

REFERENCE TITLE: private retiree health insurance; subsidy

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
First Regular Session  
2007

## **HB 2585**

Introduced by  
Representative McClure

AN ACT

AMENDING SECTION 38-857, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2005, CHAPTER 297, SECTION 3; REPEALING SECTION 38-857, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2004, CHAPTER 325, SECTION 6; AMENDING SECTION 38-906, ARIZONA REVISED STATUTES; RELATING TO SPECIAL RETIREMENT PLANS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 38-857, Arizona Revised Statutes, as amended by  
3 Laws 2005, chapter 297, section 3, is amended to read:

4 38-857. Group health and accident coverage for retired members:  
5 payment

6 A. The fund manager of the public safety personnel retirement system  
7 shall pay part of the single coverage premium of any group health and  
8 accident insurance for each retired member or survivor of the system who  
9 receives a pension and who has elected to participate in the coverage  
10 provided by section 38-651.01 or 38-782 or any other health and accident  
11 insurance coverage provided or administered by a participating employer of  
12 the system. The fund manager shall pay up to:

13 1. One hundred fifty dollars per month for each retired member or  
14 survivor of the system who is not eligible for medicare.

15 2. One hundred dollars per month for each retired member or survivor  
16 of the system who is eligible for medicare.

17 B. The fund manager of the system shall pay from assets of the fund  
18 part of the family coverage premium of any group health and accident  
19 insurance each month for a benefit recipient who elects family coverage and  
20 otherwise qualifies for payment pursuant to subsection A of this section.  
21 The fund manager shall pay up to:

22 1. Two hundred sixty dollars per month if the retired member or  
23 survivor of the system and one or more dependents are not eligible for  
24 medicare.

25 2. One hundred seventy dollars per month if the retired member or  
26 survivor of the system and one or more dependents are eligible for medicare.

27 3. Two hundred fifteen dollars per month if either:

28 (a) The retired member or survivor of the system is not eligible for  
29 medicare and one or more dependents are eligible for medicare.

30 (b) The retired member or survivor of the system is eligible for  
31 medicare and one or more dependents are not eligible for medicare.

32 C. The fund manager shall not pay from assets of the fund more than  
33 the amount prescribed in this section for a benefit recipient as a member or  
34 survivor of the system.

35 D. This section does not apply to a retired member or survivor of the  
36 system who is reemployed by this state or a political subdivision of this  
37 state and who participates in coverage provided by this state or a political  
38 subdivision of this state as an active employee.

39 ~~E. In addition to the payments provided by subsection A of this~~  
40 ~~section, through June 30, 2005, the fund manager shall pay an insurance~~  
41 ~~premium benefit for medical coverage, not including limited benefit coverage~~  
42 ~~as defined in section 20-1137, for each retired member or survivor of the~~  
43 ~~system who is entitled to a premium benefit payment pursuant to subsection A~~  
44 ~~of this section and who lives in a nonservice area as follows:~~

45 ~~1. Up to three hundred dollars per month for a retired member or~~  
46 ~~survivor of the system who is not eligible for medicare. To qualify for this~~

1 ~~additional benefit, a retired member or survivor shall pay out of pocket~~  
2 ~~medical insurance premiums of at least one hundred twenty five dollars per~~  
3 ~~month.~~

4 ~~2. Up to one hundred seventy dollars per month for a retired member or~~  
5 ~~survivor of the system who is eligible for medicare. To qualify for this~~  
6 ~~additional benefit, a retired member or survivor shall pay out of pocket~~  
7 ~~medical insurance premiums of at least one hundred dollars per month.~~

8 ~~F. In addition to the payments provided by subsection B of this~~  
9 ~~section, through June 30, 2005, the fund manager shall pay an insurance~~  
10 ~~premium benefit for medical coverage, not including limited benefit coverage~~  
11 ~~as defined in section 20-1137, for a retired member or survivor of the system~~  
12 ~~who is entitled to a premium benefit payment pursuant to subsection B of this~~  
13 ~~section, who is enrolled in a family medical plan and who lives in a~~  
14 ~~nonservice area as follows:~~

