

NOTICE OF PROPOSED RULEMAKING

TITLE 9. HEALTH SERVICES

CHAPTER 31. ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - CHILDREN'S HEALTH INSURANCE PROGRAM

PREAMBLE

1. Permission to proceed with this proposed rulemaking was granted under A.R.S. § 41-1039 by the governor on:

October 18, 2025

<u>2. Article, Part, or Section Affected (as applicable)</u>	<u>Rulemaking Action</u>
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R9-31-1402	Amend
R9-31-1404	Amend
R9-31-1409	Amend
R9-31-1411	Amend
R9-31-1415	Amend
R9-31-1416	Amend
R9-31-1417	Amend
R9-31-1418	Repeal
R9-31-1419	Amend
R9-31-1420	Repeal

3. Citations to the agency's statutory rulemaking authority to include the authorizing statute (general) and the implementing statute (specific):

Authorizing statute: A.R.S. § 36-2986

Implementing statute: A.R.S. § 36-2982

4. Citations to all related notices published in the *Register* that pertain to the current record of the proposed rule:

Notice of Rulemaking Docket Opening: (volume #) A.A.R. (page #), Issue Date: (date published), Issue Number: (number), File number: (R2#-###)

5. The agency's contact person who can answer questions about the rulemaking:

Name: Sladjana Kuzmanovic
Title: Senior Rules Analyst
Division: AHCCCS Office of General Counsel
Address: 150 N. 18th Ave
Phoenix, AZ 85007
Telephone: (602) 417-4116
Fax: (602) 253-9115

Email: AHCCCSRules@azahcccs.gov

Website: www.azahcccs.com

6. An agency's justification and reason why a rule should be made, amended, repealed or renumbered, to include an explanation about the rulemaking:

The AHCCCS Administration is initiating this rulemaking to update the KidsCare program regulations to ensure compliance with federal and state law. Proposed amendments include increasing the income eligibility threshold from 200% to 225% of the Federal Poverty Level (FPL), reinstating premium collection following the conclusion of the Public Health Emergency, shifting premium payments from a monthly to an annual schedule, and eliminating the lock-out period previously imposed for nonpayment of premiums.

7. A reference to any study relevant to the rule that the agency reviewed and proposes either to rely on or not to rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:

Not applicable

8. A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

9. The preliminary summary of the economic, small business, and consumer impact:

Estimated annual revenue from the collection of premiums for SFY 27 is estimated to be \$4,127,100. An estimated \$1,047,900 of this revenue would offset General Fund expenditures and approximately \$3,089,200 of the \$4,127,000 total would offset Federal expenditures.

10. The agency's contact person who can answer questions about the economic, small business and consumer impact statement:

Name: Sladjana Kuzmanovic
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11. The time, place, and nature of the proceedings to make, amend, repeal, or renumber the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:

Written comments about this proposed rulemaking will be accepted in person at the address provided under Item #5, Monday through Friday from 8 a.m. to 5 p.m. except for state holidays. Comments will also be accepted via email at the email address provided under Item #5. Mailed written comments shall be postmarked within 30 days of this published notice.

An oral proceeding is scheduled on this proposed rulemaking.

Date: January 12, 2026

Time: 2:00 p.m.

Location: Virtual

Teams Meeting ID: 252 770 649 606

Passcode: LP9W3no9

or

Dial in by phone: +1 480-561-5941

Conf. ID: 702 436 985#

Nature: Public Hearing

Public comment period ends: January 12, 2026 at 5:00 p.m.

Close of record: January 12, 2026 at 5:00 p.m.

12. All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:

There are no other matters prescribed by the statute applicable specifically to the Administration or this specific rulemaking.

a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:

The rule does not require the issuance of a regulatory permit. Therefore, a general permit is not applicable.

b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:

The rules are not more stringent than federal law.

c. Whether a person submitted an analysis to the agency that compares the rule's impact of the competitiveness of business in this state to the impact on business in other states:

Not applicable

13. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rules:

