

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: H3/12/99

A Bill

Act 1280 of 1999
HOUSE BILL 1869

5 By: Representative Laverty
6 By: Senator Wooldridge
7
8

For An Act To Be Entitled

10 "AN ACT TO AMEND ARKANSAS CODE 21-5-401; 21-5-402; 21-
11 5-403; 21-5-404; 21-5-405; 21-5-406; 21-5-407; 21-5-
12 408; 21-5-411; 21-5-414; 19-4-521; 21-5-502; 21-5-505;
13 21-5-506; AND 21-5-507, PERTAINING TO THE ARKANSAS
14 STATE EMPLOYEE AND PUBLIC SCHOOL PERSONNEL BOARD; AND
15 FOR OTHER PURPOSES. "

Subtitle

16
17
18 "TO CHANGE THE COMPOSITION, NAME, POWERS
19 AND DUTIES OF THE ARKANSAS STATE
20 EMPLOYEE AND SCHOOL PERSONNEL BOARD. "
21
22

23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
24

25 SECTION 1. Arkansas Code 21-5-401 is amended to read as follows:

26 "21-5-401. Legislative intent.

27 It is the purpose of this subchapter to:

28 (1) Create a single board to ~~manage~~ set policy and select plans
29 and coverages for the state employee and public school personnel health and
30 life insurance and self-funded medical programs, so as to enhance the ability
31 to control premiums, expand health care options, and utilize managed care
32 capabilities where feasible and in the best interest of state employees and
33 public school personnel, and study alternate funding arrangements which
34 minimize or eliminate problems associated with selection among multiple
35 methods of funding plans when more than one (1) program is utilized;

36 (2) Propose future goals and measures to address the common

1 objectives of both groups, including improving quality of health care services
 2 under the program, increasing participants' understanding of the program
 3 features and slowing the rate of growth in health care expenses under the
 4 program; and

5 (3) Enable a single board to ~~manage~~ set and manage policies for
 6 the programs in a concerted effort and to work toward a common goal that
 7 multiple benefit options be made available to participants under both public
 8 school and state employee current programs."

9

10 SECTION 2. Arkansas Code 21-5-402 is amended to read as follows:

11 "21-5-402. Members.

12 (a)(1) There is hereby created the ~~Arkansas State Employee and Public~~
 13 ~~School Personnel~~ State and Public School Life and Health Insurance Board
 14 composed of the following ~~twelve (12)~~ ten (10) voting members:

15 (A) A state employee to be ~~selected by the Arkansas State~~
 16 ~~Employees Association~~ appointed by the Governor;

17 (B) A certified classroom teacher to be ~~selected by the~~
 18 ~~Arkansas Education Association or his designee~~ appointed by the Governor;

19 (C) The State Insurance Commissioner or his designee;

20 (D) ~~One (1) public school employee to be appointed by the~~
 21 ~~Governor~~ The Director of the Department of Education or his designee;

22 (E) ~~One (1) state employee to be appointed by the Governor~~
 23 The Director of the Department of Finance and Administration or his designee;

24 (F) ~~The chairman of the House Insurance and Commerce~~
 25 ~~Committee and the chairman of the Senate Insurance and Commerce Committee;~~

26 (G) ~~(F) Three (3)~~ Two (2) members who are engaged in
 27 employee benefits management business owners or risk managers management in
 28 private industry to be appointed by the Governor; and

29 ~~(H) (G) One (1) additional member position which shall be~~
 30 ~~filled alternately by a retired teacher selected by the Arkansas Retired~~
 31 ~~Teachers Association and by a retired state employee appointed by the~~
 32 ~~Governor. This position shall first be filled by a retired teacher for a term~~
 33 ~~of four (4) years, then by a retired state employee for a term of four (4)~~
 34 ~~years and four-year terms thereafter shall be alternated between a retired~~
 35 ~~teacher and a retired state employee; and~~

36 (H) One public school administrator to be appointed by the Governor; and

1 (1) In addition, there shall be one (1) member who is a
2 ~~doctor~~ licensed health care provider appointed by the Governor.

3 (2) However, any appointee who has a conflict of interest shall
4 be disqualified to serve.

