

State of Arizona  
Senate  
Fifty-third Legislature  
Second Regular Session  
2018

**CHAPTER 164**  
**SENATE BILL 1217**

AN ACT

REPEALING SECTION 20-2330, ARIZONA REVISED STATUTES; AMENDING TITLE 20, CHAPTER 13, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 20-2330; RELATING TO CONTINUATION COVERAGE.

(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3 Section 20-2330, Arizona Revised Statutes, is repealed.

4 Sec. 2. Title 20, chapter 13, article 1, Arizona Revised Statutes,  
5 is amended by adding a new section 20-2330, to read:

6 20-2330. Continuation of small group coverage; notice;  
7 duration; definitions

8 A. FOR HEALTH BENEFIT PLANS ISSUED OR RENEWED AFTER DECEMBER 31,  
9 2018, A HEALTH BENEFITS PLAN SHALL PROVIDE THAT AN ENROLLEE AND ANY  
10 QUALIFIED DEPENDENT MAY CONTINUE COVERAGE UNDER THE PLAN AS PROVIDED IN  
11 THIS SECTION.

12 B. A SMALL EMPLOYER SHALL NOTIFY THE ENROLLEE IN WRITING OF THE  
13 ENROLLEE'S QUALIFYING EVENT AND RIGHT TO CONTINUE THE ENROLLEE'S AND ANY  
14 QUALIFIED DEPENDENT'S COVERAGE WITHIN THIRTY DAYS AFTER THE QUALIFYING  
15 EVENT. A WRITTEN COMMUNICATION OR A NOTICE POSTMARKED WITHIN FORTY-FOUR  
16 DAYS AFTER A QUALIFYING EVENT MAILED BY THE EMPLOYER TO THE ENROLLEE'S  
17 LAST KNOWN ADDRESS SATISFIES THIS NOTICE REQUIREMENT. NOTICE TO THE  
18 ENROLLEE CONSTITUTES NOTICE TO ANY QUALIFIED DEPENDENT UNLESS THE EMPLOYER  
19 KNOWS THERE IS A QUALIFIED DEPENDENT WHO DOES NOT LIVE AT THE SAME ADDRESS  
20 AND KNOWS THE DEPENDENT'S ADDRESS, IN WHICH CASE A SEPARATE NOTICE SHALL  
21 BE SENT TO THE QUALIFIED DEPENDENT. THE NOTICE SHALL INFORM THE ENROLLEE  
22 AND ANY QUALIFIED DEPENDENT OF THE FOLLOWING INFORMATION:

23 1. THE ENROLLEE'S AND ANY QUALIFIED DEPENDENT'S RIGHT TO CONTINUE  
24 COVERAGE AT THE FULL COST OF THE COVERAGE, WHICH INCLUDES THE EMPLOYER'S  
25 CONTRIBUTION AND THE ENROLLEE'S CONTRIBUTION AND AN ADMINISTRATIVE FEE FOR  
26 THE EMPLOYER THAT MAY NOT EXCEED FIVE PERCENT OF THE PREMIUM.

27 2. THE AMOUNT OF THE FULL COST OF THE COVERAGE, STATED SEPARATELY  
28 FOR THE ENROLLEE AND QUALIFIED DEPENDENT.

29 3. THE PROCESS AND DEADLINE FOR THE ENROLLEE TO ELECT CONTINUATION  
30 COVERAGE FOR THE ENROLLEE AND ANY QUALIFIED DEPENDENT.

31 4. THE DATE AND TIME BY WHICH THE ENROLLEE MUST SUBMIT THE INITIAL  
32 AND ONGOING PAYMENTS TO THE EMPLOYER TO CONTINUE COVERAGE.

33 5. THE LOSS OF CONTINUATION COVERAGE IF THE ENROLLEE FAILS TO PAY  
34 THE PREMIUM AND ADMINISTRATIVE FEE IN A TIMELY MANNER.

35 C. THE DEPARTMENT SHALL PREPARE A SAMPLE NOTICE OF COVERAGE  
36 CONTINUATION FORM AND MAKE THE FORM AVAILABLE ON ITS WEBSITE. USE OF THE  
37 DEPARTMENT'S FORM, IF PROPERLY COMPLETED, IS PRESUMED TO SATISFY THE  
38 REQUIREMENTS IN SUBSECTION B OF THIS SECTION.

