

1 **State of Arkansas**  
2 **79th General Assembly**  
3 **Regular Session, 1993**  
4 **By: Senator Gwatney**

# **A Bill**

**ACT 1158 OF 1993**  
**SENATE BILL 697**

## **For An Act To Be Entitled**

8 "AN ACT TO ESTABLISH ACCESS FOR EVERY ARKANSAS CITIZEN TO  
9 A CHILDREN\_S BASIC PRIMARY AND PREVENTIVE BENEFIT HEALTH  
10 CARE INSURANCE POLICY; AND FOR OTHER PURPOSES."

### **Subtitle**

13 "AN ACT TO ESTABLISH ACCESS FOR EVERY ARKANSAS CITIZEN TO  
14 A CHILDREN\_S BASIC PRIMARY AND PREVENTIVE BENEFIT HEALTH  
15 CARE INSURANCE POLICY."

17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

19 SECTION 1. Purpose. To provide access to affordable basic primary and  
20 preventive health care for all children in the State of Arkansas. It is  
21 intended that this result will be reached by authorizing the development and  
22 sale by all authorized disability insurers, health maintenance organizations,  
23 or self-insured employer groups, either as a separate policy or as a rider to  
24 an existing major medical disability policy, policies or riders which provide  
25 for children\_s basic primary and preventative benefits without the added cost  
26 of required mandated benefits and to authorize the *Arkansas Insurance*  
27 *Commissioner*, which shall be hereafter referred to as "Task Force", to develop  
28 the benefit structure, price, and marketing requirements for such policies.

30 SECTION 2. Definitions. As used in this act:

- 31 (1) "Commissioner" shall mean the Arkansas Insurance Commissioner;  
32 (2) "Insured" shall mean any individual or group insured under a  
33 policy, rider, or certificate issued pursuant to the laws of this State, or  
34 covered under an employer\_s self-funded plan, or any individual desiring to  
35 purchase a "children\_s basic primary and preventative benefit policy" for any  
36 dependent child whether or not such individual is currently covered under an

1 existing policy or health care plan;

2 (3) "Insurer" means an insurer, health maintenance organization,  
3 hospital or medical services corporation, or self-funded employer offering a  
4 minimum basic benefit policy pursuant to this act;

5 (4) "Loss Ratio" means the percentage derived by dividing incurred  
6 claims (both reported and not reported) by total premiums earned;

7 (5) "Permitted Coverages" shall mean health or hospitalization coverage  
8 under a policy issued pursuant to this act;

9 (6) "Children\_s Basic Primary and Preventative Benefit Policy" shall  
10 mean a policy, rider, or subscription contract which an insurer, shall offer  
11 to an insured, pursuant to the provisions of this act;

12 (7) "Children\_s Preventive Health Care Service" means physician-  
13 delivered or physician-supervised services for eligible dependents from birth  
14 through age sixteen (16), with periodic physical examinations including  
15 medical history, physical examination, developmental assessment, anticipatory  
16 guidance and appropriate immunizations and laboratory tests, in keeping with  
17 prevailing medical standards for the purposes of this section.

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19 SECTION 3. Issuance of Children\_s Basic Primary and Preventative  
20 Benefit Policy.

21 Insurers are hereby authorized to issue Children\_s Basic Primary and  
22 Preventative Benefit policies or riders pursuant to and in compliance with the  
23 provisions of this act to insureds as defined by this act. This act shall  
24 apply only to those children\_s basic primary and preventative benefit policies  
25 or riders issued under this act and regulations issued by the Commissioner  
26 pursuant to the authority of this act. Nothing in this act shall be deemed to  
27 add to, detract from, or in any manner apply to policies, subscription  
28 contracts, benefits, or related activities under any other statutory, or  
29 regulatory authorities.