5 ~~(b)(1) Members appointed by the Governor shall be appointed for terms~~
6 ~~of four (4) years~~ The members, except for retiree positions, initially
7 appointed by the Governor shall draw lots for terms so that two (2) serve for
8 a term of four (4) years each, two (2) for a term of three (3) years, one (1)
9 for a term of two (2) years, and one (1) for a term of one (1) year. All
10 successor members appointed by the Governor shall be appointed for terms of
11 four (4) years, but may be reappointed for additional terms.

12 (2) Vacancies in the Governor-appointed positions shall be filled
13 by appointment of the Governor for the unexpired term. Members appointed by
14 the Governor shall serve at the will of the Governor.

15 ~~(c) Chairmen or vice chairmen shall be elected by the board to serve~~
16 ~~two-year~~ A chair and a vice chair shall be selected annually from the
17 membership of the board by the Governor, to serve one (1) year terms."

18
19 SECTION 3. Arkansas Code 21-5-403 is amended to read as follows:

20 "21-5-403. Policy-making body only - Reports.

21 (a) The board shall be a policy-making body only.

22 (b) ~~The board through the executive director shall report at least~~
23 ~~quarterly~~ upon request to the House and Senate Interim Committees on
24 Insurance and Commerce regarding the state employees and public school
25 personnel insurance program."
26

27 SECTION 4. Arkansas Code 21-5-404 is amended to read as follows:

28 "21-5-404. Powers - Functions - Duties.

29 The board shall have the following powers, functions, and duties:

30 (1) To explore various cost containment measures and funding
31 options;

32 ~~(2) To explore methods of reducing the disparity of employer~~
33 ~~contributions between state employee and public school personnel programs in~~
34 ~~future years;~~

35 ~~(3)~~ (2) To promote competition among vendors and create a
36 systematic formula for measuring competitiveness of programs, ~~not solely based~~

1 ~~upon lowest administrative fees, but upon aggregate cost-saving mechanisms,~~
2 quality of care delivery, portability, and accessibility to, and affordability
3 of health care;

4 ~~(4)(3)~~ To prepare a comprehensive analysis of the various health
5 benefit plan options offered approved by the board to provide coverage
6 ~~available~~ to state and public school employees, including cost, quality, and
7 access differentials among the various plans, as well as any other comparisons
8 of the plans as will enable the state and school employees to make a well-
9 informed choice of plans; and

10 ~~(5) Undertake~~ (4) To undertake studies and to take any
11 appropriate action which it determines will promote the financial soundness
12 and overall well-being of the state employee and public school personnel
13 health insurance programs;

14 (5) To develop, with the assistance of the Office of State
15 Purchasing, bid specifications and requests for proposals and evaluate bids
16 and proposals, but shall allow the Office of State Purchasing to execute all
17 other actions relating to the purchasing procedures in contracting for
18 consultants, third party administrators, providers or insurance companies on
19 behalf of the programs;

20 (6) To evaluate responses to requests for proposals, select
21 contractors for all services, approve the award of contracts resulting from
22 bids for all health and life insurance offerings for participants of the
23 various plans;

24 (7) To perform plan design, summarize plan document approval;
25 including, but not limited to, lifetime limitations, co-pays, deductibles, and
26 eligibility rules;

27 (8) To promote increased access to various health plan options
28 and models;

29 (9) May, at the discretion of the board, direct the Office of
30 State Purchasing to contract with all qualified vendors, as defined by the
31 board, offering the health benefit plans prescribed by the board without
32 regard to § 19-11-228 or other statutes requiring competitive bidding. Each
33 contract shall be for a uniform term of at least one (1) year, but may be made
34 automatically renewable from term to term in the absence of notice of
35 termination by either party."

36

1 SECTION 5. Arkansas Code 21-5-405 is amended to read as follows:

2 "21-5-405. Additional duties.

3 (a) The board and the executive director shall take a risk management
4 approach in designing ~~and administering~~ the state employee and public school
5 personnel health benefit programs. The board shall ensure that the state
6 employee and public school personnel health benefit programs are maintained on
7 an actuarially sound basis as determined by actuarial standards established by
8 the board.

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

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

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

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

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

31 (B) ~~Access~~ Promote access to managed care ~~will be provided~~
32 by giving preferential treatment, if required, to those vendors who will
33 enhance ~~benefit plan~~ options availability in rural Arkansas;

34 (3)(A) Utilize the combined purchasing power of the state
35 employee and public school personnel programs to foster ~~global competition for~~
36 ~~all citizens of the state~~ competition among vendors and providers for the

1 programs.

