

ECONOMIC, SMALL BUSINESS, AND CONSUMER IMPACT STATEMENT¹

2022 JAN -5 PM 12: 26

TITLE 2. ADMINISTRATION

CHAPTER 8. STATE RETIREMENT SYSTEM BOARD

FILED

1. Identification of the rulemaking:

The ASRS needs to amend two rules relating to appeals in order to provide notice to the public of how a member may appeal a health insurance issue under a self-insured program. These rules will further clarify the appeals process, but the rules do not impose any additional requirements or burdens on members.

a. The conduct and its frequency of occurrence that the rule is designed to change:

Currently, the ASRS provides health and dental insurance to approximately 123,200 retirees and dependents. In FY 2021, the ASRS processed approximately 94 health insurance related appeals. Member need to understand how they may submit a health insurance related appeal and how that appeal may be handled. These rules will clarify that appeal process, particularly in light of the ASRS providing health insurance benefits under a self-insured program.

b. The harm resulting from the conduct the rule is designed to change and the likelihood it will continue to occur if the rule is not changed:

As discussed above, members need to understand how they may appeal a health insurance decision. Amending these rules to clarify how health insurance appeals are processed will increase understandability of health insurance decisions.

c. The estimated change in frequency of the targeted conduct expected from the rule change:

¹ If adequate data are not reasonably available, the agency shall explain the limitations of the data, the methods used in an attempt to obtain the data, and characterize the probable impacts in qualitative terms. (A.R.S. § 41-1055(C)).

This rulemaking will clarify how the ASRS processes health insurance appeals. As discussed above and below, these rules will increase the clarity and effectiveness of how a member may appeal a health insurance decision, which should result in reducing confusion, as well as any potential administrative delay caused by a misunderstanding of how health insurance appeals are processed.

2. A brief summary of the information included in the economic, small business, and consumer impact statement:

The ASRS promulgates rules that allow the agency to provide for the proper administration of the state retirement trust fund. ASRS rules affect ASRS members and ASRS employers regarding how they contribute to, and receive benefits from, the ASRS. The ASRS effectively administrates how public-sector employers and employees participate in the ASRS. As such, the ASRS does not issue permits or licenses, or charge fees, and its rules have little to no economic impact on private-sector businesses, with the exception of some employer partner charter schools, which have voluntarily contracted to join the ASRS. Thus, there is little to no economic, small business, or consumer impact, other than the minimal cost to the ASRS to prepare the rule package. The rule will have minimal economic impact, if any, because it merely clarifies in further detail how a member may appeal relating to health insurance.

3. The person to contact to submit or request additional data on the information included in the economic, small business, and consumer impact statement:

Name: Jessica A.R. Thomas, Rules Writer
Address: Arizona State Retirement System
3300 N. Central Ave., Suite 1400
Phoenix, AZ 85012-0250
Telephone: (602) 240-2039
E-mail: Ruleswriter@azasrs.gov

4. Persons who will be directly affected by, bear the costs of, or directly benefit from the rulemaking:

In general, all members of the ASRS will be directly affected by, bear the costs of, and directly benefit from this rulemaking. The ASRS incurred the cost of the rulemaking. The ASRS currently has a total membership of approximately 608,150.

Specifically, members will be required to comply with these rules in submitting a health insurance appeal. Such clarification will benefit members and their dependents by increasing public understanding of how the ASRS administers its retiree health insurance program.

5. Cost-benefit analysis:

- a. Costs and benefits to state agencies directly affected by the rulemaking including the number of new full-time employees at the implementing agency required to implement and enforce the proposed rule:

The ASRS has determined that no new full-time employees will be required to implement and enforce the rules.

- b. Costs and benefits to political subdivisions directly affected by the rulemaking:

This rulemaking does not provide any benefits or impose any costs on political subdivisions.

- c. Costs and benefits to businesses directly affected by the rulemaking:

No businesses are directly affected by the rulemaking.

6. Impact on private and public employment:

The rulemaking will have no impact on private or public employment.

7. Impact on small businesses²:

- a. Identification of the small business subject to the rulemaking:

No businesses, regardless of size, are subject to the rulemaking.

- b. Administrative and other costs required for compliance with the rulemaking:

Not applicable.

² Small business has the meaning specified in A.R.S. § 41-1001(20).

- c. Description of methods that may be used to reduce the impact on small businesses:

Not applicable.

- 8. Cost and benefit to private persons and consumers who are directly affected by the rulemaking:

All ASRS members are directly affected by the rulemaking. The effect has been previously described above.

- 9. Probable effects on state revenues:

There will be no effect on state revenues.

- 10. Less intrusive or less costly alternative methods considered:

The ASRS believes this is the least costly and least intrusive method because it will clarify how members may appeal health insurance decisions without imposing additional requirements on the public.