUAL'S APPLICATION YEAR.
- 17. "REGULARLY WORKING" MEANS THE AVERAGE NUMBER OF HOURS PER WORK WEEK THAT AN INDIVIDUAL WORKED IN THE TWO QUARTERS OF THE INDIVIDUAL'S QUALIFYING YEAR IN WHICH TOTAL WAGES WERE HIGHEST.
- 18. "SERIOUS HEALTH CONDITION" MEANS AN ILLNESS, INJURY, IMPAIRMENT OR PHYSICAL OR MENTAL CONDITION THAT INVOLVES EITHER:
- (a) A PERIOD OF INCAPACITY OR TREATMENT CONNECTED WITH INPATIENT CARE, SUCH AS AN OVERNIGHT STAY, IN A HOSPITAL, HOSPICE OR RESIDENTIAL MEDICAL CARE FACILITY AND A PERIOD OF INCAPACITY OR SUBSEQUENT TREATMENT OR RECOVERY IN CONNECTION WITH THE INPATIENT CARE.
- (b) CONTINUING TREATMENT BY OR UNDER THE SUPERVISION OF A HEALTH CARE PROVIDER OR A PROVIDER OF HEALTH CARE SERVICES AND INCLUDES A PERIOD OF INCAPACITY, SUCH AS AN INABILITY TO WORK, ATTEND SCHOOL OR PERFORM OTHER REGULAR DAILY ACTIVITIES.
 - 23-1602. <u>Family leave insurance program; claim procedure;</u> <u>outreach information</u>
- A. THE DEPARTMENT SHALL ESTABLISH AND ADMINISTER A FAMILY LEAVE INSURANCE PROGRAM AND PAY FAMILY LEAVE INSURANCE BENEFITS AS PRESCRIBED IN THIS CHAPTER.
- B. THE DEPARTMENT SHALL ESTABLISH PROCEDURES AND FORMS FOR FILING CLAIMS FOR BENEFITS UNDER THIS CHAPTER. THE DEPARTMENT SHALL NOTIFY THE

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EMPLOYER WITHIN FIVE BUSINESS DAYS OF A CLAIM BEING FILED UNDER SECTION 23-1603.

- C. THE DEPARTMENT MAY REQUIRE THAT A CLAIM FOR BENEFITS UNDER THIS CHAPTER BE SUPPORTED BY A CERTIFICATION THAT IS ISSUED BY A HEALTH CARE PROVIDER PROVIDING HEALTH CARE TO THE INDIVIDUAL OR INDIVIDUAL'S FAMILY MEMBER, AS APPLICABLE.
- D. THE DEPARTMENT SHALL USE INFORMATION SHARING AND INTEGRATION TECHNOLOGY TO FACILITATE THE DISCLOSURE OF RELEVANT INFORMATION OR RECORDS BY THE DEPARTMENT IF AN INDIVIDUAL CONSENTS TO THE DISCLOSURE.
- E. INFORMATION CONTAINED IN THE FILES AND RECORDS PERTAINING TO AN INDIVIDUAL UNDER THIS CHAPTER IS CONFIDENTIAL AND NOT OPEN TO PUBLIC INSPECTION EXCEPT TO PUBLIC EMPLOYEES IN THE PERFORMANCE OF THEIR OFFICIAL DUTIES. THE INDIVIDUAL OR AN AUTHORIZED REPRESENTATIVE OF AN INDIVIDUAL MAY REVIEW THE RECORDS OR RECEIVE SPECIFIC INFORMATION FROM THE RECORDS ON THE PRESENTATION OF THE SIGNED AUTHORIZATION OF THE INDIVIDUAL. AN EMPLOYER OR THE EMPLOYER'S DULY AUTHORIZED REPRESENTATIVE MAY REVIEW THE RECORDS OF AN INDIVIDUAL EMPLOYED BY THE EMPLOYER IN CONNECTION WITH A PENDING CLAIM. AT THE DEPARTMENT'S DISCRETION, OTHER PERSONS MAY REVIEW RECORDS IF THE PERSONS ARE RENDERING ASSISTANCE TO THE DEPARTMENT AT ANY STAGE OF THE PROCEEDINGS ON ANY MATTER PERTAINING TO THE ADMINISTRATION OF THIS CHAPTER.
- F. THE DEPARTMENT SHALL DEVELOP OUTREACH INFORMATION TO ENSURE THAT INDIVIDUALS WHO MAY BE ELIGIBLE TO RECEIVE FAMILY LEAVE INSURANCE BENEFITS UNDER THIS CHAPTER ARE MADE AWARE OF THESE BENEFITS. OUTREACH INFORMATION SHALL EXPLAIN, IN AN EASY TO UNDERSTAND FORMAT, ELIGIBILITY REQUIREMENTS, THE CLAIMS PROCESS, WEEKLY BENEFIT AMOUNTS, MAXIMUM BENEFITS PAYABLE, NOTICE AND MEDICAL CERTIFICATION REQUIREMENTS, REINSTATEMENT AND NONDISCRIMINATION RIGHTS, CONFIDENTIALITY AND THE RELATIONSHIP BETWEEN BENEFITS UNDER THIS CHAPTER AND OTHER LEAVE RIGHTS AND BENEFITS. OUTREACH INFORMATION SHALL BE AVAILABLE IN ENGLISH AND OTHER PRIMARY LANGUAGES.