2 ~~(B) The board shall communicate publicly through the~~
3 ~~executive director its findings and observations as relate to the health care~~
4 ~~market and vendor services expertise.~~

5 ~~(C) In this fashion, future health care market reforms can~~
6 ~~be promoted and benefited from the efforts of the state employee and public~~
7 ~~school personnel programs. Any (B) Any state agency or school district that~~
8 accepts state funds intended to partially defray the cost of health insurance
9 for the employees of the state and public schools shall use those funds only
10 for the state employee and public school personnel health benefit plans
11 sponsored by the board and agrees to rules of participation including, but not
12 limited to timely eligibility reporting, timely payment of premiums or
13 contributions, actuarial adjustment for new entrants, and any other
14 information deemed necessary by the board;

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

16 (5) Ensure an annual enrollment period under all plans.”

17
18 SECTION 6. Arkansas Code 21-5-406 is amended to read as follows:

19 “21-5-406. Executive director - Staff.

20 (a) The board shall ~~employ~~ choose an executive director, with the
21 approval of the Director of the Department of Finance and Administration, ~~and~~
22 ~~such other staff as the board deems appropriate, and.~~ The Executive Director
23 shall be employed by and serve at the pleasure of the Director of the
24 Department of Finance and Administration; however, the board may recommend the
25 removal of the Executive Director, but removal shall be subject to the
26 approval of the Director of the Department of Finance and Administration. The
27 Executive Director shall employ staff adequate to manage the program within
28 the funds appropriated therefor within the Department of Finance and
29 Administration ~~and the Department of Education.~~

30 (b)(1) The executive director and his staff shall be ~~a part~~ located in
31 the Employee Benefits Division of the Department of Finance and
32 Administration.

33 (2) ~~The department shall provide general administrative support~~
34 ~~and supervision which will ensure the operation of the state employees and~~
35 ~~public school personnel insurance program in accordance with the general~~
36 ~~policy set out by the board~~ Premiums collected from employers, participating

1 employees, and retirees for health and life insurance plans shall be used
 2 solely to pay medical claims, premiums, and direct administrative expenses of
 3 the health and life insurance programs.

4 (c)(1) The executive director shall be charged with the duty of
 5 administering the provisions of this subchapter and the rules, regulations,
 6 and orders of the Employee Benefits Division and the board.

7 (2)(A) The executive director shall have the authority to
 8 supervise the implementation and day-to-day management of the health insurance
 9 programs and other employee benefit programs made available to those eligible
 10 for state employee and public school personnel health benefit programs.

11 (B) This may include, but not be limited to:

12 (i) Life insurance coverages;

13 (ii) Accident coverages;

14 (iii) Dental coverages;

15 (iv) Disability benefit programs;

16 (v) Optional retirement programs;

17 (vi) Deferred compensation; and

18 (vii) Such other benefit plans that are offered from
 19 time to time to public school employees and state employees.

20 (C) This authority shall not include the State Employee
 21 Benefit Corporation benefit plan which is in effect on July 1, 1995.

22 (d) In addition, the Executive Director and the board may utilize the
 23 services of health care consultants and actuaries if necessary to augment the
 24 staff as provided for through the appropriation of the Employee Benefits
 25 Division of the Department of Finance and Administration."

26
 27 SECTION 7. Arkansas Code 21-5-407 is amended to read as follows:

28 "~~21-5-407. Authorized to accept funds and employ staff~~ Definitions.

29 ~~The board is authorized to apply for and accept grant funds and to use~~
 30 ~~the same to employ staff and purchase supplies and equipment and other items~~
 31 ~~to support the operation of the board.~~

32 As used in this subchapter, unless the context otherwise requires:

33 (1) 'State' means the State of Arkansas;

34 (2) 'Employee' means a state employee or a public school district
 35 employee;

36 (3) 'Public school district employee' means all public school district

1 salari ed employees;

2 (4) 'Dependent' means any member of an employee's or retiree's family
3 who meets the eligibility for coverage under the health benefit plans approved
4 by the board;

5 (5) 'Retiree' means a retired employee who is eligible under the
6 provisions of 21-5-411;

7 (6) 'Vendor' means:

8 (A) a corporation, partnership or other organization licensed to
9 do business in the State of Arkansas;

10 (B) a corporation, partnership or other organization licensed to
11 do business in the State of Arkansas which is lawfully engaged in
12 administering employer funded health benefit plans for employer groups in
13 consideration of an administration fee payable to the vendor."

