House Engrossed

FILED
JANICE K. BREWER
SECRETARY OF STATE

State of Arizona
House of Representatives
Forty-sixth Legislature
Second Regular Session
2004

CHAPTER 141

HOUSE BILL 2433

AN ACT

AMENDING SECTION 11-981, ARIZONA REVISED STATUTES; RELATING TO POLITICAL SUBDIVISIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 11-981, Arizona Revised Statutes, is amended to read:

11-981. Payment of benefits, losses and claims; establishment of trust funds

A. In addition to authority granted pursuant to other provisions of law or city charter, any city, town, ~~or~~ county, ANY SPECIAL HEALTH CARE DISTRICT ORGANIZED PURSUANT TO TITLE 48, CHAPTER 31 OR OTHER POLITICAL SUBDIVISION THAT IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN ONE MILLION PERSONS AND WHOSE GOVERNING BODY IS COMPOSED OF MEMBERS OF A COUNTY BOARD OF SUPERVISORS may procure insurance from any insurer authorized by the director of the department of insurance or may establish a self-insurance program for the management and administration of a system for direct payment of benefits, losses or claims or any combination of insurance and direct payments, and including risk management consultation, to provide:

1. Health, accident, life or disability benefits for employees and officers of the city, town, ~~or~~ county, ANY SPECIAL HEALTH CARE DISTRICT ORGANIZED PURSUANT TO TITLE 48, CHAPTER 31 OR OTHER POLITICAL SUBDIVISION THAT IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN ONE MILLION PERSONS AND WHOSE GOVERNING BODY IS COMPOSED OF MEMBERS OF A COUNTY BOARD OF SUPERVISORS and their dependents.

2. Payment of any property loss sustained or lawful claim of liability or fortuitous loss made against the city, town, ~~or~~ county, ANY SPECIAL HEALTH CARE DISTRICT ORGANIZED PURSUANT TO TITLE 48, CHAPTER 31 OR OTHER POLITICAL SUBDIVISION THAT IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN ONE MILLION PERSONS AND WHOSE GOVERNING BODY IS COMPOSED OF MEMBERS OF A COUNTY BOARD OF SUPERVISORS or its elected or appointed officials, employees or officers if such elected or appointed officials, employees or officers are acting within the scope of employment or authority.

B. If any city, town, ~~or~~ county, ANY SPECIAL HEALTH CARE DISTRICT ORGANIZED PURSUANT TO TITLE 48, CHAPTER 31 OR OTHER POLITICAL SUBDIVISION THAT IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN ONE MILLION PERSONS AND WHOSE GOVERNING BODY IS COMPOSED OF MEMBERS OF A COUNTY BOARD OF SUPERVISORS establishes a self-insurance program for the management and administration of a system for direct payment of benefits, losses or claims pursuant to subsection A, the governing body of such city, town, ~~or~~ county, ANY SPECIAL HEALTH CARE DISTRICT ORGANIZED PURSUANT TO TITLE 48, CHAPTER 31 OR OTHER POLITICAL SUBDIVISION THAT IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN ONE MILLION PERSONS AND WHOSE GOVERNING BODY IS COMPOSED OF MEMBERS OF A COUNTY BOARD OF SUPERVISORS shall place all funds into a trust fund for the purposes of this section in amounts as determined appropriate by the governing body of the city, town, ~~or~~ county, ANY SPECIAL HEALTH CARE DISTRICT ORGANIZED PURSUANT TO TITLE 48, CHAPTER 31 OR OTHER POLITICAL SUBDIVISION THAT IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN ONE MILLION PERSONS AND WHOSE GOVERNING BODY IS COMPOSED OF MEMBERS OF A COUNTY

BOARD OF SUPERVISORS, except that any city, town, ~~or~~ county, ANY SPECIAL HEALTH CARE DISTRICT ORGANIZED PURSUANT TO TITLE 48, CHAPTER 31 OR OTHER POLITICAL SUBDIVISION THAT IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN ONE MILLION PERSONS AND WHOSE GOVERNING BODY IS COMPOSED OF MEMBERS OF A COUNTY BOARD OF SUPERVISORS establishing such a trust fund shall:

1. Designate a risk management consultant or insurance administrator licensed pursuant to title 20, chapter 2, article 3 or 9, and such license shall be verified by the governing body of the city, town, ~~or~~ county, ANY SPECIAL HEALTH CARE DISTRICT ORGANIZED PURSUANT TO TITLE 48, CHAPTER 31 OR OTHER POLITICAL SUBDIVISION THAT IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN ONE MILLION PERSONS AND WHOSE GOVERNING BODY IS COMPOSED OF MEMBERS OF A COUNTY BOARD OF SUPERVISORS.