23-1603. Payment of benefits: filing: procedures

BEGINNING JANUARY 1, 2009, FAMILY LEAVE INSURANCE BENEFITS ARE PAYABLE TO AN INDIVIDUAL DURING A PERIOD IN WHICH THE INDIVIDUAL IS ON FAMILY LEAVE IF THE INDIVIDUAL:

- 1. FILES A CLAIM FOR BENEFITS IN EACH WEEK IN WHICH THE INDIVIDUAL IS ON FAMILY LEAVE AND AS REQUIRED BY RULES ADOPTED BY THE DIRECTOR.
- 2. HAS BEEN EMPLOYED FOR AT LEAST SIX HUNDRED EIGHTY HOURS IN EMPLOYMENT DURING THE INDIVIDUAL'S QUALIFYING YEAR.
- 3. ESTABLISHES AN APPLICATION YEAR. AN APPLICATION YEAR MAY NOT BE ESTABLISHED IF THE QUALIFYING YEAR INCLUDES HOURS WORKED BEFORE ESTABLISHMENT OF A PREVIOUS APPLICATION YEAR.
- 4. CONSENTS TO THE DISCLOSURE OF INFORMATION OR RECORDS DEEMED PRIVATE AND CONFIDENTIAL UNDER SECTION 23-722. INITIAL DISCLOSURE OF THIS INFORMATION AND THESE RECORDS BY THE DEPARTMENT IS SOLELY FOR PURPOSES RELATED TO THE ADMINISTRATION OF THIS CHAPTER. FURTHER DISCLOSURE OF THIS INFORMATION OR THESE RECORDS IS SUBJECT TO SECTIONS 23-1602 AND 23-1612.

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- 5. DISCLOSES WHETHER OR NOT THE INDIVIDUAL IS LIABLE FOR CHILD SUPPORT OBLIGATIONS.
- 6. DOCUMENTS THAT THE INDIVIDUAL HAS PROVIDED THE EMPLOYER FROM WHOM FAMILY LEAVE IS TO BE TAKEN WITH WRITTEN NOTICE OF THE INDIVIDUAL'S INTENTION TO TAKE FAMILY LEAVE AS FOLLOWS:
- (a) IF THE NECESSITY FOR FAMILY LEAVE AS DEFINED IN SECTION 23-1601, PARAGRAPH 10, SUBDIVISION (a) WAS FORESEEABLE BASED ON AN EXPECTED BIRTH OR PLACEMENT, NOTICE WAS GIVEN AT LEAST THIRTY DAYS BEFORE THE FAMILY LEAVE WAS TO BEGIN STATING THE ANTICIPATED STARTING DATE AND ENDING DATE OF THE FAMILY LEAVE, OR IF THE DATE OF BIRTH OR PLACEMENT REQUIRED FAMILY LEAVE TO BEGIN IN LESS THAN THIRTY DAYS OR IF THE DATE OF BIRTH OR PLACEMENT REQUIRED FAMILY LEAVE TO BE CHANGED OR EXTENDED, AS MUCH NOTICE AS PRACTICABLE WAS GIVEN.
- (b) IF THE NECESSITY FOR FAMILY LEAVE AS DEFINED IN SECTION 23-1601, PARAGRAPH 10, SUBDIVISION (b) OR (c) WAS FORESEEABLE BASED ON PLANNED MEDICAL TREATMENT:
- (i) NOTICE WAS GIVEN AT LEAST THIRTY DAYS BEFORE THE FAMILY LEAVE WAS TO BEGIN STATING THE ANTICIPATED STARTING DATE AND ENDING DATE OF THE FAMILY LEAVE, OR IF THE DATE OF THE TREATMENT REQUIRED FAMILY LEAVE TO BEGIN IN LESS THAN THIRTY DAYS OR IF THE DATE OF THE TREATMENT REQUIRED FAMILY LEAVE TO BE CHANGED OR EXTENDED, AS MUCH NOTICE AS PRACTICABLE WAS GIVEN.
- (ii) THE INDIVIDUAL MADE REASONABLE EFFORTS TO SCHEDULE THE TREATMENT SO AS NOT TO DISRUPT UNDULY THE OPERATIONS OF THE EMPLOYER, SUBJECT TO THE APPROVAL OF THE HEALTH CARE PROVIDER OF THE INDIVIDUAL OR FAMILY MEMBER, AS APPLICABLE.
- 7. IS NOT RECEIVING BENEFITS UNDER THE UNEMPLOYMENT COMPENSATION, INDUSTRIAL INSURANCE, CRIME VICTIMS' COMPENSATION OR DISABILITY INSURANCE LAWS OF THIS STATE, ANY OTHER STATE OR THE UNITED STATES.
 - 23-1604. Disqualification of family leave insurance benefits
- AN INDIVIDUAL IS DISQUALIFIED FROM FAMILY LEAVE INSURANCE BENEFITS BEGINNING WITH THE FIRST DAY OF THE CALENDAR WEEK AND CONTINUING FOR THE NEXT FIFTY-TWO CONSECUTIVE WEEKS IN WHICH THE INDIVIDUAL:
- 1. WILFULLY MADE A FALSE STATEMENT OR MISREPRESENTATION REGARDING A MATERIAL FACT OR WILFULLY FAILED TO REPORT A MATERIAL FACT TO OBTAIN BENEFITS UNDER THIS CHAPTER.
- 2. WITH RESPECT TO FAMILY LEAVE AS DEFINED IN SECTION 23-1601, PARAGRAPH 10, SUBDIVISION (c), IS SUFFERING FROM A SERIOUS HEALTH CONDITION RESULTING FROM THE INDIVIDUAL'S PERPETRATION OF A GROSS MISDEMEANOR OR FELONY.
 - 23-1605. Extent of payable benefits
- A. THE MAXIMUM NUMBER OF WEEKS DURING WHICH FAMILY LEAVE INSURANCE BENEFITS ARE PAYABLE IN AN APPLICATION YEAR IS FIVE WEEKS. BENEFITS ARE NOT PAYABLE DURING A WAITING PERIOD CONSISTING OF THE FIRST FIVE WORK DAYS OF FAMILY LEAVE TAKEN IN AN APPLICATION YEAR WITH RESPECT TO A PARTICULAR TYPE OF FAMILY LEAVE, WHETHER THE FIRST FIVE WORK DAYS OF FAMILY LEAVE ARE EMPLOYER PAID OR UNPAID.

