

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

Act 1926 of the Regular Session

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005
4

As Engrossed: H4/1/05

A Bill

HOUSE BILL 1877

5 By: Representative Key
6
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE POWERS OF THE ARKANSAS
10 ADVISORY COMMISSION ON MANDATED HEALTH BENEFITS;
11 TO REQUIRE REVIEW AND EVALUATION OF INSURANCE
12 MANDATE LEGISLATION; AND FOR OTHER PURPOSES.
13

Subtitle

14 AN ACT TO AMEND THE POWERS OF THE
15 ARKANSAS ADVISORY COMMISSION ON MANDATED
16 HEALTH BENEFITS ACT AND TO REQUIRE
17 REVIEW AND EVALUATION OF INSURANCE
18 MANDATE LEGISLATION.
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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24 SECTION 1. Arkansas Code § 23-79-902, pertaining to the Arkansas
25 Advisory Commission on Mandated Health Insurance Benefits, is amended to add
26 an additional subsection to read as follows:

27 (e)(1) All initial appointments to the commission shall be made within
28 forty-five (45) days of the effective date of this subsection (e).

29 (2) If all initial appointments to the commission are not made
30 within forty-five (45) days of the effective date of this subsection (e),
31 then the Insurance Commissioner shall appoint the initial members of the
32 commission remaining to be appointed.
33

34 SECTION 2. Arkansas Code § 23-79-903 is amended to read as follows:
35 23-79-903. Duties of the commission.



1 (a)(1) The Arkansas Advisory Commission on Mandated Health Insurance
2 Benefits shall assess the social, medical, and financial ~~impacts~~ impact of a
3 ~~proposed mandated health insurance service~~ services or benefits.

4 (2) As used in this section, "mandated health insurance services
5 or benefits" means the same as "state-mandated health benefits" defined in
6 § 23-86-502.

7 (b) In reviewing a proposed bill or interim study proposal mandating
8 health insurance coverage for a service or benefit proposed, the commission
9 shall follow § 23-79-906.

10 (c) In assessing ~~a proposed~~ an existing mandated health insurance
11 service or benefit ~~and~~ to the extent that information is available, the
12 commission shall consider:

13 (1) Social impact, including:

14 (A) The extent to which the service is generally utilized
15 by a significant portion of the population;

16 (B) The extent to which the insurance coverage is already
17 generally available;

18 (C) If coverage is not generally available, the extent to
19 which the lack of coverage results in individuals avoiding necessary health
20 care treatments;

21 (D) If coverage is not generally available, the extent to
22 which the lack of coverage results in unreasonable financial hardship;

23 (E) The level of public demand for the service;

24 (F) The level of public demand for insurance coverage of
25 the service;

26 (G) The level of interest of collective bargaining agents
27 in negotiating privately for inclusion of this coverage in group contracts;
28 and

29 (H) The extent to which the mandated health insurance
30 service is covered by self-funded employer groups;

31 (2) Medical impacts, including:

32 (A) The extent to which the service is generally
33 recognized by the medical community as being effective and efficacious in the
34 treatment of patients;

35 (B) The extent to which the service is generally
36 recognized by the medical community as demonstrated by a review of scientific

1 and peer review literature; and

2 (C) The extent to which the service is generally available
3 and utilized by treating physicians; and

4 (3) Financial impacts, including:

5 (A) The extent to which the coverage will increase or
6 decrease the cost of the service;

7 (B) The extent to which the coverage will increase the
8 appropriate use of the service;

9 (C) The extent to which the mandated service will be a
10 substitute for a more expensive service;

11 (D) The extent to which the coverage will increase or
12 decrease the administrative expenses of insurers and the premium and
13 administrative expenses of policyholders;

14 (E) The impact of this coverage on the total cost of
15 health care; and

16 (F) The impact of all mandated health insurance services
17 on employers' ability to purchase health benefits policies meeting their
18 employees' needs.

19 (d) To the extent that funds or resources are available to the
20 commission, the commission shall review existing mandated health insurance
21 services and benefits under the requirements of this section and shall report
22 its findings to the House and Senate Interim Public Health, Welfare and Labor
23 Committees on or before November 1 of each year. The commission shall
24 include the findings in its report required to be submitted under § 23-79-
25 905.

26
27 SECTION 3. Arkansas Code Title 23, Chapter 79, Subchapter 9 is amended
28 to add an additional section to read as follows:

29 23-79-906. Legislative review of proposed mandated health benefit
30 laws.

31 (a)(1)(A)(i) If a bill is filed with the House of Representatives or
32 the Senate or an interim study proposal is filed with Legislative Council or
33 an interim legislative committee and the bill or proposal contains a proposed
34 mandated health insurance service or benefit, then the legislative committee
35 of the General Assembly to which the bill or proposal is referred or
36 Legislative Council shall determine if a majority of the members of the

1 committee or Legislative Council find that the bill or proposal appears to
2 contain sufficient merit to warrant further consideration by the Arkansas
3 Advisory Commission on Mandated Health Benefits.

4 (ii) A bill containing a mandated health insurance
5 service or benefit shall not be enacted into law after January 1, 2006,
6 unless the bill has been reviewed and evaluated by the commission pursuant to
7 this subchapter.

