



Renew Your Membership

June 2021 Legislative Newsletter

AAHU Legislative Newsletter

Hope this finds you well. This newsletter will be our final of the current fiscal year. A little bit of activity in the past 60 days on a state level:

- **Session Update – to adjourn or not to adjourn.**
- **The race for Governor**
- **Operation Shout**

Session Update – to adjourn or not to adjourn.

Wednesday June 30th at 4:55PM, the 171-day 2021 session adjourned sine die. Typically, there is a goal to have the session last ~100 days, we have clearly surpassed that while becoming the longest session since I could figure out, the second longest session I found was in 2013 with 151 days.

In order to adjourn sine die, the state must pass a budget, that deadline was midnight June 30th, if a budget was not signed sealed and delivered, the state would have shut down, as example:.

- State parks would close indefinitely,
- Construction would stop,
- Non-essential government employees would be sent home until a budget deal is reached.
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Last newsletter (April) you may remember I mentioned there were no vetoes from Governor Ducey, during the budget process he vetoed 22 bills on May 28th to motivate the legislators to come to an agreement. Shortly thereafter the Senate held a vote and tried to override one veto with a message the chambers are of equal power, however, that did not go over very well. This session in fact witnessed the most pieces of legislation introduced and signed in a single legislative session.

The main reason for the surge in legislation was due to the limited number of bills that were passed and signed into law last year as result of the COVID-19 legislative work stoppage. Last year, Arizona set a record for the fewest number of bills signed into law at only 90.

Budget

There was infighting in both chambers, walkouts, and the like to move agendas along, however it seems the \$12.8 billion budget was passed. In addition to the largest income tax cut in state history, \$1.8 billion, the budget package also contains a number of other controversial issues including an expansion of Arizona's private school voucher program, a ban on teaching critical race theory and prohibitions on vaccine or mask mandates. Additionally, it strips power from the Office of the Secretary of State when it comes to election oversight and gives that power exclusively to the Office of the Attorney General. Once we have the final details of what was in the final signing, we'll send an update.

State Income Tax Cut

The original budget plan called for a 2.5% flat income tax rate to replace the current graduated rates, which range from 2.59% to 4.5%. To partially offset the new 3.5% surcharge from Proposition 208 (K-12 Education Funding) on individuals who earn at least a quarter million dollars per year and couples who earn at least a half million, the plan capped income tax rates at 4.5%, meaning high earners would pay the new surcharge plus an additional 1%.

The flat tax rate was projected to cost up to \$1.9 billion in tax revenue by fiscal year 2025 when it would be fully phased in. The League of Arizona Cities and Towns estimated that the cost to municipalities would be upwards of \$285 million. Senator Paul Boyer (R-Glendale) and Representative David Cook (R-Globe) opposed the budget largely over concerns about revenue losses to both the state and cities, saying they wanted a smaller tax cut and for cities to be compensated.

Under the revised plan, the originally proposed single 2.5% flat tax rate will move to two rates: 2.55% for people who earn up to \$27,272 annually and 2.98% for earnings above that. If state revenue numbers hit certain triggers, the 2.5% rate will eventually phase in and higher wage earners will be shielded from the tax hike which was approved by voters last year to pay for schools. The State General Fund will be responsible for covering this cost. Additionally, the plan increases cities and towns share of state income tax revenue to 18% from 15% to help offset the impact from the tax cut. Legislative leadership had previously proposed 17%.

School Vouchers

A last-minute 195-page amendment to the K-12 Education budget bill included a provision which revived a stalled bill expanding private school vouchers. The measure adds about 600,000 low-income students to those who qualify to get public money to attend private schools. Three years ago, Arizona voters rejected a similar universal school voucher plan passed by the Legislature.

The state Department of Education says about 250,000 students are eligible, but only about 9,800 students are currently getting vouchers and half are disabled children attending specialized schools. The vouchers,

also known as Empowerment Scholarship Accounts (ESAs), cost the state about \$145 million a year. Under the ESA program, parents get 90% of the state funds that would otherwise go to their local public school to use for private school tuition and other education costs. Disabled students can receive up to \$40,000 for specialized therapy.

Critical Race Theory Ban

The negotiated budget also bars the teaching of critical race theory, a hot-button topic for Republicans not just in Arizona, but throughout the country. The amendment to the K-12 Education budget bill blocks any instruction that infers that one race is inherently racist, should be discriminated against or feel guilty because of their race. This controversial provision also states that teachers could lose their credentials and schools fined if they allow such instruction.

The legislation also allows the attorney general to seek civil penalties against teachers who use work time to advocate for a strike, directly targeting a repeat of a 2018 statewide teacher's strike over low teacher pay and underfunded schools.

COVID-19/Executive Powers – Emergency Declarations

The budget also includes a host of items targeting enforcement of COVID-19 restrictions. It contains language banning school districts and universities from requiring face masks or vaccines. Under the negotiated budget, mandatory testing is prohibited, except in cases of outbreaks in dormitories and only with approval from the Governor.

The plan also limits future governors' ability to issue extended emergency declarations without the Legislature's approval, and preempts cities, towns and counties from issuing their own public health mandates, such as business closures. Additionally, the plan removes the governor's authority to mandate vaccines in the future.