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- B. THE FIRST PAYMENT OF BENEFITS MUST BE MADE TO AN INDIVIDUAL WITHIN TWO WEEKS AFTER THE CLAIM IS FILED OR THE FAMILY LEAVE BEGAN, WHICHEVER IS LATER, AND SUBSEQUENT PAYMENTS MUST BE MADE SEMIMONTHLY THEREAFTER.
- C. THE PAYMENT OF BENEFITS UNDER THIS CHAPTER IS NOT CONSIDERED A BINDING DETERMINATION OF THE OBLIGATIONS OF THE DEPARTMENT UNDER THIS CHAPTER. THE ACCEPTANCE OF COMPENSATION BY THE INDIVIDUAL IS NOT CONSIDERED A BINDING DETERMINATION OF THE INDIVIDUAL'S RIGHTS UNDER THIS CHAPTER. IF ANY PAYMENT OF BENEFITS UNDER THIS CHAPTER HAS BEEN MADE AND TIMELY APPEAL HAS BEEN MADE IN WHICH THE FINAL DECISION IS THAT THE PAYMENT WAS IMPROPER, THE INDIVIDUAL SHALL REPAY THE BENEFIT AND RECOUPMENT MAY BE MADE FROM ANY FUTURE PAYMENT DUE TO THE INDIVIDUAL ON ANY CLAIM UNDER THIS CHAPTER. THE DIRECTOR MAY WAIVE, IN WHOLE OR IN PART, THE AMOUNT OF ANY SUCH PAYMENTS IN WHICH THE RECOVERY WOULD BE AGAINST EQUITY AND GOOD CONSCIENCE.
- D. IF AN INDIVIDUAL DIES BEFORE RECEIVING A PAYMENT OF BENEFITS, THE PAYMENT SHALL BE MADE TO THE SURVIVING SPOUSE OR DOMESTIC PARTNER OR THE CHILD OR CHILDREN IF THERE IS NO SURVIVING SPOUSE OR DOMESTIC PARTNER. IF THERE IS NO SURVIVING SPOUSE OR DOMESTIC PARTNER AND NO CHILD OR CHILDREN, THE PAYMENT SHALL BE MADE BY THE DEPARTMENT AND DISTRIBUTED CONSISTENT WITH THE TERMS OF THE DECEDENT'S WILL OR, IF THE DECEDENT DIES INTESTATE, CONSISTENT WITH THE TERMS OF TITLE 14, CHAPTER 2, ARTICLE 1.
- E. BENEFITS ARE NOT PAYABLE AND WAITING PERIOD CREDITS ARE NOT EARNED UNDER THIS CHAPTER FOR ANY WEEKS IN WHICH COMPENSATION IS PAID OR PAYABLE TO THE INDIVIDUAL UNDER CHAPTER 4 OF THIS TITLE OR A SIMILAR LAW OF ANOTHER STATE OR THE UNITED STATES OR UNDER CHAPTER 6 OF THIS TITLE OR ANOTHER STATE OR FEDERAL WORKERS' COMPENSATION LAW.