39 D. TO CONTINUE COVERAGE, THE ENROLLEE OR A QUALIFIED DEPENDENT  
40 SHALL ELECT CONTINUATION COVERAGE IN WRITING FOR THE ENROLLEE AND ANY  
41 QUALIFIED DEPENDENT WITHIN SIXTY DAYS AFTER THE DATE OF THE NOTICE TO  
42 ELECT CONTINUATION COVERAGE AND SUBMIT THE FIRST MONTH PREMIUM TO THE  
43 EMPLOYER WITHIN FORTY-FIVE DAYS AFTER THE DATE OF ELECTION TO CONTINUE  
44 COVERAGE. IF THE ENROLLEE OR QUALIFIED DEPENDENT ELECTS COVERAGE PURSUANT  
45 TO THIS SECTION, COVERAGE CONTINUES AS IF THERE HAD BEEN NO INTERRUPTION.

1 E. NOTWITHSTANDING SUBSECTION D OF THIS SECTION, IF THE EMPLOYER  
2 FAILS TO PROVIDE COMPLETE, ACCURATE AND TIMELY NOTICE OF THE RIGHT TO  
3 CONTINUE COVERAGE AS SPECIFIED IN SUBSECTION B OF THIS SECTION, THE  
4 ENROLLEE HAS ONE HUNDRED TWENTY DAYS AFTER THE DATE OF THE NOTICE TO ELECT  
5 CONTINUATION COVERAGE AND PAY THE REQUIRED PREMIUM AND ADMINISTRATIVE FEE.

6 F. IF AN INSURANCE RENEWAL OCCURS DURING THE ENROLLEE'S OR  
7 QUALIFIED DEPENDENT'S PERIOD OF ELIGIBILITY FOR CONTINUATION COVERAGE, THE  
8 EMPLOYER SHALL NOTIFY THE ENROLLEE OR QUALIFIED DEPENDENT OF ANY CHANGE TO  
9 THE PREMIUM DUE AT LEAST THIRTY DAYS BEFORE THE CHANGE IS EFFECTIVE  
10 THROUGH THE PROCESS PRESCRIBED IN SUBSECTIONS B, C, D AND E OF THIS  
11 SECTION.

12 G. THIS SECTION DOES NOT APPLY IF CONTINUATION COVERAGE BENEFITS  
13 ARE AVAILABLE TO ENROLLEES OR QUALIFIED DEPENDENTS PURSUANT TO 29 UNITED  
14 STATES CODE SECTIONS 1161 THROUGH 1169 OR 42 UNITED STATES CODE SECTIONS  
15 300bb-1 THROUGH 300bb-8 OR IF THE ENROLLEE OR QUALIFIED DEPENDENT SEEKING  
16 TO CONTINUE COVERAGE IS ELIGIBLE FOR MEDICARE.

17 H. CONTINUATION COVERAGE ENDS ON THE EARLIEST OF THE FOLLOWING:

18 1. EIGHTEEN MONTHS AFTER THE DATE THE CONTINUATION COVERAGE BEGINS.

19 2. THE DATE ON WHICH COVERAGE CEASES UNDER THE HEALTH BENEFITS PLAN  
20 DUE TO THE ENROLLEE'S FAILURE TO TIMELY PAY THE PREMIUM AND ADMINISTRATIVE  
21 FEE.

22 3. THE DATE ON WHICH THE ENROLLEE OR A QUALIFIED DEPENDENT BECOMES  
23 ELIGIBLE FOR MEDICARE OR MEDICAID OR OBTAINS ANY OTHER HEALTH CARE  
24 COVERAGE, WITH RESPECT ONLY TO THAT PERSON.

25 4. THE DATE ON WHICH THE EMPLOYER TERMINATES COVERAGE UNDER THE  
26 HEALTH BENEFITS PLAN FOR ALL EMPLOYEES. IF THE EMPLOYER TERMINATES  
27 COVERAGE UNDER THE HEALTH BENEFITS PLAN FOR ALL EMPLOYEES AND REPLACES THE  
28 PLAN WITH COVERAGE UNDER ANOTHER PLAN, THE ENROLLEE AND ANY QUALIFIED  
29 DEPENDENTS WHO HAVE CONTINUATION COVERAGE HAVE THE RIGHT TO BECOME COVERED  
30 UNDER THE NEW PLAN FOR THE BALANCE OF THE PERIOD THAT THE ENROLLEE OR  
31 QUALIFIED DEPENDENT COULD HAVE REMAINED COVERED UNDER THE CONTINUATION  
32 COVERAGE.

