

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 83rd General Assembly
3 Regular Session, 2001
4

As Engrossed: S2/13/01 S2/14/01

A Bill

Act 1171 of 2001
SENATE BILL 30

5 By: Senator J. Jeffress
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For An Act To Be Entitled

9 AN ACT TO AMEND ARKANSAS CODE 21-5-411 TO ALLOW PUBLIC
10 RETIREEES TO PARTICIPATE IN STATE EMPLOYEES' HEALTH
11 INSURANCE BENEFITS AFTER RETIREMENT IF THEY WERE
12 PREVIOUSLY COVERED UNDER *ANOTHER PROGRAM OF HEALTH*
13 INSURANCE AT THE TIME OF RETIREMENT; AND FOR OTHER
14 PURPOSES.

Subtitle

15
16 TO ALLOW PUBLIC RETIREEES TO PARTICIPATE
17 IN STATE EMPLOYEES' HEALTH INSURANCE IF
18 THEY WERE PREVIOUSLY COVERED UNDER *ANOTHER*
19 *PROGRAM OF HEALTH INSURANCE.*
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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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25 *SECTION 1. Arkansas Code 21-5-411 is amended to read as follows:*

26 *21-5-411. Eligibility of certain retired employees.*

27 *(a)(1) State employees who are members of:*

28 *(A) The Arkansas Public Employees' Retirement System,*
29 *including the members of the legislative division and the contract personnel*
30 *of the Arkansas National Guard;*

31 *(B) The Arkansas Teacher Retirement System;*

32 *(C) The Arkansas State Highway Employees' Retirement*
33 *System; and*

34 *(D) The Arkansas Judicial Retirement System who are now*
35 *retired and drawing benefits under the systems and members of those systems*
36 *who hereafter retire and receive retirement benefits under the systems shall*

1 be eligible to continue coverage and, if qualified, to participate in the
2 group health insurance program instituted pursuant to the provisions of this
3 subchapter and other laws enacted to implement the program. ~~At the time~~
4 ~~members of those systems elect to receive retirement benefits, thereby~~
5 ~~becoming "active retirees", an election shall also be made to continue~~
6 ~~coverage in the health benefit programs sponsored by the State and Public~~
7 ~~School Life and Health Insurance Board. If members of these retirement systems~~
8 ~~receive retirement benefits, thereby becoming active retirees, the active~~
9 ~~retirees shall elect to enroll in a health benefit program sponsored by the~~
10 ~~State and Public School Life and Health Insurance Board. The election to~~
11 ~~enroll shall be made within a thirty-one (31) days of the member becoming an~~
12 ~~active retiree and shall be made in writing to the executive director on forms~~
13 ~~prescribed by the board. To be eligible to continue coverage or to qualify~~
14 ~~for coverage after electing to decline participation, the member must have~~
15 ~~been covered or been eligible for coverage on the last day of the member's~~
16 ~~employment. Any election made to decline participation in the health benefit~~
17 ~~programs is final. Except as provided in the next sentence, an active~~
18 ~~retiree's failure to make an election during the thirty-one (31) day election~~
19 ~~period or an active retiree's election to decline participation in the health~~
20 ~~program is final. If an active retiree declining coverage, specifies in~~
21 ~~writing that the reason for the declination is because the active retiree has~~
22 ~~coverage through another insurance program or group health plan, and the~~
23 ~~active retiree's coverage is subsequently terminated because of a loss of~~
24 ~~eligibility, then the active retiree and any dependents shall qualify for~~
25 ~~coverage in a health benefit program under this subsection upon payment of the~~
26 ~~appropriate premium as established by the board, provided the active retiree~~
27 ~~applies for coverage within thirty-one (31) days of the loss of eligibility.~~
28 Any subsequent termination of health benefits by the retiree is final.

29 (2)(A) Notwithstanding any other provision to the contrary in
30 this section, an employee with ten (10) or more years of creditable service
31 under the terms of a retirement plan listed in this section shall qualify for
32 continuation of health insurance coverage offered by the board if that
33 employee is separated from employment because of the expiration of a fixed
34 period of employment.

