

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas
2 82nd General Assembly
3 Regular Session, 1999
4

As Engrossed: S3/22/99 S3/25/99

A Bill

Act 1200 of 1999
SENATE BILL 677

5 By: Senator Bearden
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For An Act To Be Entitled

9 "AN ACT TO ESTABLISH A PROGRAM OF QUALITY ASSESSMENT
10 AND IMPROVEMENT; TO REQUIRE ALL HEALTH CARRIERS AND
11 NETWORKS TO MAINTAIN GRIEVANCE SYSTEMS; *AND FOR OTHER*
12 *PURPOSES.* "

Subtitle

15 "TO ESTABLISH A PROGRAM OF QUALITY
16 ASSESSMENT AND IMPROVEMENT; TO REQUIRE
17 ALL HEALTH CARRIERS AND NETWORKS TO
18 MAINTAIN GRIEVANCE SYSTEMS. "

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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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23 SECTION 1. The General Assembly finds and declares the following:

24 (a) The State of Arkansas has an interest in protecting its citizens
25 and in pursuing reasonable means to improve the quality of life and health of
26 those citizens;

27 (b) In the health care field, the State of Arkansas has traditionally
28 regulated utilization review as well as the quality of care provided by health
29 care providers, insurance companies and organizations which assume the risk of
30 providing health care services for citizens of this state, such as health
31 maintenance organizations; and

32 (c) Dynamic changes in how health care is delivered to citizens of this
33 state require the state to oversee the quality of health care processes and
34 outcomes resulting from health carriers and networks.

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36 SECTION 2. Definitions. For the purpose of this act:

1 (a) "Commissioner" means the Commissioner of the State Insurance
2 Department;

3 (b) "Director" means the Director of the Department of Health;

4 (c) "Health Carrier" means any person who undertakes to provide or
5 arrange for one (1) or more managed care plans;

6 (d) "Managed care plan" means any arrangement whereby a health carrier
7 undertakes to provide, arrange for, pay for, or reimburse any part of the cost
8 of any health care services, and at least part of the arrangement consists of
9 arranging for, or the provision of, health care services as distinguished from
10 mere indemnifications against the cost of the services on a prepaid basis
11 through insurance or otherwise;

12 (e) "Network" when used to describe a provider of health services
13 (including, but not limited to a hospital, physician, home health agency,
14 pharmacy, etc.) means the provider has a participation agreement in effect
15 with a health carrier, directly or through another entity, to provide health
16 services to covered persons; and

17 (f) "Health care services" means any services included in the
18 furnishing to any individual of medical or dental care, or hospitalization, or
19 services incident to the furnishing of care or hospitalization, as well as the
20 furnishing to any person of any and all other services or goods for the
21 purpose of preventing, alleviating, curing, or healing human illness or
22 injury.

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24 SECTION 3. Grievance system.

25 (a) All health carriers and networks shall make arrangements for
26 handling and resolving grievances.

27 (b) Each health carrier and network shall:

28 (1) Maintain records of grievances filed with such health carrier
29 and network concerning the quality of health care services; and

30 (2) Submit, in the form and manner prescribed by the director, a
31 periodic report which shall include:

32 (A) A written description of the processes and procedures
33 for resolving grievances; and

34 (B) The total number of grievances handled through such
35 grievance system, including a compilation of the dates of the grievances,
36 reason for the grievances, and resolutions of each grievance.

1 (c) The director, in consultation with the commissioner, may promulgate
2 rules and regulations in accordance with the Arkansas Administrative Procedure
3 Act to carry out the provisions of this act to enable the state to be properly
4 informed of quality issues within the state and to adequately respond to any
5 quality concerns expressed through grievances.

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7 SECTION 4. Quality assessment and improvement systems.

8 (a) Each health carrier and network shall:

9 (1) Make arrangements for measuring and improving the quality of
10 health care services;

11 (2) Maintain quality assessment and improvement programs and
12 shall maintain records measuring the outcomes of health care services; and

13 (3) Submit to the director, in the time, manner, and form
14 prescribed, the following information:

15 (A) A written description of any quality assessment and
16 quality improvement systems; and

17 (B) Findings of relevant quality data as determined by the
18 director.

19 (b) The director, in consultation with the commissioner, may promulgate
20 rules and regulations in accordance with the Arkansas Administrative Procedure
21 Act to carry out the provisions of this act to enable the state to be properly
22 informed of quality issues within the state and to adequately respond to any
23 quality concerns found through the outcome data.

24 (c) The provisions of Arkansas Code § 16-46-105 and Title 20, Chapter
25 9, Subchapter 5 of the Arkansas Code shall apply to all records maintained
26 pursuant to this act.

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28 SECTION 5. Applicability and scope.

29 (a) This act shall not apply to disability income, specified disease,
30 medicare supplement, hospital indemnity, accident only policies, long term
31 care, short term limited duration insurance and all other supplemental
32 insurance products issued by health carriers.

33 (b) In terms of the director's regulatory authority pursuant to section
34 3 and 4 of the act, such authority shall apply to the quality of care provided
35 by health carriers and networks operating in this state, and shall not apply
36 to the benefits offered by any health carrier and network or to the

1 administration of such benefits.

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3 SECTION 6. Enforcement and penalties. The Director of the Department
4 of Health shall have the power to implement and enforce this act.

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6 SECTION 7. All provisions of this act of a general and permanent nature
7 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
8 Revision Commission shall incorporate the same in the Code.

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10 SECTION 8. If any provision of this act or the application thereof to
11 any person or circumstance is held invalid, such invalidity shall not affect
12 other provisions or applications of the act which can be given effect without
13 the invalid provision or application, and to this end the provisions of this
14 act are declared to be severable.

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16 SECTION 9. All laws and parts of laws in conflict with this act are
17 hereby repealed.

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19 SECTION 10. EMERGENCY CLAUSE. It is hereby found and determined by the
20 Eighty-second General Assembly that those dramatic changes affecting health
21 care delivery to the citizens of Arkansas require the state to oversee the
22 quality of health care processes and outcomes to protect its citizens and to
23 improve their quality of life. Therefore, an emergency is declared to exist
24 and this act being immediately necessary for the preservation of the public
25 peace, health and safety shall become effective on July 1, 1999.

26 /s/ Bearde

APPROVED: 4/7/1999n