14
15 SECTION 8. Arkansas Code 21-5-408 is amended to read as follows:

16 "21-5-408. Compensation.

17 ~~(a) Board members, other than legislators,~~ may receive, from the
18 Department of Finance and Administration, expense reimbursement as authorized
19 by law, and stipends in accordance with § 25-16-901 et seq.

20 ~~(b) Legislator members shall receive per diem, mileage, and expense~~
21 ~~reimbursement at the same rate as that prescribed for legislators for~~
22 ~~attending meetings of interim committees of the General Assembly."~~

23
24 SECTION 9. Arkansas Code 21-5-411 is amended to read as follows:

25 "21-5-411. Eligibility of certain retired employees.

26 (a) State employees who are members of:

27 (1) The Arkansas Public Employees' Retirement System including
28 the members of the legislative division and the contract personnel of the
29 Arkansas National Guard;

30 (2) The Arkansas Teacher Retirement System;

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

32 (4) The Arkansas Judicial Retirement System; who are now retired
33 and drawing benefits under the systems and members of those systems who
34 hereafter retire and receive retirement benefits under the systems shall be
35 eligible to ~~participate~~ continue coverage in the group health insurance
36 program instituted pursuant to the provisions of this subchapter and other

1 laws enacted to implement the program. At the time members of those systems
2 elect to receive retirement benefits, thereby becoming 'active retirees', an
3 election shall also be made to ~~participate or to decline participation~~
4 continue coverage in the health benefit programs sponsored by the board. ~~The~~
5 ~~election to receive retirement benefits is not effective until this election~~
6 ~~is made.~~ To be eligible to continue coverage, the member must have been
7 covered on the last day of the member's employment. Any election made to
8 decline participation in the health benefit programs is final. Any subsequent
9 termination of health benefits by the retiree is final. Notwithstanding any
10 other provision to the contrary in this section, an employee with ten (10) or
11 more years creditable service under the terms of a retirement plan listed in
12 this section shall qualify for continuation of health insurance coverage
13 offered by the board if that employee is separated from employment because of
14 the expiration of a fixed period of employment. An employee qualifying for
15 continuation of coverage under this subsection shall be considered an
16 'inactive retiree' and shall have thirty-one (31) days from the effective date
17 of termination to elect to continue health insurance coverage hereunder. Such
18 election shall be made upon forms prescribed by the board. The agency or
19 school district from which the employee was terminated must certify the
20 applicant's qualifications to the ~~board~~ Employee Benefits Division. Inactive
21 retirees shall be charged a premium determined by the board to be actuarially
22 sound, along with administrative fees deemed appropriate. Inactive retirees
23 shall not be eligible to return to the board-sponsored health program if for
24 any reason the inactive retiree ceases coverage at any time after election
25 under this subsection. Inactive retirees shall be reclassified as 'active
26 retirees' upon electing to receive a retirement benefit by a retirement system
27 listed within this section, and shall be charged the premium rate appropriate
28 for their rating category as an active retiree.

29 (b)(1) Persons who draw retirement benefits under the Arkansas Public
30 Employees' Retirement System, the Arkansas Teacher Retirement System, or the
31 Arkansas State Highway Employees' Retirement System, and retired contract
32 employees of the Arkansas National Guard who wish to participate in the group
33 insurance program provided for in this subchapter shall pay the ~~full~~ retiree
34 amount of the premium or cost of the policy issued to such retired
35 participant.

36 (2) The retiree portion of the premium or cost shall be deducted

1 from the retirement benefit check of the retired participants.

2 (c) Eligible employees of institutions of higher education who are
3 retired with at least ten (10) years of creditable service after July 1, 1983,
4 shall be allowed to participate in the group insurance program provided for in
5 this subchapter but shall pay the full amount of the premium or cost of the
6 policy issued to the retired participant. All eligible participants must make
7 an option selection of coverage within thirty-one (31) days subsequent to the
8 date of their notification of termination or retirement.