15 ~~1. Up to six hundred dollars per month if the retired member or~~  
16 ~~survivor of the system and one or more dependents are not eligible for~~  
17 ~~medicare. To qualify for this additional benefit, a retired member or~~  
18 ~~survivor shall pay out of pocket medical insurance premiums of at least four~~  
19 ~~hundred twenty five dollars per month.~~

20 ~~2. Up to three hundred fifty dollars per month if the retired member~~  
21 ~~or survivor of the system and one or more dependents are eligible for~~  
22 ~~medicare. To qualify for this additional benefit, a retired member or~~  
23 ~~survivor shall pay out of pocket medical insurance premiums of at least two~~  
24 ~~hundred dollars per month.~~

25 ~~3. Up to four hundred seventy dollars per month if either:~~

26 ~~(a) The retired member or survivor of the system is not eligible for~~  
27 ~~medicare and one or more dependents are eligible for medicare.~~

28 ~~(b) The retired member or survivor of the system is eligible for~~  
29 ~~medicare and one or more dependents are not eligible for medicare.~~

30 ~~To qualify for this additional benefit, a retired member or survivor shall~~  
31 ~~pay out of pocket medical insurance premiums of at least four hundred dollars~~  
32 ~~per month.~~

33 ~~G. In addition to the payments provided by subsection A of this~~  
34 ~~section, beginning July 1, 2005 through June 30, 2007, the fund manager shall~~  
35 ~~pay an insurance premium benefit for medical coverage, not including limited~~  
36 ~~benefit coverage as defined in section 20-1137, for each medicare eligible~~  
37 ~~retired member or survivor of the system who is entitled to a premium benefit~~  
38 ~~payment pursuant to subsection A of this section and who lives in a~~  
39 ~~nonservice area of up to one hundred seventy dollars per month for a retired~~  
40 ~~member or survivor of the system who is eligible for medicare. To qualify~~  
41 ~~for this additional benefit, a retired member or survivor shall pay~~  
42 ~~out of pocket medical insurance premiums of at least one hundred dollars per~~  
43 ~~month.~~

44 ~~H. In addition to the payments provided by subsection B of this~~  
45 ~~section, beginning July 1, 2005 through June 30, 2007, the fund manager shall~~  
46 ~~pay an insurance premium benefit for medical coverage, not including limited~~

1 ~~benefit coverage as defined in section 20-1137, for a medicare eligible~~  
2 ~~retired member or survivor of the system who is entitled to a premium benefit~~  
3 ~~payment pursuant to subsection B of this section, who is enrolled in a family~~  
4 ~~medical plan and who lives in a nonservice area as follows:~~

5 ~~1. Up to three hundred fifty dollars per month if the retired member~~  
6 ~~or survivor of the system and one or more dependents are eligible for~~  
7 ~~medicare. To qualify for this additional benefit, a retired member or~~  
8 ~~survivor shall pay out of pocket medical insurance premiums of at least two~~  
9 ~~hundred dollars per month.~~

10 ~~2. Up to four hundred seventy dollars per month if the retired member~~  
11 ~~or survivor of the system is eligible for medicare and one or more dependents~~  
12 ~~are not eligible for medicare. To qualify for this additional benefit, a~~  
13 ~~retired member or survivor shall pay out of pocket medical insurance premiums~~  
14 ~~of at least four hundred dollars per month.~~

15 ~~I. A retired member or survivor of the system who is enrolled in a~~  
16 ~~managed care program in a nonservice area is not eligible for the payment~~  
17 ~~prescribed in subsection E, F, G or H of this section if the member~~  
18 ~~terminates coverage under the managed care program.~~

19 ~~J.~~ E. THROUGH JUNE 30, 2008, a retired member or survivor of the  
20 system may elect to purchase individual health care coverage and receive a  
21 payment pursuant to this section through the retired member's employer if  
22 that employer assumes the administrative functions associated with the  
23 payment, including verification that the payment is used to pay for health  
24 insurance coverage if the payment is made to the retired member or survivor  
25 of the system.

