

1 State of Arkansas  
2 89th General Assembly  
3 Fiscal Session, 2014

HR 1010

4  
5 By: Representative Hammer  
6

7 **HOUSE RESOLUTION**

8 TO AUTHORIZE THE INTRODUCTION OF A NONAPPROPRIATION  
9 BILL CONCERNING A STATE INCOME TAX CREDIT FOR HEALTH  
10 INSURANCE PREMIUMS.  
11

12  
13 **Subtitle**

14 TO AUTHORIZE THE INTRODUCTION OF A  
15 NONAPPROPRIATION BILL CONCERNING A STATE  
16 INCOME TAX CREDIT FOR HEALTH INSURANCE  
17 PREMIUMS.  
18

19  
20 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE EIGHTY-NINTH GENERAL  
21 ASSEMBLY OF THE STATE OF ARKANSAS:  
22

23 That Representative Hammer is authorized to introduce a bill which as  
24 introduced will read substantially as follows:  
25

26 "For An Act to be Entitled  
27 AN ACT TO HELP ARKANSAS CITIZENS AFFORD HEALTH INSURANCE BY PROVIDING A STATE  
28 INCOME TAX CREDIT FOR HEALTH INSURANCE PREMIUMS; AND FOR OTHER PURPOSES.  
29

30 Subtitle

31 TO PROVIDE A STATE INCOME TAX CREDIT FOR HEALTH INSURANCE PREMIUMS.  
32

33 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
34

35 SECTION 1. DO NOT CODIFY. Legislative findings and intent.

36 (a) The General Assembly finds that:



1           (1) Health insurance premiums in Arkansas nearly doubled from  
2 2000 to 2010;

3           (2) Since 2003, health insurance premiums have increased eighty  
4 percent (80%), nearly three (3) times the rate of increase for wages and  
5 inflation; and

6           (3) Federal law under the Patient Protection and Affordable Care  
7 Act, Pub. L. No. 111-148, is contributing to the rise in health insurance  
8 premiums by requiring that health insurance plans that became effective on  
9 and after March 23, 2010:

10           (A) Be made available to all individuals, regardless of  
11 previous health status or previous claim experience;

12           (B) Cover all essential health benefits defined under Pub.  
13 L. No. 111-148;

14           (C) Have a minimum actuarial value of sixty percent (60%);

15           (D) Charge older individuals not more than three (3) times  
16 the amount charged to younger individuals; and

17           (E) Charge smokers not more than one and one-half (1 1/2)  
18 times the amount charged to nonsmokers.

19           (b) It is the intent of the General Assembly by the enactment of this  
20 act to address the state-specific need to achieve affordable health care for  
21 its citizens.

22  
23           SECTION 2. Arkansas Code Title 26, Chapter 51, Subchapter 5, is  
24 amended to add an additional section to read as follows:

25           26-51-515. Affordable healthcare insurance tax credit.

26           (a) As used in this section:

27           (1) "Consumer Price Index" means the average of the last  
28 Consumer Price Index for All Consumers published by the United States  
29 Department of Labor as of the close of the twelve-month period ending on  
30 August 31 of that calendar year;

31           (2) "Cost-of-living adjustment" means the percentage, if any, by  
32 which the Consumer Price Index for the calendar year preceding the taxable  
33 year exceeds the Consumer Price Index for the calendar year beginning January  
34 1, 2015;

35           (3)(A) "Health benefit plan" means a policy, contract, health  
36 insurance policy, health insurance contract, certificate, or agreement

1 offered or issued by a health insurer to provide, deliver, arrange for, pay  
2 for, or reimburse any of the costs of healthcare services.

3 (B) "Health benefit plan" does not include:

4 (i) Coverage only for accident or disability income  
5 insurance, or both;

6 (ii) Coverage issued as a supplement to liability  
7 insurance;

8 (iii) Liability insurance, including without  
9 limitation general liability insurance and automobile liability insurance;

10 (iv) Workers' compensation or similar insurance;

11 (v) Automobile medical payment insurance;

12 (vi) Credit-only insurance;

13 (vii) Coverage for on-site medical clinics; or

14 (viii) Other similar insurance coverage specified in  
15 federal regulations issued under the Health Insurance Portability and  
16 Accountability Act of 1996, Pub. L. No. 104-191, as it existed on January 1,  
17 2014, and under which benefits for healthcare services are secondary or  
18 incidental to other insurance benefits.

19 (C) "Health benefit plan" does not include the following  
20 benefits if the benefits are provided under a separate policy, certificate,  
21 or contract of insurance or are otherwise not an integral part of the plan:

22 (i) Limited-scope dental or vision benefits;

23 (ii) Benefits for long-term care, nursing home care,  
24 home health care, community-based care, or a combination of these; or

25 (iii) Other similar limited benefits specified in  
26 federal regulations issued under the Health Insurance Portability and  
27 Accountability Act of 1996, Pub. L. No. 104-191, as it existed on January 1,  
28 2014.

29 (D) "Health benefit plan" does not include the following  
30 benefits if the benefits are provided under a separate policy, certificate,  
31 or contract of insurance, there is no coordination between the provision of  
32 the benefits and an exclusion of benefits under a group health plan  
33 maintained by the same plan sponsor, and the benefits are paid with respect  
34 to an event without regard to whether benefits are provided with respect to  
35 such an event under any group health plan maintained by the same plan  
36 sponsor:

1                   (i) Coverage only for a specified disease or  
2 illness; or

3                   (ii) Hospital indemnity or other fixed indemnity  
4 insurance.