Also, state and local governments cannot require "vaccine passports" or mandate that businesses check their customers' vaccination records. Private businesses can have vaccination requirements; however, they must allow for various accommodations due to religious concerns. Finally, cities, towns and counties will be preempted from issuing any of their own COVID protection orders, including mask mandates, capacity limits or closures.

Election Reforms

The budget creates a \$12 million election integrity fund to pay for election security updates and future hand recounts. The legislation lays out a series of security features for ballot paper, such as watermarks or holograms, though it stops short of explicitly requiring that they be used, creating an opt-in system for Arizona counties.

Additionally, the budget establishes a joint task force with the attorney general to investigate whether Facebook and Twitter's bans on former President Donald Trump's accounts constitutes an illegal in-kind political

donation to his opponents. The task force will investigate whether social media company algorithms favor or disfavor certain candidates.

The Race for Governor

There are six candidates for the 2022 Governor election:

- Karin Taylor Robson (R) (developer and member of AZ Board of Regents),
- Kimberly Yee (R) (AZ State Treasurer),
- Kari Lake (R) (former local news anchor),
- Matt Salmon (R) (former Congressman).
- Katie Hobbs (D) (AZ Secretary of State),
- Marco Lopez (D) (former mayor of Nogales and director of the Arizona Department of Commerce),

An obvious requirement is your first name must start with K or M.

Operation Shout

National has had two Operation Shout's this month alone. These are important to respond to as the number of responses matter when Congress looks at our ability of grassroots movements. Please log into NAHU.org and take a minute now to respond if you have not already!
<https://nahu.org/advocacy/operation-shout>

- Pass S. 1988 to Make Current Telehealth Flexibilities Permanent!
- Take Action Today and Tell Your Senators to Fix Medicare's "Two Midnight" Policy!

If you have any questions please let us know:

2020-2021 AAHU Legislative Co-Chairs

Peter Rowe and Jennifer Farrell

Upcoming Events

All Future Monthly Events Have Been Moved to Virtual Environment.

Look for GPAHU and SAAHU Announcements for Dates, Time and to Register- or also check local Websites:

[Explore SAAHU](#)[Explore GPAHU](#)

AAHU MEMBERS

Look for future announcements on incoming
2021-2022 Board.



Also this coming board year AAHU will be updating the website so watch your emails for details. The new website will give each member a login to register for events, so make sure you take action when you see those hit your inbox.



How Does HUPAC Make a Different?

HUPAC allows NAHU members to combine their resources and strength to make a difference where it will have the greatest impact for our colleagues, our clients and, above all, our country. It is imperative that NAHU members work together to counteract the strong and united forces of special-interest groups that oppose the free enterprise system of health care.

There's no better time to become a HUPAC contributor with the upcoming elections.

Monthly contribution levels starting at \$12 a month [Donate Here](#), click donate to start contributions. Not sure if you have donated or not, contact Andrea today for help.

Lori Crandall

2020-2021 AAHU HUPAC Chair



Is 2021 your year to earn a designation?

Enroll in the NAHU Registered Employee Benefits Consultant (REBC) designation - the most prestigious program in the employee benefits industry.

REBC has newly revised requirements and for those of you that have already been earning NAHU certifications, you may be closer to earning your REBC designation, than you think.

Earning the Registered Employee Benefits Consultant (REBC) designation elevates your credibility as a professional. The field of employee benefits continues to evolve rapidly. A year does not go by without new government regulations, new or modified coverages, and new techniques for controlling benefit costs. To best serve their clients, professionals need to have a current understanding of the provisions, advantages, and limitations associated with each type of benefit or program as a method for meeting economic security. The designation program analyzes group benefits with respect to the ACA environment, contract

provisions, marketing, underwriting, rate making, plan design, cost containment, and alternative funding methods. The largest portion of this course is devoted to group medical expense plans that are a major concern to employers, as well as to employees. The remainder of course requirements include electives on topics serving various markets based on a broker's client needs.

NAHU's REBC program helps you:

- Master the regulations and methodologies governing benefits management
- Understand the main features of commonly provided group insurance plans
- Develop a keen grasp of the latest federal healthcare laws and how clients can most effectively comply with them
- Adhere to industry-leading ethical business practices

For more information click [HERE!](#)

Did you know NAHU has a Podcast?

The Healthcare Happy Hour podcast provides an in-depth review of the most recent trends in the health insurance industry as well as any actions being taken by Congress and the

Trump Administration. The podcast is posted every Friday on iTunes, Spotify and Stitcher. If people like what they hear, they can share the podcast with friends and clients.

Please subscribe and listen today!



Make sure to register for NAHU's podcasts on Stitcher or iTunes.



Look for information on 2021 Sponsorship Opportunities

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**Thank you again for your membership and participation in
your professional association.**

Your AAHU Communication Chair

Please note: The non-deductible portion the annual dues for 2020 will be 37% of
the State dues.

AAHU Annual Budget and Financials are available upon request

**Be sure to
visit us at**

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Arizona Association of Health Underwriters

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