26 ~~K. For the purposes of this section, "nonservice area" means an area~~  
27 ~~in this state in which the Arizona state retirement system pursuant to~~  
28 ~~section 38-782, the department of administration pursuant to section~~  
29 ~~38-651.01 or the member's or survivor's participating employer does not~~  
30 ~~provide or administer a health care services organization program, excluding~~  
31 ~~any preferred provider organization program or individual health indemnity~~  
32 ~~policy, for which the retired member or survivor of the system is eligible.~~

33 F. BEGINNING JULY 1, 2008, A RETIRED MEMBER OR SURVIVOR OF THE SYSTEM  
34 MAY ELECT TO PURCHASE INDIVIDUAL HEALTH CARE COVERAGE AND RECEIVE A PAYMENT  
35 PURSUANT TO THIS SECTION THROUGH THE RETIRED MEMBER'S EMPLOYER. IF THE  
36 RETIRED MEMBER OR SURVIVOR MAKES THE ELECTION UNDER THIS SUBSECTION, THE  
37 RETIRED MEMBER'S EMPLOYER SHALL PROVIDE THE ADMINISTRATIVE FUNCTIONS  
38 ASSOCIATED WITH THE PAYMENT, INCLUDING VERIFICATION THAT THE PAYMENT IS USED  
39 TO PAY FOR HEALTH INSURANCE. THE RETIRED MEMBER OR SURVIVOR IS RESPONSIBLE  
40 FOR PROVIDING THE WRITTEN EVIDENCE OF COVERAGE TO THE EMPLOYER. ELIGIBILITY  
41 FOR AND PAYMENT OF THE SUBSIDY SHALL BEGIN ON THE LAST DAY OF THE MONTH  
42 FOLLOWING THE MONTH IN WHICH THE WRITTEN EVIDENCE IS RECEIVED BY THE  
43 EMPLOYER. THE EMPLOYER IS NOT RESPONSIBLE FOR MAKING, AND IS NOT OBLIGATED  
44 TO MAKE, RETROACTIVE SUBSIDY PAYMENTS TO THE INSURANCE CARRIER IF THE RETIRED  
45 MEMBER OR SURVIVOR DOES NOT SUPPLY THE WRITTEN EVIDENCE OF COVERAGE IN A

1 TIMELY MANNER. THE PAYMENT ALLOWED PURSUANT TO THIS SUBSECTION IS LIMITED TO  
2 NO MORE THAN TWENTY-FIVE DOLLARS PER MONTH.

3 Sec. 2. Repeal

4 Section 38-857, Arizona Revised Statutes, as amended by Laws 2004,  
5 chapter 325, section 6, is repealed.

6 Sec. 3. Section 38-906, Arizona Revised Statutes, is amended to read:  
7 38-906. Group health and accident coverage for retired members:  
8 payment

9 A. The fund manager shall pay from the assets of the fund part of the  
10 single coverage premium of any group health and accident insurance for each  
11 retired member or survivor of the plan who receives a pension and who has  
12 elected to participate in coverage provided by section 38-651.01 or 38-782 or  
13 any other health and accident insurance coverage provided or administered by  
14 a participating employer in the plan. The fund manager shall pay up to:

15 1. One hundred fifty dollars per month for each retired member or  
16 survivor of the plan who is not eligible for medicare.

17 2. One hundred dollars per month for each retired member or survivor  
18 of the plan who is eligible for medicare.

19 B. The fund manager shall pay from the assets of the fund part of the  
20 family coverage premium of any group health and accident insurance for each  
21 retired member or survivor of the plan who elects family coverage and who  
22 otherwise qualifies for payment pursuant to subsection A of this section.  
23 Payment under this subsection is in the following amounts:

24 1. Up to two hundred sixty dollars per month if the retired member or  
25 survivor of the plan and one or more dependents are not eligible for  
26 medicare.

27 2. Up to one hundred seventy dollars per month if the retired member  
28 or survivor of the plan and one or more dependents are eligible for medicare.

29 3. Up to two hundred fifteen dollars if either:

30 (a) The retired member or survivor of the plan is not eligible for  
31 medicare and one or more dependents are eligible for medicare.

32 (b) The retired member or survivor of the plan is eligible for  
33 medicare and one or more dependents are not eligible for medicare.

