

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas  
2 81st General Assembly  
3 Regular Session, 1997

As Engrossed: S2/25/97 S2/27/97 S3/6/97 H3/19/97

## A Bill

ACT 1295 OF 1997  
SENATE BILL 350

4  
5 By: Senator Wilson  
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### For An Act To Be Entitled

9 "AN ACT TO AMEND ARKANSAS CODE 21-5-405 PERTAINING TO  
10 DUTIES OF THE ARKANSAS STATE EMPLOYEE AND PUBLIC SCHOOL  
11 PERSONNEL BOARD; TO AMEND ARKANSAS CODE 21-5-411 TO  
12 PROVIDE THAT THE ELECTION FOR PARTICIPATION IN HEALTH  
13 BENEFIT PROGRAMS SHALL BE MADE AT THE TIME OF ELECTION TO  
14 RECEIVE RETIREMENT BENEFITS; TO AMEND ARKANSAS CODE 21-5-  
15 415 TO CLARIFY THAT THE PENALTIES FOR NONPAYMENT OF  
16 PREMIUMS AND FAILURE TO FILE REPORTS MAY BE ASSESSED  
17 AGAINST SCHOOL DISTRICTS; AND FOR OTHER PURPOSES."

### Subtitle

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20 "THE DUTIES OF THE ARKANSAS STATE  
21 EMPLOYEE AND PUBLIC SCHOOL PERSONNEL  
22 BOARD; REQUIRING ELECTION FOR INSURANCE  
23 COVERAGE UPON RETIREMENT AND  
24 CLARIFICATION OF PENALTIES."  
25

26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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28 SECTION 1. Arkansas Code 21-5-405 is amended to read as follows:

29 "21-5-405. Additional duties.

30 (a) The board and the executive director shall take a risk management  
31 approach in designing and administering the state employee and public school  
32 personnel health benefit programs. The board shall ensure that the state  
33 employee and public school personnel health benefit programs are maintained on  
34 an actuarially sound basis as determined by actuarial standards established by  
35 the board.

36 (b) In addition to the objectives stated in § 21-5-404, the board shall:

1 (1) Develop uniform standards of vendor plan funding so as to avoid  
2 windfall profits resulting from fully insured nondividend-paying funding  
3 arrangements;

4 (2)(A) Promote increased access to various plan options and health care  
5 models, with at least:

6 ~~— (i) Any health maintenance organization that offers a point of service  
7 option to its enrollees;~~

8 ~~— (ii) The health benefit plan offered by the University of Arkansas for  
9 Medical Sciences-sponsored managed care program; and~~

10 ~~— (iii) Any other plans deemed suitable by the board.~~

11 (i) The health benefit plan offered by the University of Arkansas for  
12 Medical Sciences-sponsored managed care program that agrees to rules of  
13 participation as established by the board for all participating plans; and

14 (ii) Plans with statewide provider networks and such other plans as the  
15 board may choose to offer, providing that such plans meet minimum standards as  
16 established by the board and that agree to rules of participation as  
17 established by the board for all participating plans; including, but not  
18 limited to, data sharing. Such data shall include, but is not limited to,  
19 financial reports (monthly, quarter-to-date, year-to-date), monthly check and  
20 refund register, monthly paid claim and exposure (Lag) reports, paid claims  
21 and encounter data tapes, large claim listings, analysis by place of service  
22 and type of benefit, utilization by provider, utilization by diagnosis and  
23 place of service, lifetime maximum information, and any other information  
24 deemed necessary by the board.

25 (B) Access to managed care will be provided by giving preferential  
26 treatment, if required, to those vendors who will enhance benefit options  
27 availability in rural Arkansas;

28 (3)(A) Utilize the combined purchasing power of the state employee and  
29 public school personnel programs to foster global competition for all citizens  
30 of the state.

31 (B) The board shall communicate publicly through the executive director  
32 its findings and observations as relates to the health care market and vendor  
33 services expertise.

34 (C) In this fashion, future health care market reforms can be promoted  
35 and benefitted from the efforts of the state employee and public school  
36 personnel programs. Any agency or school district that accepts state funds

1 intended to partially defray the cost of health insurance for the employees of  
2 the state and public schools shall use those funds only for the state employee  
3 and public school personnel health benefit plans sponsored by the board and  
4 agrees to rules of participation including, but not limited to timely  
5 eligibility reporting, timely payment of premiums or contributions, actuarial  
6 adjustment for new entrants, and any other information deemed necessary by the  
7 board;

8 (4) Assure guaranteed issue of all plans; and

9 (5) Ensure an annual ~~open~~ enrollment period under all plans."

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11 SECTION 2. Arkansas Code 21-5-411(a), pertaining to the eligibility of  
12 certain retired employees, is amended to read as follows:

13 "(a) State employees who are members of:

14 (1) The Arkansas Public Employees' Retirement System including the  
15 members of the legislative division and the contract personnel of the Arkansas  
16 National Guard;

17 (2) The Teacher Retirement System;

18 (3) The Arkansas State Highway Employees' Retirement System; and

19 (4) The Arkansas Judicial Retirement System; who are now retired and  
20 drawing benefits under the systems and members of those systems who hereafter  
21 retire and receive retirement benefits under the systems shall be eligible to  
22 participate in the group health insurance program instituted pursuant to the  
23 provisions of this subchapter and other laws enacted to implement the program.