Not applicable

14. The full text of the rules follows:

TITLE 9. HEALTH SERVICES

CHAPTER 31. ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - CHILDREN'S HEALTH INSURANCE PROGRAM

ARTICLE 14. PREMIUMS FOR A CHILD DETERMINED ELIGIBLE UNDER ARTICLE 3

Section

- R9-31-1402. Premium Amount for a Member who is a Child Determined Eligible Under Article 3 of this Chapter
- R9-31-1404. Hardship Exemption for a Member Who is a Child Determined Eligible Under Article 3 of This Chapter
- R9-31-1409. Payment Due Date for Current ~~Month~~Year
- R9-31-1411. Past Due Payment
- R9-31-1415. Reimbursement of a Premium
- R9-31-1416. Allocation of Payment for an Eligible Member
- R9-31-1417. Change in Premium Amount
- R9-31-1418. ~~Discontinuance for Failure to Pay Premium~~Repealed
- R9-31-1419. Premium Payment During the Appeal and Request for Hearing Process
- R9-31-1420. ~~Payment of a Premium~~Repealed

ARTICLE 14. PREMIUMS FOR A CHILD DETERMINED ELIGIBLE UNDER ARTICLE 3

R9-31-1402. Premium Amount for a Member who is a Child Determined Eligible Under Article 3 of this Chapter

- A.** For the purposes of this Article, a premium is a ~~monthly~~annual amount that an enrolled member pays to the Administration to remain eligible for Title XXI.
- B.** ~~When the household income is greater than the income limit described under R9-22-1427(D) and less than or equal to 150 percent of the FPL, the monthly premium is \$10 for one eligible child and \$15 for two or more eligible children.~~
- C.** ~~When household income is greater than 150 percent of the FPL and less than or equal to 175 percent of the FPL, the monthly~~annual premium payment is ~~\$40~~97 for one eligible child and ~~\$60~~133 for two or more eligible children.
- D.** ~~When household income is greater than 175 percent of the FPL and less than or equal to 200~~225 percent of the FPL, the ~~monthly~~annual premium is ~~\$50~~114 for one eligible child and ~~\$70~~154 for two or more eligible children.
- E.** A household's premium payments as specified in this Section shall not exceed five percent of a household's gross income.
- F.** A member's newborn is enrolled immediately upon the Administration receiving notification of the child's birth. Upon enrollment, the household's premium is redetermined.
- G.** To remain eligible, the premium amount shall be paid according to this Article.
- H.** American Indians are exempt from paying premiums.

R9-31-1404. Hardship Exemption for a Member Who is a Child Determined Eligible Under Article 3 of This Chapter

- A.** Definitions. The following definitions apply to this Section:
1. "Major expense" means the expense is more than 10 percent of the household's countable income under R9-31-304.
 2. "Medically necessary" has the same meaning as defined in A.A.C. R9-22-101.
- B.** Hardship exemption. The Administration shall provide information to the head of household regarding the request for a hardship exemption. The Administration shall grant a hardship exemption from the disenrollment requirements under A.R.S. § 36-2982 for a household who:
1. Is no longer able to pay the premium due to one of the hardship criteria in subsection (C), and
 2. Submits a written request for a hardship exemption and provides all necessary written information at the time of request.
- C.** Hardship criteria. To be eligible for a hardship exemption, a household shall have:
1. Medically necessary expenses or health insurance premiums that:
 - a. Are not covered under Medicaid or other insurance, and
 - b. Exceed 10 percent of the household's countable income under R9-31-304;
 2. Unanticipated major expense, related to maintaining a residence for the household or transportation for work;
 3. A combination of medically necessary expenses under subsection (C)(1) and unanticipated major expenses under subsection (C)(2) that exceed 10 percent of the household's countable income under R9-31-304; or
 4. Experienced the death of a household member during the month the premium ~~was not paid~~is due.
- D.** Written hardship exemption request. The Administration shall not consider a hardship exemption unless the Administration receives the written request and information under subsection (C) by the due date specified in the Administration's notice that explains the undue hardship exemption requirements.
- E.** Notification. The Administration shall notify the head of household of the approval or denial of the request for exemption and discontinuance under R9-31-310, no later than 10 days from the date the Administration received the request.

- F. Appeal and Request for hearing. The head of household may appeal and request a hearing concerning the discontinuance and denial of the hardship exemption.

R9-31-1409. Payment Due Date for Current ~~Month~~Year

The ~~monthly~~annual premium payment is due ~~on the 15th day of the month for coverage of that month~~on the date of enrollment and on the same date annually thereafter. This would be considered a current payment.