23-1606. Benefit amount: deductions: withholdings

- A. THE AMOUNT OF FAMILY LEAVE INSURANCE BENEFITS SHALL BE DETERMINED AS FOLLOWS:
- 1. FOR WEEKS OF FAMILY LEAVE BEGINNING BEFORE JULY 1, 2009, THE WEEKLY BENEFIT SHALL BE TWO HUNDRED FIFTY DOLLARS PER WEEK FOR AN INDIVIDUAL WHO AT THE TIME OF BEGINNING FAMILY LEAVE WAS REGULARLY WORKING FORTY HOURS OR MORE PER WEEK. ON OR BEFORE JUNE 30, 2009, AND ON OR BEFORE EACH SUBSEQUENT JUNE 30, THE DEPARTMENT SHALL CALCULATE TO THE NEAREST DOLLAR AN ADJUSTED MAXIMUM WEEKLY BENEFIT TO ACCOUNT FOR INFLATION USING THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS FOR THE TWELVE COMPLETED CALENDAR MONTHS BEFORE EACH JUNE 30, WHICH IS PUBLISHED BY THE UNITED STATES DEPARTMENT OF LABOR BUREAU OF LABOR STATISTICS. THE ADJUSTED MAXIMUM WEEKLY BENEFIT TAKES EFFECT FOR WEEKS OF FAMILY LEAVE BEGINNING AFTER THE RELEVANT JUNE 30.
- 2. IF AN INDIVIDUAL WHO AT THE TIME OF BEGINNING FAMILY LEAVE WAS REGULARLY WORKING FORTY HOURS OR MORE PER WEEK AND IS ON FAMILY LEAVE FOR LESS THAN FORTY HOURS BUT AT LEAST EIGHT HOURS IN A WEEK, THE INDIVIDUAL'S WEEKLY BENEFIT IS .025 TIMES THE MAXIMUM WEEKLY BENEFIT TIMES THE NUMBER OF HOURS OF FAMILY LEAVE TAKEN IN THE WEEK. BENEFITS ARE NOT PAYABLE FOR LESS THAN EIGHT HOURS OF FAMILY LEAVE TAKEN IN A WEEK.

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- 3. FOR AN INDIVIDUAL WHO AT THE TIME OF BEGINNING FAMILY LEAVE WAS REGULARLY WORKING LESS THAN FORTY HOURS PER WEEK, THE DEPARTMENT SHALL CALCULATE A PRORATED SCHEDULE FOR A WEEKLY BENEFIT AMOUNT AND A MINIMUM NUMBER OF HOURS OF FAMILY LEAVE THAT MUST BE TAKEN IN A WEEK FOR BENEFITS TO BE PAYABLE, WITH THE PRORATED SCHEDULE BASED ON THE AMOUNTS AND THE CALCULATIONS PRESCRIBED UNDER PARAGRAPHS 1 AND 2.
- B. IF AN INDIVIDUAL DISCLOSES THAT THE INDIVIDUAL OWES CHILD SUPPORT OBLIGATIONS AND THE DEPARTMENT DETERMINES THAT THE INDIVIDUAL IS ELIGIBLE FOR BENEFITS, THE DEPARTMENT SHALL NOTIFY THE APPLICABLE STATE CHILD SUPPORT ENFORCEMENT AGENCY AND DEDUCT AND WITHHOLD AN AMOUNT FROM BENEFITS IN A MANNER CONSISTENT WITH SECTION 23-789.
- C. IF THE INTERNAL REVENUE SERVICE DETERMINES THAT FAMILY LEAVE INSURANCE BENEFITS UNDER THIS CHAPTER ARE SUBJECT TO FEDERAL INCOME TAX AND AN INDIVIDUAL ELECTS TO HAVE FEDERAL INCOME TAX DEDUCTED AND WITHHELD FROM BENEFITS, THE DEPARTMENT SHALL DEDUCT AND WITHHOLD THE AMOUNT SPECIFIED IN THE FEDERAL INTERNAL REVENUE CODE IN A MANNER CONSISTENT WITH SECTION 23-1607.

23-1607. <u>Deduction for taxes; notification</u>

- A. IF THE INTERNAL REVENUE SERVICE DETERMINES THAT FAMILY LEAVE INSURANCE BENEFITS UNDER THIS CHAPTER ARE SUBJECT TO FEDERAL INCOME TAX, THE DEPARTMENT SHALL ADVISE AN INDIVIDUAL FILING A NEW CLAIM FOR FAMILY LEAVE INSURANCE BENEFITS AT THE TIME OF FILING THE CLAIM THAT:
- 1. THE INTERNAL REVENUE SERVICE HAS DETERMINED THAT BENEFITS ARE SUBJECT TO FEDERAL INCOME TAX.
 - 2. REQUIREMENTS EXIST PERTAINING TO ESTIMATED TAX PAYMENTS.
- 3. THE INDIVIDUAL MAY ELECT TO HAVE FEDERAL INCOME TAX DEDUCTED AND WITHHELD FROM THE INDIVIDUAL'S PAYMENT OF BENEFITS AT THE AMOUNT PRESCRIBED IN THE FEDERAL INTERNAL REVENUE CODE.
- 4. THE INDIVIDUAL IS PERMITTED TO CHANGE A PREVIOUSLY ELECTED WITHHOLDING STATUS.
- B. AMOUNTS DEDUCTED AND WITHHELD FROM BENEFITS REMAIN IN THE FAMILY LEAVE INSURANCE FUND ESTABLISHED BY SECTION 23-1619 UNTIL TRANSFERRED TO THE FEDERAL TAXING AUTHORITY AS A PAYMENT OF INCOME TAX.
- C. THE DIRECTOR SHALL FOLLOW ALL PROCEDURES PRESCRIBED BY THE FEDERAL INTERNAL REVENUE SERVICE PERTAINING TO THE DEDUCTING AND WITHHOLDING OF INCOME TAX.

23-1608. Erroneous benefit payments

IF FAMILY LEAVE INSURANCE BENEFITS ARE PAID ERRONEOUSLY OR AS A RESULT OF WILFUL MISREPRESENTATION OR IF A CLAIM FOR FAMILY LEAVE BENEFITS IS REJECTED AFTER BENEFITS ARE PAID, APPEALS SHALL BE GOVERNED BY TITLE 41, CHAPTER 14, ARTICLE 3, PENALTIES SHALL BE PAID INTO THE FAMILY LEAVE INSURANCE FUND ESTABLISHED BY SECTION 23-1619 AND THE DEPARTMENT SHALL SEEK REPAYMENT OF BENEFITS FROM THE RECIPIENT.

