

REFERENCE TITLE: accountable health plans; small employers

State of Arizona  
Senate  
Forty-eighth Legislature  
First Regular Session  
2007

## **SB 1480**

Introduced by  
Senators Arzberger, Chevront

AN ACT

AMENDING SECTION 20-2304, ARIZONA REVISED STATUTES; RELATING TO ACCOUNTABLE HEALTH PLANS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-2304, Arizona Revised Statutes, is amended to  
3 read:

4 20-2304. Availability of insurance; premium tax exemption

5 A. Beginning on July 1, 1997, as a condition of doing business in this  
6 state each accountable health plan shall offer at least one health benefits  
7 plan on a guaranteed issuance basis to small employers as required by this  
8 section. All small employers qualify for this guaranteed offer of coverage.  
9 The accountable health plan shall provide a health benefits plan to each  
10 small employer without regard to health status-related factors if the small  
11 employer agrees to make the premium payments and to satisfy any other  
12 reasonable provisions of the plan that are not inconsistent with this  
13 chapter.

14 B. If an accountable health plan offers more than one health benefits  
15 plan to small employers, the accountable health plan shall offer a choice of  
16 all health benefits plans that the accountable health plan offers to small  
17 employers and shall accept any small employer that applies for any of those  
18 plans.

19 C. In addition to the requirements prescribed in section 20-2323, for  
20 any offering of any health benefits plan to a small employer, as part of the  
21 accountable health plan's solicitation and sales materials, an accountable  
22 health plan shall make a reasonable disclosure to the employer of the  
23 availability of the information described in this subsection and, on request  
24 of the employer, shall provide that information to the employer. The  
25 accountable health plan shall provide information concerning the following:

26 1. Provisions of coverage relating to the following, if applicable:

27 (a) The accountable health plan's right to change premium rates and  
28 the factors that may affect changes in premium rates.

29 (b) Renewability of coverage.

30 (c) Any preexisting condition exclusion.

31 (d) Any affiliation period applied by a health care services  
32 organization.

33 (e) The geographic areas served by health care services organizations.

34 2. The benefits and premiums available under all health benefits plans  
35 for which the employer is qualified.

36 D. The accountable health plan shall describe the information required  
37 by subsection C of this section in language that is understandable by the  
38 average small employer and with a level of detail that is sufficient to  
39 reasonably inform a small employer of the employer's rights and obligations  
40 under the health benefits plan. This requirement is satisfied if the  
41 accountable health plan provides each of the following for each product the  
42 accountable health plan offers:

43 1. An outline of coverage that describes the benefits in summary form.

44 2. The rate or rating schedule that applies to the product,  
45 preexisting condition exclusion or affiliation period.

1           3. The minimum employer contribution and group participation rules  
2 that apply to any particular type of coverage.

3           4. In the case of a network plan, a map or listing of the areas  
4 served.

5           E. An accountable health plan is not required to disclose any  
6 information that is proprietary and protected trade secret information under  
7 applicable law.

8           F. An accountable health plan that issues a health benefits  
9 plan through a network plan may limit the employers that may apply for any  
10 health benefits plan offered by the accountable health plan to those eligible  
11 individuals who live, work, ~~or~~ or reside in the service area for the network  
12 plan of the accountable health plan.

13           G. On approval of the director, an accountable health plan may refuse  
14 to enroll a qualified small employer in a health benefits plan or in a  
15 geographic area served by the plan if the accountable health plan  
16 demonstrates that its financial or administrative capacity to serve  
17 previously enrolled groups and individuals would be impaired. An accountable  
18 health plan that refuses to enroll a qualified small employer may not enroll  
19 an employer of the same or larger size until the earlier of:

20           1. The date on which the director determines that the accountable  
21 health plan has the capacity to enroll a qualified small employer.

22           2. The date on which the accountable health plan enrolls a qualified  
23 small employer.

24           H. An accountable health plan that offers coverage to a qualified  
25 small employer shall offer coverage to all of the eligible employees of the  
26 qualified small employer and their eligible dependents.

27           I. An accountable health plan may request health screening and  
28 underwriting information on prospective enrollees to evaluate the risks  
29 associated with a qualified small employer who applies for coverage. The  
30 accountable health plan may use this information for the purposes of setting  
31 premiums, evaluating plan offerings and making reinsurance decisions. An  
32 accountable health plan shall not use this information to deny coverage to a  
33 qualified small employer or to an eligible employee or to an eligible  
34 dependent, except a late enrollee who attempts to enroll outside an open  
35 enrollment period.

36           J. Notwithstanding the requirements of section 20-224, subsection B  
37 and sections 20-837, 20-1010 and 20-1060, ~~beginning July 1, 1996, accountable~~  
38 ~~health plans shall pay a premium tax of one per cent of the net premiums~~  
39 ~~received for health benefits plans issued to small employers. Beginning July~~  
40 ~~1, 1997,~~ accountable health plans are exempt from the premium taxes that are  
41 required by ~~this subsection,~~ section 20-224, subsection B and sections  
42 20-837, 20-1010 and 20-1060, for the net premiums received for health  
43 benefits plans issued to small employers **AND TO GROUPS OF SMALL EMPLOYERS**  
44 **FROM THE SAME OR DIFFERENT INDUSTRIES THAT ELECT TO POOL THEIR RISKS ON A**  
45 **VOLUNTARY BASIS.** Each accountable health plan shall notify the small

1 employers AND THE SMALL EMPLOYER POOLS to whom it provides coverage of the  
2 ~~reductions~~ ELIMINATION in the premium tax as specified in this subsection.

3 K. The director may use independent contractor examiners pursuant to  
4 sections 20-148 and 20-159 to review the higher level of coverage and lower  
5 level of coverage health benefits plans offered by an accountable health plan  
6 insurer in compliance with this section. All examination and examination  
7 related expenses shall be borne by the insurer and shall be paid by the  
8 insurance examiners' revolving fund pursuant to section 20-159.