9 (d) Members of the Arkansas Public Employees' Retirement System and the
10 Arkansas State Highway Employees' Retirement System who retire before January
11 2, 1988, under the provisions of the Incentives for Early Retirement Act shall
12 not have to pay the full amount of the premium and shall pay a portion of the
13 cost of the policy as set forth by the Incentives for Early Retirement Act.

14 (e) Any future change in coverage other than cancellation shall be
15 extended only to newly acquired dependents, except that if an active or
16 inactive retiree declined dependent coverage at the time of election to be an
17 active or inactive retiree because such dependent had other coverage, and if
18 subsequently such dependent involuntarily loses such coverage, except for
19 fraud or voluntary cessation of premium payment while the active or inactive
20 retiree is covered by the plan, then such dependent may be added within
21 thirty-one (31) days of such involuntary termination to the active or inactive
22 retiree's health insurance coverage for payment of the appropriate premium as
23 established by the Board."

24
25 SECTION 10. Arkansas Code 21-5-414 is amended to read as follows:

26 "21-5-414. State contributions generally - Partial state contribution of
27 employees' premiums.

28 (a) ~~The Arkansas State Employee and Public School Personnel Board~~
29 Department of Finance and Administration shall seek the advice of the
30 Legislative Council and the House and Senate Interim Committees on Insurance
31 and Commerce before additional contributions can be made.

32 (b) The State of Arkansas, on behalf of agencies participating in the
33 plan(s) adopted by the State, is authorized to make a monthly contribution ~~up~~
34 ~~to but~~ equal to the number of budgeted state employee positions times the
35 monthly contribution authorized by the Chief Fiscal Officer of the State, not
36 to exceed two hundred seventy five dollars (\$275) monthly for each state

1 employee budgeted position into a fund designated for state employee health
2 benefits, to partially defray the cost of life and health insurance for ~~each~~
3 ~~employee~~ employees of the state participating in the plan ~~adopted~~ sponsored by
4 the board. The State Department of Finance and Administration may make a
5 monthly contribution to partially defray the cost of health insurance for
6 state employee retirees, utilizing funds made available for such purpose, not
7 to exceed the amount authorized by the Chief Fiscal Officer of the State."

8
9 SECTION 11. Arkansas Code 19-4-521 (7) is amended to read as follows:

10 "(7) Personal Services Matching. This subclassification shall represent
11 the agency's proportion of the amounts necessary to contribute the agency's
12 share or to match the deductions from the salaries of state employees for
13 social security, retirement, group employee insurance programs, workers'
14 compensation, ~~and~~ unemployment compensation contributions, and to provide a
15 state contribution for state employee retirees who are eligible to participate
16 in the health and life insurance programs offered by the state as defined by
17 Arkansas Code 21-5-411 as authorized by the Chief Fiscal Officer of the State.
18 The Chief Fiscal Officer of the State may provide that the proportionate share
19 of the matching or contribution for each payroll period shall be included as
20 an item on the payroll; and the Auditor of State, upon direction of the Chief
21 Fiscal Officer of the State, shall charge such items on the payroll to the
22 appropriation item for personal services matching costs. The items for regular
23 salaries or extra help may be reimbursed from the appropriation item for
24 personal services matching. For those agencies which do not have an item of
25 appropriation for personal services matching, the Chief Fiscal Officer of the
26 State may require that such items of matching deductions or contributions be
27 included on the payroll. If the appropriation for regular salaries or extra
28 help is not sufficient to cover such matching deductions or agency
29 contributions, the Chief Fiscal Officer of the State may direct the Auditor of
30 State to transfer the required amount to cover such matching or contribution
31 from the appropriation item for maintenance and general operation. When an
32 agency does not have an appropriation line item for personal services
33 matching, then it may pay the matching or contributions costs, as set out in
34 this subdivision, from the appropriation line item entitled maintenance and
35 general operation. In addition, the appropriation for personal services
36 matching may be used to refund to employees those funds which were erroneously

1 deducted from their pay for social security, retirement, and insurance program
 2 contributions. Upon notification by the retirement system or the administrator
 3 of the group employee insurance program to the agency affected, these funds
 4 shall be disbursed to the employee in the amounts so certified under rules and
 5 regulations promulgated by the retirement system, ~~the State Employees~~
 6 ~~Insurance Advisory Committee~~, or the administrator of the group employee
 7 insurance program and approved by the Chief Fiscal Officer of the State."