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23-1609. Reinstatement by employer after family leave

- A. DURING A PERIOD IN WHICH AN INDIVIDUAL RECEIVES FAMILY LEAVE INSURANCE BENEFITS UNDER THIS CHAPTER, THE INDIVIDUAL IS ENTITLED TO FAMILY LEAVE AND, AT THE ESTABLISHED ENDING DATE OF LEAVE, TO BE REINSTATED IN THE INDIVIDUAL'S POSITION WITH THE EMPLOYER FROM WHOM LEAVE WAS TAKEN SUBJECT TO THE FOLLOWING:
- 1. AN EMPLOYER MAY REQUIRE THAT FAMILY LEAVE FOR WHICH AN INDIVIDUAL IS RECEIVING OR RECEIVED FAMILY LEAVE INSURANCE BENEFITS UNDER THIS CHAPTER BE TAKEN CONCURRENTLY WITH LEAVE UNDER THE FAMILY AND MEDICAL LEAVE ACT, EXCEPT THAT:
- (a) FAMILY LEAVE TAKEN FOR SICKNESS OR TEMPORARY DISABILITY BECAUSE OF PREGNANCY OR CHILDBIRTH IS IN ADDITION TO LEAVE UNDER THE FAMILY AND MEDICAL LEAVE ACT.
- (b) FAMILY LEAVE DURING WHICH THE INDIVIDUAL IS RECEIVING OR RECEIVED FAMILY LEAVE INSURANCE BENEFITS UNDER THIS CHAPTER IS IN ADDITION TO LEAVE FROM EMPLOYMENT DURING WHICH BENEFITS ARE PAID OR ARE PAYABLE UNDER CHAPTER 6 OF THIS TITLE OR ANOTHER STATE OR FEDERAL WORKERS' COMPENSATION LAW AND THAT IS DESIGNATED AS LEAVE UNDER THE FAMILY AND MEDICAL LEAVE ACT.
- 2. IF AN EMPLOYER REQUIRES THAT FAMILY LEAVE FOR WHICH AN INDIVIDUAL IS RECEIVING OR RECEIVED BENEFITS UNDER THIS CHAPTER BE TAKEN CONCURRENTLY WITH LEAVE UNDER THE FAMILY AND MEDICAL LEAVE ACT, THE EMPLOYER SHALL GIVE ALL INDIVIDUALS IN ITS EMPLOY WRITTEN NOTICE OF THE REQUIREMENT.
- B. IF THE INDIVIDUAL IS ENTITLED, ON RETURN FROM FAMILY LEAVE UNDER THIS CHAPTER, TO REINSTATEMENT UNDER THE FAMILY AND MEDICAL LEAVE ACT OR OTHER APPLICABLE FEDERAL OR STATE LAW OTHER THAN THIS CHAPTER, REINSTATEMENT IS REQUIRED AS PROVIDED UNDER THE APPLICABLE LAW MOST FAVORABLE TO THE INDIVIDUAL.
- C. IF THE INDIVIDUAL IS NOT ENTITLED TO REINSTATEMENT ON RETURN FROM FAMILY LEAVE UNDER SUBSECTION B, THE INDIVIDUAL IS ENTITLED, ON RETURN FROM LEAVE UNDER THIS CHAPTER, TO BE REINSTATED:
 - 1. IN THE SAME POSITION HELD BY THE INDIVIDUAL WHEN THE LEAVE BEGAN.
- 2. IN A POSITION WITH EQUIVALENT BENEFITS AND PAY AT A WORKPLACE WITHIN TWENTY MILES OF THE INDIVIDUAL'S WORKPLACE WHEN LEAVE BEGAN.
- 3. IF THE EMPLOYER'S CIRCUMSTANCES HAVE SO CHANGED THAT THE INDIVIDUAL CANNOT BE REINSTATED IN THE SAME POSITION OR A POSITION OF EQUIVALENT PAY AND BENEFITS, IN ANY OTHER POSITION THAT IS VACANT AND FOR WHICH THE INDIVIDUAL IS QUALIFIED.
- D. THE ENTITLEMENT UNDER SUBSECTION C IS SUBJECT TO BONA FIDE CHANGES IN COMPENSATION OR WORK DUTIES AND DOES NOT APPLY IF:
- 1. THE INDIVIDUAL'S POSITION IS ELIMINATED BY A BONA FIDE RESTRUCTURING OR REDUCTION IN FORCE.
- 2. THE INDIVIDUAL'S WORKPLACE IS PERMANENTLY OR TEMPORARILY SHUT DOWN FOR AT LEAST THIRTY DAYS.
- 3. THE INDIVIDUAL'S WORKPLACE IS MOVED TO A LOCATION AT LEAST SIXTY MILES FROM THE LOCATION OF THE WORKPLACE WHEN LEAVE BEGAN.

