



**ARIZONA STATE SENATE**  
*Fifty-Fifth Legislature, First Regular Session*

**ENACTED**

FACT SHEET FOR S.B. 1054/H.B. 2139

ASRS; self-insurance program

Purpose

Specifies the authorized uses of monies in an Arizona State Retirement System (ASRS) self-insurance program account.

Background

Current statute allows the ASRS Board of Trustees (ASRS Board) to establish a self-insurance program if the ASRS Board determines that self-insuring would be less expensive than, and at least as effective as, a fully insured plan, while considering the risks and costs. If the ASRS Board establishes a self-insurance program, the program must include all statutorily required health coverage benefits. The ASRS Board must establish a separate account for any self-insurance program in an amount determined appropriate by ASRS. ASRS may not use or divert any part of the corpus or income of the account for any purpose other than to administer the program, unless the ASRS Board determines that a self-insurance program should no longer be offered. If a self-insurance program is no longer offered, monies in a separate account must be transferred to another account of ASRS ([A.R.S. § 38-782](#)).

In 2016, the Legislature required the Public Safety Personnel Retirement System (PSPRS) Board to establish, design and administer a defined contribution retirement plan (DC plan). A DC plan is a retirement plan in which the employer, employee or both make contributions on a regular basis ([Laws 2016, Chapter 2](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Prohibits ASRS from using or diverting money from a self-insurance program account for any purpose other than to provide benefits and to pay administration costs and premium payments, rather than only to administer the program.
2. Requires monies in a self-insurance program account, if a self-insurance program is no longer offered, to be used to provide any remaining benefits and to pay premium payments and administration costs for the self-insurance program, rather than to be transferred to another account or ASRS.
3. Requires the ASRS Board to return any remaining monies in a self-insurance program account to the employer after the liabilities are satisfied.

4. Includes, in the authorized expenses of the separate account established by the ASRS Board consisting of premium benefits, the cost of administering health insurance premium benefits and the self-insurance program.
5. Conforms statutory references to reflect changes made by Laws 2016, Chapter 2 relating to the PSPRS DC Plan.
6. Makes technical changes.
7. Becomes effective on the general effective date.

Senate Action

FIN            1/20/21    DP    9-0-1  
3<sup>rd</sup> Read      1/28/21            29-0-1

House Action

GE            1/27/21    DP    12-0-0-1  
3<sup>rd</sup> Read      2/04/21            59-0-0-0-1  
(S.B. 1054 was substituted for H.B. 2139 on 3<sup>rd</sup>  
Read)

Signed by the Governor 2/12/21  
Chapter 14

Prepared by Senate Research  
February 19, 2021  
MG/FDR/gs