8
 9 SECTION 12. Arkansas Code 21-5-502 is amended to read as follows:

10 "21-5-502. Applicability.

11 This subchapter shall apply to all deferred compensation plans adopted
 12 by agencies subsequent to March 28, 1970, which shall all be subject to the
 13 rules and regulations issued by the ~~Arkansas State Employee and Public School~~
 14 ~~Personnel Board~~ Department of Finance and Administration under the authority
 15 granted in this subchapter."

16
 17 SECTION 13. Arkansas Code 21-5-505 is amended to read as follows:

18 "21-5-505. Authority of ~~Arkansas State Employee and Public School~~
 19 ~~Personnel Board~~ the Department of Finance and Administration.

20 (a) ~~The Arkansas State Employee and Public School Personnel Board~~
 21 Department of Finance and Administration is authorized to enter into
 22 contractual agreements with employees on behalf of the state to defer any
 23 portion of that employee's future compensation.

24 (b) ~~The board~~ The Department of Finance and Administration may, upon
 25 request, designate an officer or officers within any state agency, department,
 26 board, commission, or institution to enter into such contractual agreements
 27 with employees of that particular state agency, department, board, commission,
 28 or institution."

29
 30 SECTION 14. Arkansas Code 21-5-506 is amended to read as follows:

31 "21-5-506. Administration of programs.

32 (a)(1) The administration of the state government employees' deferred
 33 compensation program shall be under the direction of the ~~Arkansas State~~
 34 ~~Employee and Public School Personnel Board~~ Department of Finance and
 35 Administration.

36 (2) Administration of other deferred compensation programs

1 authorized by this subchapter shall be under the direction of the appropriate
2 officer designated by the county, city, town, or other political subdivision.

3 (b) ~~The board~~ The Department of Finance and Administration, or the
4 appropriate officer designated by the county, city, town, or other political
5 subdivision, is authorized and empowered to promulgate any and all regulations
6 deemed necessary to carry out the intent and purposes of this subchapter.

7 (c) Deferrals of income shall be made, in each instance, by the
8 appropriate disbursing officer.

9 (d) The administrator of the deferred compensation program may contract
10 with a private corporation or institution for providing consolidated billing
11 and other administrative services."

12
13 SECTION 15. Arkansas Code 21-5-507 is amended to read as follows:

14 "21-5-507. Payment of premiums by administrator.

15 Notwithstanding any other provision of law to the contrary, the ~~Arkansas~~
16 ~~State Employee and Public School Personnel Board~~, Department of Finance and
17 Administration or the appropriate officer of the county, city, town, or other
18 political subdivision designated to administer the deferred compensation
19 program, is authorized to make payments of premiums for the purchase of fixed
20 or variable life insurance or annuity contracts or any combination thereof
21 under the deferred compensation program. The payments shall not be construed
22 to be a prohibited use of the general assets of the state, county, city, town,
23 or other political subdivision."

24
25 SECTION 16. All provisions of this act of a general and permanent
26 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
27 Code Revision Commission shall incorporate the same in the Code.

28
29 SECTION 17. If any provision of this act or the application thereof to
30 any person or circumstance is held invalid, such invalidity shall not affect
31 other provisions or applications of the act which can be given effect without
32 the invalid provision or application, and to this end the provisions of this
33 act are declared to be severable.

34
35 SECTION 18. All laws and parts of laws in conflict with this act are
36 hereby repealed.

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SECTION 19. EMERGENCY CLAUSE. It is hereby found and determined by the Eighty-second General Assembly that provisions contained in this bill be enacted into law. Therefore, an emergency is declared to exist and this act being immediately necessary for the preservation of the public peace, health and safety shall become effective on the date of its approval by the Governor. If the bill is neither approved nor vetoed by the Governor, it shall become effective on the expiration of the period of time during which the Governor may veto the bill. If the bill is vetoed by the Governor and the veto is overridden, it shall become effective on the date the last house overrides the veto.

/s/ Laverty, et al

APPROVED: 4/9/1999