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- 4. THE INDIVIDUAL ON FAMILY LEAVE TAKES ANOTHER JOB.
- 5. THE INDIVIDUAL FAILS TO RETURN ON THE ESTABLISHED ENDING DATE OF LEAVE.
- E. AN INDIVIDUAL WHO HAS BEEN ON FAMILY LEAVE WHILE RECEIVING FAMILY LEAVE INSURANCE BENEFITS UNDER THIS CHAPTER SHALL NOT LOSE ANY EMPLOYMENT BENEFIT, INCLUDING SENIORITY OR PENSION RIGHTS, THAT ACCRUED BEFORE THE DATE FAMILY LEAVE BEGAN. THIS CHAPTER DOES NOT ENTITLE AN INDIVIDUAL TO ACCRUE EMPLOYMENT BENEFITS DURING A PERIOD OF FAMILY LEAVE OR TO A RIGHT, BENEFIT OR POSITION OF EMPLOYMENT OTHER THAN A RIGHT, BENEFIT OR POSITION TO WHICH THE INDIVIDUAL WOULD HAVE BEEN ENTITLED HAD THE INDIVIDUAL NOT TAKEN FAMILY LEAVE.

23-1610. Alternative paid family leave; availability

- A. THIS CHAPTER DOES NOT LIMIT AN INDIVIDUAL'S RIGHT TO LEAVE FROM EMPLOYMENT UNDER OTHER LAWS, COLLECTIVE BARGAINING AGREEMENTS OR EMPLOYER POLICY, AS APPLICABLE, EXCEPT AS PROVIDED IN THIS CHAPTER.
- B. IF AN EMPLOYER PROVIDES PAID FAMILY LEAVE THROUGH DISABILITY INSURANCE OR ANY OTHER MEANS, THE INDIVIDUAL MAY ELECT WHETHER FIRST TO USE THE PAID FAMILY LEAVE OR TO RECEIVE FAMILY LEAVE INSURANCE BENEFITS UNDER THIS CHAPTER. AN INDIVIDUAL MAY NOT BE REQUIRED TO USE THE INDIVIDUAL'S PAID FAMILY LEAVE TO WHICH THE INDIVIDUAL IS OTHERWISE ENTITLED BEFORE RECEIVING BENEFITS UNDER THIS CHAPTER.

23-1611. <u>Noncovered employers; self-employed; election of coverage</u>

- A. AN EMPLOYER OF INDIVIDUALS NOT COVERED BY THIS CHAPTER OR A SELF-EMPLOYED PERSON, INCLUDING A SOLE PROPRIETOR, PARTNER OR JOINT VENTURER, MAY ELECT COVERAGE UNDER THIS CHAPTER FOR ALL INDIVIDUALS IN ITS EMPLOY FOR AN INITIAL PERIOD OF AT LEAST THREE YEARS OR A SUBSEQUENT PERIOD OF AT LEAST ONE YEAR IMMEDIATELY FOLLOWING ANOTHER PERIOD OF COVERAGE. THE EMPLOYER OR SELF-EMPLOYED PERSON SHALL FILE A NOTICE OF ELECTION IN WRITING WITH THE DIRECTOR, AS REQUIRED BY THE DEPARTMENT. THE ELECTION BECOMES EFFECTIVE ON THE DATE OF FILING THE NOTICE.
- B. AN EMPLOYER OR SELF-EMPLOYED PERSON WHO HAS ELECTED COVERAGE MAY WITHDRAW FROM COVERAGE WITHIN THIRTY DAYS AFTER THE END OF THE THREE YEAR PERIOD OF COVERAGE, OR AT OTHER TIMES AS THE DIRECTOR PRESCRIBES BY RULE, BY FILING WRITTEN NOTICE WITH THE DIRECTOR. THE WITHDRAWAL SHALL TAKE EFFECT AT LEAST THIRTY DAYS AFTER FILING THE NOTICE. WITHIN FIVE DAYS OF FILING WRITTEN NOTICE OF THE WITHDRAWAL WITH THE DIRECTOR, AN EMPLOYER SHALL PROVIDE WRITTEN NOTICE OF THE WITHDRAWAL TO ALL INDIVIDUALS IN THE EMPLOYER'S EMPLOY.
- C. THE DEPARTMENT MAY CANCEL ELECTIVE COVERAGE IF THE EMPLOYER OR SELF-EMPLOYED PERSON FAILS TO MAKE REQUIRED PAYMENTS OR REPORTS. THE DEPARTMENT MAY COLLECT DUE AND UNPAID PREMIUMS AND MAY LEVY AN ADDITIONAL PREMIUM FOR THE REMAINDER OF THE PERIOD OF COVERAGE. THE CANCELLATION IS EFFECTIVE NO LATER THAN THIRTY DAYS FROM THE DATE OF THE NOTICE IN WRITING ADVISING THE EMPLOYER OR SELF-EMPLOYED PERSON OF THE CANCELLATION. WITHIN FIVE DAYS OF RECEIVING WRITTEN NOTICE OF THE CANCELLATION FROM THE DIRECTOR,

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AN EMPLOYER SHALL PROVIDE WRITTEN NOTICE OF THE CANCELLATION TO ALL INDIVIDUALS IN THE EMPLOYER'S EMPLOY.