33 5. AS TO A DEPENDENT CHILD OF THE ENROLLEE, THE DATE THE DEPENDENT  
34 CHILD WOULD OTHERWISE LOSE COVERAGE UNDER THE TERMS OF THE HEALTH BENEFITS  
35 PLAN DUE TO ATTAINING A CERTAIN AGE.

36 I. A QUALIFIED DEPENDENT WHO IS DETERMINED, UNDER TITLE II OR TITLE  
37 XVI OF THE SOCIAL SECURITY ACT, TO HAVE A DISABILITY AT THE TIME OF A  
38 QUALIFYING EVENT MAY BE ELIGIBLE TO CONTINUE COVERAGE FOR AN ADDITIONAL  
39 ELEVEN MONTHS IF THE QUALIFIED DEPENDENT PROVIDES THE WRITTEN  
40 DETERMINATION OF DISABILITY FROM THE SOCIAL SECURITY ADMINISTRATION TO THE  
41 EMPLOYER WITHIN SIXTY DAYS AFTER THE DATE OF THAT DETERMINATION AND BEFORE  
42 THE END OF THE EIGHTEEN-MONTH CONTINUATION PERIOD. THE HEALTH BENEFITS  
43 PLAN MAY CHARGE UP TO ONE HUNDRED FIFTY PERCENT OF THE GROUP RATE DURING  
44 THE ELEVEN-MONTH DISABILITY EXTENSION. THE QUALIFIED DEPENDENT SHALL  
45 NOTIFY THE EMPLOYER WITHIN THIRTY DAYS AFTER THE SOCIAL SECURITY

1 ADMINISTRATION DETERMINES THAT THE QUALIFIED DEPENDENT NO LONGER HAS A  
2 DISABILITY UNDER TITLE II OR TITLE XVI OF THE SOCIAL SECURITY ACT.

3 J. IF A QUALIFYING EVENT AS DEFINED IN SUBSECTION N, PARAGRAPH 3,  
4 SUBDIVISION (b), (c), (d) OR (e) OF THIS SECTION OCCURS DURING THE  
5 EIGHTEEN-MONTH CONTINUATION PERIOD, A QUALIFIED DEPENDENT MAY BE ELIGIBLE  
6 TO CONTINUE COVERAGE FOR AN ADDITIONAL EIGHTEEN MONTHS.

7 K. IF AN ENROLLEE IS IN THE MILITARY RESERVE OR NATIONAL GUARD AND  
8 IS CALLED TO ACTIVE DUTY AND THE ENROLLEE'S EMPLOYMENT IS TERMINATED  
9 EITHER AFTER OR DURING THE ACTIVE DUTY PERIOD, THE TERMINATION IS A  
10 SEPARATE QUALIFYING EVENT, DISTINCT FROM THE QUALIFYING EVENT THAT MAY  
11 HAVE OCCURRED WHEN THE ENROLLEE WAS CALLED TO ACTIVE DUTY, AND THE  
12 ENROLLEE AND ANY QUALIFIED DEPENDENT ARE ELIGIBLE FOR A NEW EIGHTEEN-MONTH  
13 BENEFIT PERIOD BEGINNING ON THE LATER OF THE DATE ACTIVE DUTY ENDS OR THE  
14 DATE OF EMPLOYMENT TERMINATION.

15 L. IF AN ENROLLEE IS IN THE MILITARY RESERVE OR NATIONAL GUARD AND  
16 IS CALLED TO ACTIVE DUTY, THE FOLLOWING EVENTS ARE QUALIFYING EVENTS  
17 DISTINCT FROM THE QUALIFYING EVENT THAT MAY HAVE OCCURRED WHEN THE  
18 ENROLLEE WAS CALLED TO ACTIVE DUTY:

19 1. THE ENROLLEE DIES DURING THE PERIOD OF ACTIVE DUTY.

20 2. A DIVORCE OR LEGAL SEPARATION OF THE ENROLLEE FROM THE  
21 ENROLLEE'S SPOUSE OCCURS.

22 3. A DEPENDENT CHILD CEASES TO BE A DEPENDENT CHILD UNDER THE  
23 REQUIREMENTS OF THE EMPLOYER'S HEALTH BENEFITS PLAN.