8 (B) The committee or Legislative Council shall request a
9 review of the bill from the Arkansas Advisory Commission on Mandated Health
10 Benefits if a majority of the members determine that the bill or proposal
11 appears to contain sufficient merit to warrant further consideration.

12 (2) No further action may be taken on the bill or proposal prior
13 to obtaining a review from the commission.

14 (3) The commission shall review the bill or interim study
15 proposal in accordance with this section and submit its evaluation within
16 forty-five days (45) from the date the commission receives the referral of
17 the bill or interim study proposal from the legislative committee or
18 Legislative Council.

19 (b) The report by the commission on its review and evaluation of the
20 bill or interim study proposal shall include the following:

21 (1) The social impact of mandating the benefit, including:

22 (A) The extent to which the treatment or service is
23 utilized by a significant portion of the population;

24 (B) The extent to which the treatment or service is
25 available to the population;

26 (C) The extent to which insurance coverage for this
27 treatment or service is already available;

28 (D) If coverage is not generally available, the extent to
29 which the lack of coverage results in persons being unable to obtain
30 necessary health care treatment;

31 (E) If the coverage is not generally available, the extent
32 to which the lack of coverage results in unreasonable financial hardship on
33 those persons needing treatment;

34 (F) The level of public demand and the level of demand
35 from providers for the treatment or service;

36 (G) The level of public demand and the level of demand

1 from the providers for individual or group insurance coverage of the
2 treatment or service;

3 (H) The level of interest in and the extent to which
4 collective bargaining organizations are negotiating privately for inclusion
5 of this coverage in group contracts;

6 (I) The likelihood of achieving the objectives of meeting
7 a consumer need as evidenced by the experience of other states;

8 (J) The relevant findings of the state health planning
9 agency or the appropriate health system agency relating to the social impact
10 of the mandated benefit;

11 (K) The alternatives to meeting the identified need;

12 (L) Whether the benefit is a medical or broader social
13 need and whether it is consistent with the role of health insurance and the
14 concept of managed care;

15 (M) The impact of any social stigma attached to the
16 benefit upon the market;

17 (N) The impact of the benefit on the availability of other
18 benefits currently being offered;

19 (O) The impact of the benefit as it relates to employers
20 shifting to self-insured plans and the extent to which the benefit is
21 currently being offered by employers with self-insured plans; and

22 (P) The impact of making the benefit applicable to state
23 employees through the state employee health insurance program;

24 (2) The financial impact of mandating the benefit, including:

25 (A) The extent to which the proposed insurance coverage
26 would increase or decrease the cost of the treatment or service over the next
27 five (5) years;

28 (B) The extent to which the proposed coverage may increase
29 the appropriate or inappropriate use of the treatment or service over the
30 next five (5) years;

31 (C) The extent to which the mandated treatment or service
32 may serve as an alternative for more expensive or less expensive treatment or
33 service;

34 (D) The methods that will be instituted to manage the
35 utilization and costs of the proposed mandate;

36 (E) The extent to which the insurance coverage may affect

1 the number and types of providers of the mandated treatment or service over
2 the next five (5) years;

3 (F) The extent to which insurance coverage of the health
4 care service or provider may reasonably be expected to increase or decrease
5 the insurance premium and administrative expenses of policyholders;

6 (G) The impact of indirect costs other than premiums and
7 the administrative costs on the question of costs and benefits of coverage;

8 (H) The impact of the coverage on the total cost of health
9 care, including potential benefits and savings to insurers and employers
10 because the proposed mandated treatment or service prevents disease or
11 illness or leads to the early detection and treatment of disease or illness
12 that is less costly than treatment or service for later stages of a disease
13 or illness;

14 (I) The effects of mandating the benefit on the cost of
15 health care, particularly the premium and administrative expenses and
16 indirect costs to employers and employees, including the financial impact on
17 small employers, medium-sized employers, and large employers; and

18 (J) The effect of the proposed mandate on cost-shifting
19 between private and public payors of health care coverage and on the overall
20 cost of the health care delivery system in this state; and

21 (3) The medical efficacy of mandating the benefit, including:

22 (A) The contribution of the benefit to the quality of
23 patient care and the health status of the population, including the results
24 of any research demonstrating the medical efficacy of the treatment or
25 service compared to alternatives or not providing the treatment or service;
26 and

27 (B) If the bill or proposal proposes to mandate coverage
28 of an additional class of practitioners:

29 (i) The results of any professionally acceptable
30 research demonstrating the medical results achieved by the additional class
31 of practitioners relative to those already covered;

32 (ii) The methods of the appropriate professional
33 organization that assures clinical proficiency; and

34 (iii) The effects of balancing the social, economic,
35 and medical efficacy considerations, including:

36 (a) The extent to which the need for coverage

1 outweighs the costs of mandating the benefit for all policyholders;

2 (b) The extent to which the problem of
3 coverage may be solved by mandating the availability of the coverage as an
4 option for policyholders; and

5 (c) The cumulative impact of mandating the
6 benefit in combination with existing mandates on the costs and availability
7 of coverage.

8
9 /s/ Key

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