23-1612. Reports: confidentiality

- A. IN THE FORM AND AT THE TIMES SPECIFIED BY THE DIRECTOR, AN EMPLOYER SHALL MAKE REPORTS, FURNISH INFORMATION AND REMIT PREMIUMS AS REQUIRED BY SECTION 23-1618 TO THE DEPARTMENT. IF THE EMPLOYER IS A TEMPORARY HELP COMPANY THAT PROVIDES EMPLOYEES ON A TEMPORARY BASIS TO ITS CUSTOMERS, THE TEMPORARY HELP COMPANY IS CONSIDERED THE EMPLOYER FOR PURPOSES OF THIS SECTION. IF THE TEMPORARY HELP COMPANY FAILS TO REMIT THE REQUIRED PREMIUMS, THE CUSTOMER TO WHOM THE EMPLOYEES WERE PROVIDED IS LIABLE FOR PAYING THE PREMIUMS.
- B. AN EMPLOYER SHALL KEEP AT THE EMPLOYER'S PLACE OF BUSINESS A RECORD OF EMPLOYMENT FROM WHICH THE INFORMATION NEEDED BY THE DEPARTMENT FOR PURPOSES OF THIS CHAPTER MAY BE OBTAINED. THIS RECORD SHALL AT ALL TIMES BE OPEN TO THE INSPECTION OF THE DIRECTOR OR DEPARTMENT EMPLOYEES DESIGNATED BY THE DIRECTOR.
- C. INFORMATION OBTAINED FROM EMPLOYER RECORDS UNDER THIS CHAPTER IS CONFIDENTIAL AND NOT OPEN TO PUBLIC INSPECTION, OTHER THAN TO PUBLIC EMPLOYEES IN THE PERFORMANCE OF THEIR OFFICIAL DUTIES. AN INTERESTED PARTY SHALL BE SUPPLIED WITH INFORMATION FROM EMPLOYER RECORDS TO THE EXTENT NECESSARY FOR THE PROPER PRESENTATION OF THE CASE IN QUESTION. AN EMPLOYER MAY AUTHORIZE INSPECTION OF ITS RECORDS BY WRITTEN CONSENT.
- D. THE REQUIREMENTS RELATING TO THE ASSESSMENT AND COLLECTION OF FAMILY LEAVE INSURANCE PREMIUMS ARE THE SAME AS THE REQUIREMENTS RELATING TO THE ASSESSMENT AND COLLECTION OF WORKERS' COMPENSATION PREMIUMS UNDER CHAPTER 6 OF THIS TITLE, INCLUDING PENALTIES, INTEREST AND DEPARTMENT LIEN RIGHTS AND COLLECTION REMEDIES. THESE REQUIREMENTS APPLY TO:
- 1. AN EMPLOYER THAT FAILS UNDER THIS CHAPTER TO MAKE THE REQUIRED REPORTS OR FAILS TO REMIT THE FULL AMOUNT OF THE PREMIUMS WHEN DUE.
- 2. AN EMPLOYER THAT WILFULLY MAKES A FALSE STATEMENT OR MISREPRESENTATION REGARDING A MATERIAL FACT, OR WILFULLY FAILS TO REPORT A MATERIAL FACT, TO AVOID MAKING THE REQUIRED REPORTS OR REMITTING THE FULL AMOUNT OF THE PREMIUMS WHEN DUE UNDER THIS CHAPTER.
- 3. AN OFFICER, MEMBER, MANAGER OR OTHER PERSON HAVING CONTROL OR SUPERVISION OF PAYMENT OR REPORTING OF FAMILY LEAVE INSURANCE.

23-1613. <u>Appeals</u>

A PERSON AGGRIEVED BY A DECISION OF THE DEPARTMENT UNDER THIS CHAPTER MAY FILE A NOTICE OF APPEAL WITH THE DIRECTOR, BY MAIL OR PERSONALLY, WITHIN THIRTY DAYS AFTER THE DATE ON WHICH A COPY OF THE DEPARTMENT'S DECISION WAS COMMUNICATED TO THE PERSON. APPEALS ARE GOVERNED BY TITLE 41, CHAPTER 14, ARTICLE 3.

23-1614. <u>Discrimination or retaliation prohibited</u>

AN EMPLOYER, TEMPORARY HELP COMPANY, EMPLOYMENT AGENCY, EMPLOYEE ORGANIZATION OR OTHER PERSON MAY NOT DISCHARGE, EXPEL OR OTHERWISE DISCRIMINATE AGAINST A PERSON BECAUSE THE PERSON HAS FILED OR COMMUNICATED TO

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THE EMPLOYER AN INTENT TO FILE A CLAIM, A COMPLAINT OR AN APPEAL OR HAS TESTIFIED OR IS ABOUT TO TESTIFY OR HAS ASSISTED IN ANY PROCEEDING UNDER THIS CHAPTER AT ANY TIME, INCLUDING DURING THE WAITING PERIOD DESCRIBED IN SECTION 23-1605 AND THE PERIOD IN WHICH THE PERSON RECEIVES FAMILY LEAVE INSURANCE BENEFITS UNDER THIS CHAPTER.