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31 SECTION 4. *Regulatory Authority*

32 (a) *The commissioner shall have the authority to promulgate a*  
33 *regulation applicable to policies issued pursuant to this act, which*  
34 *establishes provisions for required benefits, benefit reimbursement levels,*  
35 *loss ratios, excluded benefits, deductible amounts, co-payment levels,*

1 preexisting conditions limitations, maximum annual and life time benefits,  
2 limitations on qualified buyers, marketing standards and disclosure standards,  
3 and any other provision necessary to implementation of this act.

4 (b) The Insurance Task Force of the Arkansas Health Care Access Council  
5 or its successor organization may submit recommendations concerning provisions  
6 contained in any regulation issued by the Commissioner pursuant to subsection  
7 (a) above.

8 (c) The commission may accept, reject, or modify, any part or all of  
9 the recommendations of the Insurance Task Force of the Arkansas Health Care  
10 Access Council.

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12 SECTION 5. DISCRETIONARY MANAGED CARE PROVIDERS.

13 (a) The Commissioner shall consider for inclusion in any benefit  
14 package proscribed pursuant to this act, any or all of the following managed  
15 care provisions to control the cost of a policy issued pursuant to this act:

16 (1) An exclusion for services that are not medically necessary or  
17 prescribed by this act;

18 (2) A provision allowing a preferred panel of providers who have  
19 entered into written agreements with the insurer to provide services at  
20 specified levels of reimbursement. With the exception of health maintenance  
21 organizations, participation in such preferred panel shall be open to all  
22 providers licensed to provide the services to be covered. Any such written  
23 agreement between a provider and an insurer shall contain a provision under  
24 which the parties agree that the insured individual or covered member will  
25 have no obligation to make payment for any medical service rendered by the  
26 provider that is determined not to be medically necessary; provided, however,  
27 that charges for medically necessary services received by the insured which  
28 are not covered by the children\_s basic primary and preventative benefit  
29 policy shall be considered the responsibility of the insured; and

30 (3) A provision under which any insured who obtains medical services  
31 for a non preferred provider shall receive reimbursement only in the amount  
32 that would have been received had services been rendered by a preferred  
33 provider, less a differential, if any, in an amount to be approved by the Task  
34 Force; and

35 (b) Nothing in this act shall be construed to prohibit an insurer

1 or self-funded employer from including in a children\_s basic primary and  
2 preventative benefit policy other managed care and cost control provisions  
3 which, subject to the approval of the Commissioner, have the potential to  
4 control costs in a manner which does not result in inequitable treatment of an  
5 insured under this act.

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7 SECTION 6. DISCLOSURE REQUIREMENTS FOR CHILDREN\_S MINIMUM BASIC BENEFIT  
8 POLICIES.

9 (a) The *Commissioner* shall have the authority to prescribe any fair and  
10 equitable disclosure requirements for the offer and sell of a policy issued  
11 pursuant to this act, that the Panel deems necessary for the protection of the  
12 insured.

13 (b) Such requirements shall be included in any regulation adopted  
14 pursuant to the requirements of SECTION 4 of this act.

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16 SECTION 7. FORMS, RATES, MARKETING COMMUNICATIONS TO BE FILED WITH AND  
17 APPROVED BY THE COMMISSIONER.

18 All children\_s basic primary and preventative benefit policy forms,  
19 including applications, enrollment forms, policies, certificates, evidences of  
20 coverage, riders, amendments, endorsements, disclosure forms, and marketing  
21 communications used in connection with the sale or advertisement of a  
22 children\_s basic primary and preventative benefit policy shall be submitted to  
23 the Commissioner for approval in the same manner as required by Arkansas Code  
24 Annotated Section 23-79-109 (a) or Arkansas Code Annotated Section 23-76-112  
25 (a).

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

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31 SECTION 9. If any provision of this act or the application thereof to  
32 any person or circumstance is held invalid, such invalidity shall not affect  
33 other provisions or applications of the act which can be given effect without  
34 the invalid provision or application, and to this end the provisions of this  
35 act are declared to be severable.

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SECTION 10. All laws and parts of laws in conflict with this act are hereby repealed.

*/s/ Senator Gwatney*

APPROVED: 4/14/93

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