2. The trust shall be administered by at least five joint trustees, of whom no more than one may be a member of the governing body of the city, town, ~~or~~ county, ANY SPECIAL HEALTH CARE DISTRICT ORGANIZED PURSUANT TO TITLE 48, CHAPTER 31 OR OTHER POLITICAL SUBDIVISION THAT IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN ONE MILLION PERSONS AND WHOSE GOVERNING BODY IS COMPOSED OF MEMBERS OF A COUNTY BOARD OF SUPERVISORS and no more than one may be an employee of the city, town, ~~or~~ county, ANY SPECIAL HEALTH CARE DISTRICT ORGANIZED PURSUANT TO TITLE 48, CHAPTER 31 OR OTHER POLITICAL SUBDIVISION THAT IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN ONE MILLION PERSONS AND WHOSE GOVERNING BODY IS COMPOSED OF MEMBERS OF A COUNTY BOARD OF SUPERVISORS.

3. The trustees of the trust must be bonded, a stop-loss provision must be incorporated in the trust agreement and an annual audit must be performed by an external auditor and a copy of the report kept on file in the offices of the governing body of the city, town, ~~or~~ county, ANY SPECIAL HEALTH CARE DISTRICT ORGANIZED PURSUANT TO TITLE 48, CHAPTER 31 OR OTHER POLITICAL SUBDIVISION THAT IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN ONE MILLION PERSONS AND WHOSE GOVERNING BODY IS COMPOSED OF MEMBERS OF A COUNTY BOARD OF SUPERVISORS for a period of not less than five years.

4. Not make any expenditure from the trust fund for any purpose not specified in this article.

C. Expenditures during the fiscal year from the trust fund and monies in the trust fund at the close of the fiscal year shall not be subject to the provisions of title 42, chapter 17, article 3.

D. In the event that such a trust fund is no longer used by the city, town, ~~or~~ county, ANY SPECIAL HEALTH CARE DISTRICT ORGANIZED PURSUANT TO TITLE 48, CHAPTER 31 OR OTHER POLITICAL SUBDIVISION THAT IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN ONE MILLION PERSONS AND WHOSE GOVERNING BODY IS COMPOSED OF MEMBERS OF A COUNTY BOARD OF SUPERVISORS for the purposes herein set forth, it shall revert during that fiscal year to the general fund of such city, town, ~~or~~ county, ANY SPECIAL HEALTH CARE DISTRICT ORGANIZED PURSUANT TO TITLE 48, CHAPTER 31 OR OTHER POLITICAL SUBDIVISION THAT IS

LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN ONE MILLION PERSONS AND WHOSE GOVERNING BODY IS COMPOSED OF MEMBERS OF A COUNTY BOARD OF SUPERVISORS.

E. The authority granted to a city, town, ~~or~~ county, ANY SPECIAL HEALTH CARE DISTRICT ORGANIZED PURSUANT TO TITLE 48, CHAPTER 31 OR OTHER POLITICAL SUBDIVISION THAT IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN ONE MILLION PERSONS AND WHOSE GOVERNING BODY IS COMPOSED OF MEMBERS OF A COUNTY BOARD OF SUPERVISORS by this section is not subject to ~~the provisions of~~ title 20, except that any health, life, accident or disability benefit plan shall conform to the benefits required by ~~the provisions of~~ title 20.

F. This section shall not be construed to authorize any city, town, ~~or~~ county, ANY SPECIAL HEALTH CARE DISTRICT ORGANIZED PURSUANT TO TITLE 48, CHAPTER 31 OR OTHER POLITICAL SUBDIVISION THAT IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN ONE MILLION PERSONS AND WHOSE GOVERNING BODY IS COMPOSED OF MEMBERS OF A COUNTY BOARD OF SUPERVISORS to procure insurance from any insurer not authorized by the director of the department of insurance.

APPROVED BY THE GOVERNOR APRIL 23, 2004.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 23, 2004.