R9-31-1411. Past Due Payment

- A. Past due payment date. A payment is considered past due if the Administration receives the payment ~~after the 15th day of the month~~more than 15 days after the date of enrollment.
- B. Payment not received. If an annual payment ~~for a month~~ is not received in full by the last working day of the ~~month~~year in which the payment is due, the Administration shall include the past and current due amounts in the next billing statement.

R9-31-1415. Reimbursement of a Premium

- A. A premium paid in advance is nonrefundable, unless the member is disenrolled at least 15 days prior to the ~~month~~year of coverage.
- B. A premium paid during an appeal and request for hearing process is applied as specified in R9-31-1419.

R9-31-1416. Allocation of Payment for an Eligible Member

Except for payments specified in R9-31-1419 of this Article, all payments received for eligible members shall first be applied to any past due amounts ~~for prior months~~ owed to the Administration for a child determined eligible under Article 3 of this Chapter. Any remaining amounts shall then be applied to the amount due for the current ~~month~~year for a child eligible under Article 3 of this Chapter.

R9-31-1417. Change in Premium Amount

- A. When there is a decrease in the premium amount and the change is processed by the 25th day of the twelfth month of eligibility in that eligibility year, then the effective date of the change shall begin on first day of the following ~~the month in which the amount of the premium change is processed~~eligibility year.
- B. When there is a decrease in the premium amount and the change is processed after the 25th day of the twelfth month of eligibility in that eligibility year, then the effective date of the change shall begin on the first day of the eligibility year following that one~~second month in which the amount of the premium change is processed~~.
- C. When there is an increase in the premium amount, the effective date of the change shall begin with the first ~~month~~day of the following eligibility year following advance notice of at least ten days.

R9-31-1418. ~~Discontinuance for Failure to Pay Premium~~Repealed

- ~~A. Discontinuance notice. The Administration shall send an adverse action notice to discontinue eligibility if the Administration does not receive the past and current due premium amounts by the 15th day of the current month. The Administration shall follow the discontinuance notice requirements under R9-31-310(B).~~
- ~~B. Discontinuance rescinded. The Administration shall rescind the discontinuance and continue eligibility if the past due amount for at least one prior month is received by the Administration in full before the effective date of the discontinuance.~~
- ~~C. Discontinuance of eligibility. Except as provided in R9-31-1419, the Administration shall discontinue eligibility on the effective date of the discontinuance if the past due amount for at least one prior month is not received by the Administration in full before the effective date of the discontinuance.~~

R9-31-1419. Premium Payment During the Appeal and Request for Hearing Process

- ~~A. Discontinuance of eligibility. To receive coverage from the time an appeal and request for hearing is filed for a discontinuance of eligibility until a Director's decision is made.~~
- ~~1. A member shall:~~
 - ~~a. File an appeal and request for hearing prior to the effective date of the discontinuance.~~
 - ~~b. Submit the full monthly premium amount to the Administration prior to the date of the discontinuance, and~~
 - ~~c. Continue to pay the full monthly premium amount each month during the hearing process.~~
 - ~~2. Failure of the member to pay the full premium shall result in the loss of eligibility effective the first of the next month.~~
 - ~~3. If the decision is upheld, the Administration shall not refund any premium amounts that have been paid during the hearing process.~~
- B. Increase in premium amount. To stop the Administration from increasing the premium amount from the time an appeal and request for hearing is filed until a Director's decision is made.**
1. A member shall file an appeal and request for hearing prior to the effective date of the action. The member shall pay the lower premium amount until the decision is made.
 2. If the decision to increase the premium is upheld, the member shall be responsible for paying the higher premium retroactively from the proposed effective date of the increase in the premium amount that is being appealed.
- C. Imposition of a premium. To receive coverage from the time an appeal and request for hearing is filed for an imposition of a premium until a Director's decision is made.**
1. A member shall file an appeal and request for hearing in accordance with the time-frame as specified in R9-34107.
 2. A member shall pay the premium as billed by the Administration.
 3. If the decision determines the imposition of the premium is incorrect then the premium will be refunded to the member.
- D. Method of payment. To continue coverage a member shall pay the premium by:**
1. Cashier's check,
 2. Money order, or
 3. Other form approved by the Administration.

R9-31-1420. Payment of a Premium~~Repealed~~

~~When a member was discontinued with an unpaid premium, the parent or other responsible person shall pay the past due premium amounts for a child to the Administration or the child will remain ineligible for 60 days before the person can attain eligibility again.~~