5                   (E) "Health benefit plan" does not include the following  
6 if offered as a separate policy, certificate, or contract of insurance:

7                   (i) Medicare supplemental health insurance as  
8 defined under the Social Security Act, Pub. L. No. 74-271, as it existed on  
9 January 1, 2014;

10                   (ii) Coverage supplemental to the coverage provided  
11 to military personnel and their dependents under Title 10 of the United  
12 States Code and the Civilian Health and Medical Program of the Uniformed  
13 Services, 32 C.F.R. Part 199, as it existed on January 1, 2014; or

14                   (iii) Similar supplemental coverage provided under a  
15 group health plan;

16                   (4) "Health insurer" means an entity that provides a health  
17 benefit plan in Arkansas, including without limitation an insurance company,  
18 medical services plan, hospital plan, hospital medical service corporation,  
19 health maintenance organization, fraternal benefits society, or any other  
20 entity providing a plan of health benefits subject to state insurance  
21 regulations;

22                   (5) "Health services" means medical services, supplies, and  
23 equipment provided or used primarily for:

24                   (A) The diagnosis, cure, mitigation, treatment, or  
25 prevention of a disease affecting any structure of the body; or

26                   (B) Transportation that is essential to obtaining benefits  
27 under a health benefit plan;

28                   (6) "Household income" means the total adjusted gross income as  
29 defined by § 26-51-403(b) received during a taxable year by:

30                   (A) A taxpayer;

31                   (B) A taxpayer's spouse; and

32                   (C) A taxpayer's dependents; and

33                   (7) "Premium" means the amount charged by a health insurer to  
34 provide coverage under a health benefit plan that is paid by a taxpayer after  
35 employer contributions and federal premium tax credits under the Patient  
36 Protection and Affordable Care Act, Pub. L. No. 111-148, are made.

1           (b) A tax credit against the tax imposed by the Income Tax Act of  
2 1929, § 26-51-101 et seq., is allowed for a taxpayer who:

3                   (1) Purchased coverage under a health benefit plan in Arkansas  
4 that covered less than eighty percent (80%) of medical costs in the previous  
5 taxable year;

6                   (2) Had a household income between one hundred and thirty eight  
7 percent (138%) and four hundred ninety-nine percent (499%) of the federal  
8 poverty guideline income level in the previous taxable year; and

9                   (3) Has a household income between one hundred and thirty eight  
10 percent (138%) and four hundred ninety-nine percent (499%) of the federal  
11 poverty guideline income level in the present taxable year; and

12                   (4) Purchases in Arkansas in the present taxable year:

13                           (A) A family health benefit plan that:

14                                   (i) Covers less than eighty percent (80%) of  
15 healthcare services; and

16                                   (ii) Has an annual premium that is more than nine  
17 and one-half percent (9 1/2%) of the taxpayer's household income;

18                           (B) A health benefit plan that:

19                                   (i) Is the same or substantially similar to the  
20 health benefit plan that the taxpayer purchased the previous plan year; and

21                                   (ii) Has an annual premium that exceeds the annual  
22 premium of the previous plan year by at least fifteen percent (15%); or

23                           (C) A new health benefit plan that:

24                                   (i) Covers less than eighty percent (80%) of medical  
25 costs;

26                                   (ii) Has an annual premium that exceeds the annual  
27 premium of the previous plan year for the health benefit plan by at least  
28 fifteen percent (15%); and

29                                   (iii) Is purchased to comply with the Patient  
30 Protection and Affordable Care Act, Pub. L. No. 111-148, as it existed on  
31 January 1, 2014 because of an involuntary cancellation of the taxpayer's  
32 health benefit plan.

33                   (c)(1) The amount of the tax credit allowed under this section shall  
34 be twenty percent (20%) of the annual premiums paid by the taxpayer in the  
35 taxable year up to a maximum amount of one thousand dollars (\$1,000).

36                   (2) The Director of the Department of Finance and Administration

1 shall increase the maximum amount of the tax credit allowed under this  
2 section by applying the cost-of-living adjustment for a calendar year and  
3 rounding to the nearest dollar.

4 (3)(A) The tax credit allowed under this section is refundable.

5 (B) The amount of the tax credit that exceeds the  
6 taxpayer's tax liability shall be returned to the taxpayer as an overpayment  
7 of tax.

8 (d) A taxpayer may claim the tax credit allowed under this section in  
9 addition to the federal premium tax credit under the Patient Protection and  
10 Affordable Care Act, Pub. L. No. 111-148, as it existed on January 1, 2014.

11 (e) The tax credit allowed under this section is void if the Director  
12 of the Department of Finance and Administration determines that the  
13 provisions of the federal law mandating individual health insurance under the  
14 Patient Protection and Affordable Care Act, Pub. L. No. 111-148 as amended by  
15 the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-  
16 152, are repealed.

17 (f) The Department of Finance and Administration shall promulgate  
18 rules to implement this section.

19  
20 SECTION 3. EFFECTIVE DATE. This act is effective on and after January  
21 1, 2015."