24 At the time members of those systems elect to receive retirement benefits,  
25 thereby becoming 'active retirees', an election shall also be made to  
26 participate or to decline participation in the health benefit programs  
27 sponsored by the board. The election to receive retirement benefits is not  
28 effective until this election is made. Any election made to decline  
29 participation in the health benefit programs is final. Any subsequent  
30 termination of health benefits by the retiree is final. Notwithstanding any  
31 other provision to the contrary in this section, an employee with ten (10) or  
32 more years creditable service under the terms of a retirement plan listed in  
33 this section shall qualify for continuation of health insurance coverage  
34 offered by the board if that employee is separated from employment because of  
35 the expiration of a fixed period of employment. An employee qualifying for  
36 continuation of coverage under this subsection shall be considered an

1 Ⓢ inactive retiree and shall have thirty-one (31) days from the effective  
2 date of termination to elect to continue health insurance coverage hereunder.  
3 Such election shall be made upon forms prescribed by the board. The agency or  
4 school district from which the employee was terminated must certify the  
5 applicant's qualifications to the board. Inactive retirees shall be charged  
6 a premium determined by the board to be actuarially sound, along with  
7 administrative fees deemed appropriate. Inactive retirees shall not be  
8 eligible to return to the board sponsored health program if for any reason the  
9 inactive retiree ceases coverage at any time after election under this  
10 subsection. Inactive retirees shall be reclassified as Ⓢ active retirees  
11 upon electing to receive a retirement benefit by a retirement system listed  
12 within this section, and shall be charged the premium rate appropriate for  
13 their rating category as an active retiree."

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15 SECTION 3. Arkansas Code 21-5-415 is amended to read as follows:

16 "21-5-415. Nonpayment of premiums and failure to file reports by agency  
17 or school district.

18 (a) If any participating agency or school district does not remit  
19 insurance premiums to the State and Public School Employees Insurance Section  
20 of the Department of Finance and Administration by twenty (20) calendar days  
21 after the pay period ending date, the State and Public School Employees  
22 Insurance Section shall have the right to impose interest of ten percent (10%)  
23 per annum on the moneys due.

24 (1) Interest will be computed on the actual days of delinquency, with a  
25 minimum charge being billed when appropriate.

26 (2) Interest payable will be determined using the date the delinquent  
27 funds are received, and an invoice for the interest shall be sent to the  
28 agency or school district.

29 (b)(1) Payment shall be payable to the ~~Group Insurance Trust Fund~~ group  
30 insurance trust funds and must be received by the State and Public School  
31 Employees Insurance Section no later than the last calendar day of the month  
32 following billing.

33 (2) If payment is not received by the State and Public School Employees  
34 Insurance Section by the last calendar day of the month following billing, the  
35 following collection methods may be used:

36 (A) The Chief Fiscal Officer of the state may cause the interest payable

1 to be transferred to the State and Public School Employees Insurance Section  
2 from funds the agency has on deposit with the Treasurer of State or any funds  
3 the school district is due from the state. If a transfer must be made, a  
4 transfer penalty of twenty dollars (\$20.00) per transfer may be assessed each  
5 agency or school district fund and included in the transfer;

6 (B) The agency director or school district superintendent may be  
7 required to appear before the Arkansas State Employee and Public School  
8 Personnel Board to report the reasons for nonpayment. In addition, the Chief  
9 Fiscal Officer of the state may use his powers outlined in § 19-4-301 et seq.  
10 to aid in collection.

11 (c) Nonpayment of premiums could also result in a lapse of health and  
12 life insurance coverage for employees of the school district, agency or in the  
13 agency assuming responsibility for paying health and life claims for its  
14 employees.

15 (d) (1) In the event any participating agency or school district fails  
16 to file the necessary reports with the State and Public School Employees  
17 Insurance Section by twenty (20) calendar days after the due date, the State  
18 and Public School Employees Insurance Section shall have the right to impose a  
19 penalty of fifty dollars (\$50.00) per report overdue.

20 (2) An additional penalty of fifty dollars (\$50.00) will be assessed  
21 for each subsequent reporting period the overdue report remains in arrears.

22 (e)(1) An invoice for this penalty will be sent to the agency, or school  
23 district and payment shall be payable to the ~~Group Insurance Trust Fund~~ group  
24 insurance trust funds and must be received by the State and Public School  
25 Employees Insurance Section no later than the last calendar day of the month  
26 following billing.

27 (2) If payment is not received by the State and Public School Employees  
28 Insurance Section by the last calendar day of the month following billing, the  
29 following collection methods may be used:

30 (A) The Chief Fiscal Officer of the state may cause the interest payable  
31 to be transferred to the State and Public School Employees Insurance Section  
32 from funds the agency has on deposit with the Treasurer of State or from any  
33 funds the school district is due from the state. If a transfer must be made, a  
34 transfer penalty of twenty dollars (\$20.00) per transfer may be assessed each  
35 agency fund and included in the transfer;

36 (B) The agency director or school district superintendent may be

1 required to appear before the Arkansas State Employee and Public School  
2 Personnel Board to report the reasons for nonpayment;

3 (C) In addition, the Chief Fiscal Officer of the state may use his  
4 powers as outlined in § 19-4-301 et seq. to aid in collection."

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6 SECTION 4. 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 5. 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 6. All laws and parts of laws in conflict with this act are  
17 hereby repealed.

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*/s/Wilson*

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20 APPROVED: BECAME LAW WITHOUT GOVERNOR'S SIGNATURE.

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