23-1615. Additional family leave benefits allowed; benefits not to be diminished

- A. THIS CHAPTER IS NOT INTENDED TO DISCOURAGE EMPLOYERS FROM ADOPTING OR RETAINING POLICIES THAT PROVIDE ADDITIONAL BENEFITS TO INDIVIDUALS TO ADDRESS FAMILY LEAVE NEEDS.
- B. THIS CHAPTER IS NOT TO BE CONSTRUED TO DIMINISH AN EMPLOYER'S OBLIGATION TO COMPLY WITH A COLLECTIVE BARGAINING AGREEMENT OR AN EMPLOYMENT BENEFIT PROGRAM OR PLAN THAT PROVIDES GREATER BENEFITS TO INDIVIDUALS THAN THE FAMILY LEAVE INSURANCE BENEFITS PROVIDED UNDER THIS CHAPTER.
- C. AN AGREEMENT BY AN INDIVIDUAL TO WAIVE THE INDIVIDUAL'S RIGHTS UNDER THIS CHAPTER IS VOID AS AGAINST PUBLIC POLICY.
- D. THE BENEFITS PROVIDED TO INDIVIDUALS UNDER THIS CHAPTER MAY NOT BE DIMINISHED BY A COLLECTIVE BARGAINING AGREEMENT OR AN EMPLOYMENT BENEFIT PROGRAM OR PLAN ENTERED INTO OR RENEWED AFTER THE EFFECTIVE DATE OF THIS CHAPTER.

23-1616. Reservation to legislature

THIS CHAPTER DOES NOT CREATE A CONTINUING ENTITLEMENT OR CONTRACTUAL RIGHT. THE LEGISLATURE RESERVES THE RIGHT TO AMEND OR REPEAL ALL OR PART OF THIS CHAPTER AT ANY TIME, AND A BENEFIT OR OTHER RIGHT GRANTED UNDER THIS CHAPTER EXISTS SUBJECT TO THE LEGISLATURE'S POWER TO AMEND OR REPEAL THIS CHAPTER. THERE IS NO VESTED PRIVATE RIGHT OF ANY KIND AGAINST THE AMENDMENT OR REPEAL.

23-1617. <u>Rules</u>

THE DIRECTOR MAY ADOPT RULES AS NECESSARY TO IMPLEMENT THIS CHAPTER. IN ADOPTING RULES, THE DIRECTOR SHALL MAINTAIN CONSISTENCY WITH THE RULES ADOPTED TO IMPLEMENT THE FAMILY AND MEDICAL LEAVE ACT TO THE EXTENT THOSE RULES ARE NOT IN CONFLICT WITH THIS CHAPTER.

23-1618. Premiums

- A. BEGINNING OCTOBER 1, 2008, FOR EACH INDIVIDUAL, EACH EMPLOYER SHALL SUBMIT A PREMIUM OF TWO CENTS PER HOUR WORKED, UP TO A MAXIMUM OF FORTY HOURS PER WEEK, TO THE DEPARTMENT IN THE MANNER AND AT SUCH INTERVALS AS THE DEPARTMENT DIRECTS FOR DEPOSIT IN THE FAMILY LEAVE INSURANCE FUND. IN THE PAYMENT OF PREMIUMS, A FRACTIONAL PART OF A CENT SHALL BE DISREGARDED UNLESS IT AMOUNTS TO ONE-HALF CENT OR MORE, IN WHICH CASE IT SHALL BE INCREASED TO ONE CENT.
- B. THE DIRECTOR SHALL ADJUST THE AMOUNT OF THE PREMIUM FROM TIME TO TIME TO ENSURE THAT THE AMOUNT IS THE LOWEST RATE NECESSARY TO PAY FAMILY LEAVE INSURANCE BENEFITS AND ADMINISTRATIVE COSTS, AND MAINTAIN ACTUARIAL SOLVENCY IN ACCORDANCE WITH RECOGNIZED INSURANCE PRINCIPLES, OF THE FAMILY LEAVE INSURANCE PROGRAM ON A CURRENT BASIS.

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C. ONE-HALF OF THE AMOUNTS ASSESSED FOR THE FAMILY LEAVE INSURANCE ACCOUNT MAY BE RETAINED FROM THE EARNINGS OF EACH INDIVIDUAL.

23-1619. Family leave insurance fund

- A. THE FAMILY LEAVE INSURANCE FUND IS ESTABLISHED CONSISTING OF MONIES FROM THE PREMIUM IMPOSED PURSUANT TO SECTION 23-1618 AND THE PENALTIES IMPOSED PURSUANT TO SECTION 23-1612. THE DIRECTOR SHALL DEPOSIT THE MONIES IN THE FUND PURSUANT TO SECTIONS 35-146 AND 35-147. THE DEPARTMENT SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED AND MAY BE USED ONLY FOR THE PURPOSES OF THE FAMILY LEAVE INSURANCE PROGRAM.
- B. ON NOTICE FROM THE DEPARTMENT, THE STATE TREASURER SHALL INVEST AND DIVEST MONIES IN THE FUND AS PROVIDED BY SECTION 35-313, AND MONIES EARNED FROM INVESTMENT SHALL BE CREDITED TO THE FUND.

23-1620. Program termination

THE PROGRAM ESTABLISHED PURSUANT TO THIS CHAPTER ENDS ON JULY 1, 2018 PURSUANT TO SECTION 41-3102.

Sec. 2. Requirements for enactment; two-thirds vote

Pursuant to article IX, section 22, Constitution of Arizona, this act is effective only on the affirmative vote of at least two-thirds of the members of each house of the legislature and is effective immediately on the signature of the governor or, if the governor vetoes this act, on the subsequent affirmative vote of at least three-fourths of the members of each house of the legislature.

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