35 (B)(i) An employee qualifying for continuation of coverage
36 under this subsection shall be considered an "inactive retiree" and shall have

1 thirty-one (31) days from the effective date of termination to elect to
 2 continue health insurance coverage hereunder by notifying the executive
 3 director. The election shall be made upon forms prescribed by the board. The
 4 agency or school district from which the employee was terminated must certify
 5 the applicant's qualifications to the Employee Benefits Division of the
 6 Department of Finance and Administration. Except as provided in the next
 7 sentence, an inactive retiree's failure to make an election during the thirty-
 8 one (31) day election period or an inactive retiree's election to decline
 9 participation in the health program is final. If an inactive retiree
 10 declining coverage, specifies in writing that the reason for the declination
 11 is because the inactive retiree has coverage through another insurance program
 12 or group health plan, and the inactive retiree's coverage is subsequently
 13 terminated because of a loss of eligibility, then the inactive retiree and any
 14 dependents shall qualify for coverage in a board-sponsored health benefit
 15 program upon payment of the appropriate premium as established by the board,
 16 provided the inactive retiree applies for coverage within thirty-one (31) days
 17 of the loss of eligibility

18 (ii) Inactive retirees shall be charged a premium
 19 determined by the board to be actuarially sound, along with administrative
 20 fees deemed appropriate.

21 (iii) Inactive retirees shall not be eligible to
 22 return to the board-sponsored health program if for any reason the inactive
 23 retiree ceases coverage at any time after election under this subsection.

24 (iv) Inactive retirees shall be reclassified as
 25 "active retirees" upon electing to receive a retirement benefit by a
 26 retirement system listed within this section, and shall be charged the premium
 27 rate appropriate for their rating category as active retirees.

28 (3)(A) As used in subsection (a) of this section, "loss of
 29 eligibility" means a loss of coverage as result of a legal separation,
 30 divorce, death, termination of employment, or a reduction in the number of
 31 hours of employment.

32 (B) "Loss of eligibility" shall not include a loss of
 33 coverage from a failure to pay premiums, failure to pay premiums on a timely
 34 basis, or a termination of coverage for cause, such as making a fraudulent
 35 claim.

36 (b)(1) Persons who draw retirement benefits under the Arkansas Public

1 *Employees' Retirement System, the Arkansas Teacher Retirement System, or the*
 2 *Arkansas State Highway Employees' Retirement System, and retired contract*
 3 *employees of the Arkansas National Guard who wish to participate in the group*
 4 *insurance program provided for in this subchapter shall pay the retiree amount*
 5 *of the premium or cost of the policy issued to such retired participant.*

6 (2) *The retiree portion of the premium or cost shall be deducted*
 7 *from the retirement benefit check of the retired participants.*

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

15 (d) *Members of the Arkansas Public Employees' Retirement System and the*
 16 *Arkansas State Highway Employees' Retirement System who retire before January*
 17 *2, 1988, under the provisions of the Incentives for Early Retirement Act, §§*
 18 *24-3-216, 24-4-732, 24-5-122, and 24-6-102, shall not have to pay the full*
 19 *amount of the premium and shall pay a portion of the cost of the policy as set*
 20 *forth by the Incentives for Early Retirement Act.*

21 *Any future change in coverage other than cancellation shall be*
 22 *extended only to newly acquired dependents, except that if an active or*
 23 *inactive retiree declined dependent coverage at the time of election to be an*
 24 *active or inactive retiree ~~because such~~ and specified in writing that the*
 25 *reason for the declination is that the dependent had other coverage, and if*
 26 *subsequently such dependent involuntarily loses such coverage, except for*
 27 *fraud or voluntary cessation of premium payment while the active or inactive*
 28 *retiree is covered by the plan, then such dependent may be added within*
 29 *thirty-one (31) days of such involuntary termination to the active or inactive*
 30 *retiree's health insurance coverage for payment of the appropriate premium as*
 31 *established by the board.*

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 33 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the General
 34 Assembly that the State and Public School Life and Health Insurance Plan does
 35 not provide retirees on other health insurance plans with the option to return
 36 to coverage under the state's plan after retirement; that providing this

1 option to state employees and state retirees will provide extra motivation and
2 work incentives for Arkansas public employees; that providing this option will
3 not cost the State and Public School Life and Health Insurance Plan since
4 there are no associated employer costs with this coverage; and that providing
5 this option is immediately needed for retirees who may suffer financially if
6 insurance coverage is not extended. Therefore, an emergency is declared to
7 exist and this act being immediately necessary for the preservation of the
8 public peace, health and safety shall become effective on the date of its
9 approval by the Governor. If the bill is neither approved nor vetoed by the
10 Governor, it shall become effective on the expiration of the period of time
11 during which the Governor may veto the bill. If the bill is vetoed by the
12 Governor and the veto is overridden, it shall become effective on the date the
13 last house overrides the veto.

14 /s/ J. Jeffress

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17 APPROVED: 3/28/2001
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