

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 Enrolled: H3/3/99 S4/7/99

A Bill

Act 1469 of 1999
HOUSE BILL 1703

5 By: Representatives Kidd, P. Malone, Agee, Allison, Ammons, Angel, Bevis, Bledsoe, Bond, Booker,
6 Bookout, Broadway, Buchanan, Bush, Carson, Cleveland, Creekmore, Davis, Dees, Duggar, Eason, Elliott,
7 Faris, Ferguson, Ferrell, French, Gillespie, Gipson, Glover, Green, Gullett, Haak, Hale, Harris, Hathorn,
8 Hausam, Hendren, Hickinbotham, Horn, Hunt, Jacobs, G. Jeffress, J. Jeffress, C. Johnson, Jones, Judy,
9 King, Lancaster, Laverty, Lendall, J. Lewellen, Luker, Lynn, Madison, Milligan, Milum, Minton, Napper,
10 Oglesby, Pappas, Parks, Rackley, Rodgers, Salmon, Scrimshire, Sheppard, Shoffner, Simmons, Simon, T.
11 Smith, M. Steele, T. Steele, Teague, L. Thomas, T. Thomas, Trammell, Vess, W. Walker, Weaver, White,
12 Wilkins, Wilkinson, Willis, Womack, Wood, *Taylor*
13 By: Senators Gwatney, Mahony, Argue, Beebe, Bisbee, Critcher, DeLay, Edwards, Fitch, Hill, Hunter,
14 Riggs, Roebuck, Ross, Webb
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For An Act To Be Entitled

18 "AN ACT TO ASSURE FREEDOM OF CHOICE AMONG HEALTH
19 BENEFIT PLANS; TO PROMOTE AFFORDABLE DELIVERY OF
20 HEALTH CARE SERVICES; AND FOR OTHER PURPOSES. "

Subtitle

23 "THE FREEDOM OF CHOICE AMONG HEALTH
24 BENEFIT PLANS ACT. "

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

29 SECTION 1. This act may be cited as the "Freedom of Choice Among Health
30 Benefit Plans Act of 1999".

32 SECTION 2. The General Assembly finds that citizens covered by health
33 benefit plans should have the opportunity to obtain health care services at an
34 affordable price; that the cost health benefit plans can vary depending upon
35 the kind of arrangement the plan has with providers of health care services;
36 that in order to provide affordable delivery of health care services, health

1 benefit plans which utilize contractual arrangements with providers and
2 encourage quality services at discounted prices should be promoted; and that
3 citizens should have the option to choose a health benefit plan that covers
4 the services of any qualified health care provider.

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6 SECTION 3. As used in this act:

7 (a) "Benefit level" means obligation of the health maintenance
8 organization or insurance company under its health benefit plan. The benefit
9 level is actuarially determined considering the copayments, deductibles, and
10 dollar limits if the health benefit plan.

11 (b) "Covered health care services" means services rendered or products
12 sold by a health care provider within the scope of the provider's license
13 which are covered by a health benefit plan. The term may include hospital,
14 medical, surgical, dental, vision, and pharmaceutical services or products.

15 (c) "Covered person" means any person on whose behalf a health
16 maintenance organization is obligated to make arrangements for or pay for
17 covered health care service.

18 (d) "Health benefit plan" means the agreement between an employer,
19 association, state, county, or municipal agency and a health maintenance
20 organization or insurance company which defines the covered services
21 available.

22 (e) "Health care provider" means a hospital, an ambulatory surgery
23 center, an out patient psychiatric, center, a home health care agency, a
24 skilled nursing facility, or an individual licensed to render covered health
25 care services.

26 (f) "Limited network plan" means a plan that arranges for or provides
27 reimbursement for covered health care services to covered persons through a
28 limited number of health care providers selected and employed or contracted by
29 the health maintenance organization.

30 (g) "Point of service plan" means a plan that provides payment of non-
31 emergency, self-referred covered health care services obtained from providers
32 who are not otherwise employed by, nor under contract with the health
33 maintenance organization.

34
35 SECTION 4. (a) A health maintenance organization may offer and issue
36 health benefit plans that reimburse or arrange for covered health care

1 services to covered persons through a limited network plan if:

2 (1) Such health maintenance organization provides itself, or
3 arranges through an insurance company, for an annual option for covered
4 persons to choose a health benefit plan or a point of service plan that
5 reimburses or arranges for the covered health care services from any health
6 care provider qualified to render such covered health care services;

7 (2) The difference in the benefit level of such optional health
8 benefit plan or point-of-service plan shall not exceed twenty-five percent
9 (25%) of the benefit level under the limited benefit plan;

10 (3) The employer or other group contract holder contracting with
11 the health maintenance organization for a health benefit plan shall provide an
12 equal contribution per covered person regardless of which option the covered
13 person chooses pursuant to the provisions of this act; and

14 (4) Under the optional health benefit plan or point of service
15 plan, the rate of reimbursement for health providers out of the network shall
16 be no higher than the normal and usual and customary rate charged by those
17 out-of-network providers on a regular basis, provided that co-payment, co-
18 insurance and other cost-sharing features may be different for out-of-network
19 providers and in-network providers.

20 (b) The pricing of the optional health benefit plan or point of service
21 plan must provide an expected incurred loss ratio of not less than eighty
22 percent (80%). The Insurance Commissioner shall promulgate rules and
23 regulations as may be necessary to implement the provisions of this act and to
24 ensure the price of the option provided in this section bears a reasonable
25 relationship to the costs and benefits of the limited network plan.

26 (c) This act shall apply to any health benefit plan issued or renewed
27 on or after January 1, 2000.

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29 SECTION 5. Nothing in this act shall be construed to prohibit a health
30 maintenance organization from pricing any health benefit plan according to
31 sound actuarial principles.

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33 SECTION 6. Nothing in this act shall be construed to require a health
34 maintenance organization to cover any specific health care service.

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36 SECTION 7. All provisions of this act of a general and permanent nature

1 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
2 Revision Commission shall incorporate the same in the Code.

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4 SECTION 8. If any provision of this act or the application thereof to
5 any person or circumstance is held invalid, such invalidity shall not affect
6 other provisions or applications of the act which can be given effect without
7 the invalid provision or application, and to this end the provisions of this
8 act are declared to be severable.

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10 SECTION 9. All laws and parts of laws in conflict with this act are
11 hereby repealed.

12 /s/ Kidd, et al

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15 APPROVED: 4/15/1999
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