34 C. The fund manager shall not pay more than the amount prescribed in  
35 this section for a benefit recipient as a member or survivor of the plan.

36 ~~D. In addition to the payments provided by subsection A of this~~  
37 ~~section, through June 30, 2005, the fund manager shall pay an insurance~~  
38 ~~premium benefit for medical coverage, not including limited benefit coverage~~  
39 ~~as defined in section 20-1137, for each retired member or survivor of the~~  
40 ~~plan who is entitled to a premium benefit payment pursuant to subsection A of~~  
41 ~~this section and who lives in a nonservice area as follows:~~

42 ~~1. Up to three hundred dollars per month for a retired member or~~  
43 ~~survivor of the plan who is not eligible for medicare. To qualify for this~~  
44 ~~additional benefit, a retired member or survivor shall pay out-of-pocket~~  
45 ~~medical insurance premiums of at least one hundred twenty-five dollars per~~  
46 ~~month.~~

1           ~~2. Up to one hundred seventy dollars per month for a retired member or~~  
2 ~~survivor of the plan who is eligible for medicare. To qualify for this~~  
3 ~~additional benefit, a retired member or survivor shall pay out of pocket~~  
4 ~~medical insurance premiums of at least one hundred dollars per month.~~

5           ~~E. In addition to the payments provided by subsection B of this~~  
6 ~~section, through June 30, 2005, the fund manager shall pay an insurance~~  
7 ~~premium benefit for medical coverage, not including limited benefit coverage~~  
8 ~~as defined in section 20-1137, for a retired member or survivor of the plan~~  
9 ~~who is entitled to a premium benefit payment pursuant to subsection B of this~~  
10 ~~section, who is enrolled in a family medical plan and who lives in a~~  
11 ~~nonservice area as follows:~~

12           ~~1. Up to six hundred dollars per month if the retired member or~~  
13 ~~survivor of the plan and one or more dependents are not eligible for~~  
14 ~~medicare. To qualify for this additional benefit, a retired member or~~  
15 ~~survivor shall pay out of pocket medical insurance premiums of at least four~~  
16 ~~hundred twenty-five dollars per month.~~

17           ~~2. Up to three hundred fifty dollars per month if the retired member~~  
18 ~~or survivor of the plan and one or more dependents are eligible for medicare.~~  
19 ~~To qualify for this additional benefit, a retired member or survivor shall~~  
20 ~~pay out of pocket medical insurance premiums of at least two hundred dollars~~  
21 ~~per month.~~

22           ~~3. Up to four hundred seventy dollars per month if either:~~  
23 ~~(a) The retired member or survivor of the plan is not eligible for~~  
24 ~~medicare and one or more dependents are eligible for medicare.~~

25           ~~(b) The retired member or survivor of the plan is eligible for~~  
26 ~~medicare and one or more dependents are not eligible for medicare.~~  
27 ~~To qualify for this additional benefit, a retired member or survivor shall~~  
28 ~~pay out of pocket medical insurance premiums of at least four hundred dollars~~  
29 ~~per month.~~

30           ~~F. In addition to the payments provided by subsection A of this~~  
31 ~~section, beginning July 1, 2005 through June 30, 2007, the fund manager shall~~  
32 ~~pay an insurance premium benefit for medical coverage, not including limited~~  
33 ~~benefit coverage as defined in section 20-1137, for each medicare eligible~~  
34 ~~retired member or survivor of the plan who is entitled to a premium benefit~~  
35 ~~payment pursuant to subsection A of this section and who lives in a~~  
36 ~~nonservice area of up to one hundred seventy dollars per month for a retired~~  
37 ~~member or survivor of the plan who is eligible for medicare. To qualify for~~  
38 ~~this additional benefit, a retired member or survivor shall pay out of pocket~~  
39 ~~medical insurance premiums of at least one hundred dollars per month.~~

40           ~~G. In addition to the payments provided by subsection B of this~~  
41 ~~section, beginning July 1, 2005 through June 30, 2007, the fund manager shall~~  
42 ~~pay an insurance premium benefit for medical coverage, not including limited~~  
43 ~~benefit coverage as defined in section 20-1137, for a medicare eligible~~  
44 ~~retired member or survivor of the plan who is entitled to a premium benefit~~  
45 ~~payment pursuant to subsection B of this section, who is enrolled in a family~~  
46 ~~medical plan and who lives in a nonservice area as follows:~~