24 M. NOTWITHSTANDING SUBSECTION H OF THIS SECTION, IF AN ENROLLEE WHO  
25 IS IN THE MILITARY RESERVE OR NATIONAL GUARD HAS ELECTED TO CONTINUE  
26 COVERAGE AND IS THEREAFTER CALLED TO ACTIVE DUTY AND THE COVERAGE UNDER  
27 THE EMPLOYER'S HEALTH BENEFITS PLAN IS TERMINATED BY THE ENROLLEE OR THE  
28 HEALTH BENEFITS PLAN DUE TO THE ENROLLEE BECOMING ELIGIBLE FOR A HEALTH  
29 CARE PROGRAM PROVIDED BY THE UNITED STATES DEPARTMENT OF DEFENSE, THE  
30 EIGHTEEN-MONTH PERIOD OR ANY OTHER APPLICABLE MAXIMUM TIME PERIOD FOR  
31 WHICH THE ENROLLEE WOULD OTHERWISE BE ENTITLED TO CONTINUATION COVERAGE IS  
32 TOLLED DURING THE TIME THAT THE ENROLLEE IS COVERED UNDER THE HEALTH CARE  
33 PROGRAM. WITHIN SIXTY-THREE DAYS AFTER THE FEDERAL HEALTH CARE PROGRAM  
34 COVERAGE TERMINATES, THE ENROLLEE MAY ELECT TO CONTINUE COVERAGE UNDER THE  
35 EMPLOYER'S HEALTH BENEFITS PLAN RETROACTIVELY TO THE DATE COVERAGE  
36 TERMINATED UNDER THE FEDERAL HEALTH CARE PROGRAM FOR THE REMAINDER OF THE  
37 EIGHTEEN-MONTH PERIOD OR ANY OTHER APPLICABLE TIME PERIOD, SUBJECT TO  
38 TERMINATION OF COVERAGE AT THE EARLIEST OF THE CONDITIONS SPECIFIED IN  
39 SUBSECTION H OF THIS SECTION.

40 N. FOR THE PURPOSES OF THIS SECTION:

41 1. "ENROLLEE" MEANS AN EMPLOYEE WHO IS COVERED UNDER AN EMPLOYER'S  
42 HEALTH BENEFITS PLAN FOR AT LEAST THREE MONTHS BEFORE A QUALIFYING EVENT.

43 2. "QUALIFIED DEPENDENT" MEANS A PERSON WHO IS COVERED UNDER AN  
44 ENROLLEE'S HEALTH BENEFITS PLAN IMMEDIATELY BEFORE A QUALIFYING EVENT AND  
45 WHO IS THE SPOUSE OR DEPENDENT CHILD OF THE ENROLLEE.

1           3. "QUALIFYING EVENT" MEANS THE DATE COVERAGE ENDS DUE TO:  
2           (a) VOLUNTARY OR INVOLUNTARY TERMINATION OF EMPLOYMENT FOR A REASON  
3 OTHER THAN GROSS MISCONDUCT OR REDUCTION OF HOURS REQUIRED TO QUALIFY FOR  
4 HEALTH BENEFITS UNDER THE EMPLOYER'S HEALTH BENEFITS PLAN.  
5           (b) DIVORCE OR SEPARATION FROM THE ENROLLEE.  
6           (c) DEATH OF THE ENROLLEE.  
7           (d) THE ENROLLEE BECOMING ELIGIBLE FOR MEDICARE.  
8           (e) A DEPENDENT CHILD CEASING TO BE A DEPENDENT CHILD UNDER THE  
9 GENERALLY APPLICABLE REQUIREMENTS OF THE EMPLOYER'S HEALTH BENEFITS PLAN.  
10           (f) A RETIRED ENROLLEE OR THE SPOUSE OR DEPENDENT CHILD OF A  
11 RETIREE LOSING COVERAGE WITHIN ONE YEAR BEFORE OR AFTER COMMENCEMENT OF A  
12 BANKRUPTCY PROCEEDING UNDER TITLE XI OF THE UNITED STATES CODE BY THE  
13 EMPLOYER FROM WHOSE EMPLOYMENT THE RETIRED ENROLLEE RETIRED.  
14           4. "SMALL EMPLOYER" MEANS AN EMPLOYER THAT EMPLOYS AN AVERAGE OF AT  
15 LEAST ONE BUT NOT MORE THAN TWENTY ELIGIBLE EMPLOYEES DURING THE PRECEDING  
16 CALENDAR YEAR.  
17           Sec. 3. Effective date  
18           Section 20-2330, Arizona Revised Statutes, as added by this act, is  
19 effective from and after December 31, 2018.

APPROVED BY THE GOVERNOR APRIL 10, 2018.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 10, 2018.