1 ~~1. Up to three hundred fifty dollars per month if the retired member~~  
2 ~~or survivor of the plan and one or more dependents are eligible for~~  
3 ~~medicare. To qualify for this additional benefit, a retired member or~~  
4 ~~survivor shall pay out of pocket medical insurance premiums of at least two~~  
5 ~~hundred dollars per month.~~

6 ~~2. Up to four hundred seventy dollars per month if the retired member~~  
7 ~~or survivor of the plan is eligible for medicare and one or more dependents~~  
8 ~~are not eligible for medicare. To qualify for this additional benefit, a~~  
9 ~~retired member or survivor shall pay out of pocket medical insurance premiums~~  
10 ~~of at least four hundred dollars per month.~~

11 ~~H. A retired member or survivor of the plan who is enrolled in a~~  
12 ~~managed care program in a nonservice area is not eligible for the payment~~  
13 ~~prescribed in subsection D, E, F or G of this section if the member~~  
14 ~~terminates coverage under the managed care program.~~

15 ~~I.~~ D. THROUGH JUNE 30, 2008, a retired member or survivor of the plan  
16 may elect to purchase individual health care coverage and receive a payment  
17 pursuant to this section through the retired member's employer if that  
18 employer assumes the administrative functions associated with the payment,  
19 including verification that the payment is used to pay for health insurance  
20 coverage if the payment is made to the retired member or survivor of the  
21 plan.

22 ~~J. For the purposes of this section, "nonservice area" means an area~~  
23 ~~in this state in which the Arizona state retirement system pursuant to~~  
24 ~~section 38-782, the department of administration pursuant to section~~  
25 ~~38-651.01 or the member's or survivor's participating employer does not~~  
26 ~~provide or administer a health care services organization program, excluding~~  
27 ~~any preferred provider organization program or individual health indemnity~~  
28 ~~policy, for which the retired member or survivor of the plan is eligible.~~

29 E. BEGINNING JULY 1, 2008, A RETIRED MEMBER OR SURVIVOR OF THE PLAN  
30 MAY ELECT TO PURCHASE INDIVIDUAL HEALTH CARE COVERAGE AND RECEIVE A PAYMENT  
31 PURSUANT TO THIS SECTION THROUGH THE RETIRED MEMBER'S EMPLOYER. IF THE  
32 RETIRED MEMBER OR SURVIVOR MAKES THE ELECTION UNDER THIS SUBSECTION, THE  
33 RETIRED MEMBER'S EMPLOYER SHALL PROVIDE THE ADMINISTRATIVE FUNCTIONS  
34 ASSOCIATED WITH THE PAYMENT, INCLUDING VERIFICATION THAT THE PAYMENT IS USED  
35 TO PAY FOR HEALTH INSURANCE. THE RETIRED MEMBER OR SURVIVOR IS RESPONSIBLE  
36 FOR PROVIDING THE WRITTEN EVIDENCE OF COVERAGE TO THE EMPLOYER. ELIGIBILITY  
37 FOR AND PAYMENT OF THE SUBSIDY SHALL BEGIN ON THE LAST DAY OF THE MONTH  
38 FOLLOWING THE MONTH IN WHICH THE WRITTEN EVIDENCE IS RECEIVED BY THE  
39 EMPLOYER. THE EMPLOYER IS NOT RESPONSIBLE FOR MAKING, AND IS NOT OBLIGATED  
40 TO MAKE, RETROACTIVE SUBSIDY PAYMENTS TO THE INSURANCE CARRIER IF THE RETIRED  
41 MEMBER OR SURVIVOR DOES NOT SUPPLY THE WRITTEN EVIDENCE OF COVERAGE IN A  
42 TIMELY MANNER. THE PAYMENT ALLOWED PURSUANT TO THIS SUBSECTION IS LIMITED TO  
43 NO MORE THAN TWENTY-FIVE DOLLARS PER MONTH.