

1 **State of Arkansas**

2 **80th General Assembly**

3 **Regular Session, 1995**

4 **By: Representatives McGinnis, Wagner, Cunningham, M. Wilson, and Miller**

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For An Act To Be Entitled

8 "AN ACT TO CREATE A SINGLE BOARD TO ADMINISTER THE STATE
9 EMPLOYEES AND PUBLIC SCHOOL PERSONNEL INSURANCE PROGRAMS;
10 AND FOR OTHER PURPOSES."

11

12

Subtitle

13 "TO CREATE A SINGLE BOARD TO ADMINISTER
14 THE STATE EMPLOYEES AND PUBLIC SCHOOL
15 PERSONNEL INSURANCE PROGRAMS."

16

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

18

19 SECTION 1. It is the purpose of this act to:

20 (1) create a single board to manage the state employee and public
21 school personnel health insurance and self-funded medical programs, so as to
22 enhance the ability to control premiums, expand managed care capabilities
23 where feasible, and study alternate funding arrangements which minimize or
24 eliminate problems associated with selection among multiple methods of funding
25 plans when more than one program is utilized; and

26 (2) propose future goals and measures to address the common objectives
27 of both groups, including improving quality of health care services under the
28 program, increasing participants_ understanding of the program features and
29 slowing the rate of growth in health care expenses under the program; and

30 (3) enable a single board to manage the programs in a concerted effort
31 and to work toward a common goal that the same multiple benefit options be
32 made available to participants under both public school and state employee
33 current programs.

34

35 SECTION 2. There is hereby created the Arkansas State Employee/Public

1 School Personnel Board composed of the following eleven (11) voting members:

2 (1) *A state employee to be selected by the Arkansas State Employees*
3 *Association;*

4 (2) *A certified classroom teacher to be selected by the Arkansas*
5 *Education Association or his designee;*

6 (3) *The Arkansas Insurance Commissioner or his designee;*

7 (4) *One public school employee to be appointed by the Governor;*

8 (5) *One state employee to be appointed by the Governor;*

9 (6) *The chairman of the House Insurance and Commerce Committee and the*
10 *chairman of the Senate Insurance and Commerce Committee;*

11 (7) *Three members who are business owners or risk managers in private*
12 *industry to be appointed by the Governor. In addition, there shall be one (1)*
13 *member who is a doctor; however, any appointee who has a conflict of interest*
14 *shall be disqualified to serve.*

15 *The six members initially appointed by the Governor shall draw lots for*
16 *terms so that one will serve for a term of four years, one for a term of three*
17 *years, one for a term of two years, and one for a term of one year. All*
18 *successor members appointed by the Governor shall be appointed for terms of*
19 *four years. Vacancies in the Governor appointed positions shall be filled by*
20 *appointment of the Governor for the unexpired term.*

21

22 SECTION 3. *The initial chairman and vice chairman of the board shall be*
23 *designated by the Governor for terms of one year. Subsequent chairmen or vice*
24 *chairmen shall be elected by the board to serve two year terms.*

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26 SECTION 4. *The board shall have the following powers, functions and*
27 *duties:*

28 (1) *To explore various cost containment measures and funding options.*

29 (2) *To explore methods of reducing the disparity of employer*
30 *contributions between state employee and public school personnel programs in*
31 *future years.*

32 (3) *To promote competition among vendors and create a systematic*
33 *formula for measuring competitiveness of programs not solely based upon lowest*
34 *administrative fees, but aggregate cost saving mechanisms, quality of care*
35 *delivery, and accessibility to health care.*

1 (4) To prepare a comprehensive analysis of the various health plan
2 options offered by the board available to state and public school employees,
3 including cost, quality and access differentials among the various plans, as
4 well as any other comparisons of the plans as will enable the state and school
5 employees to make a well informed choice of plans.

6 (5) Undertake studies and take any appropriate action which it
7 determines will promote the financial soundness and overall well-being of the
8 state employee/public school personnel health insurance programs.

9

10 SECTION 5. The board and the executive director shall take a risk
11 management approach in designing and administering the state employee and
12 public school personnel health benefit programs.

13 In addition to the objectives stated above, the board shall:

14 (1) develop uniform standards of vendor plan funding so as to avoid
15 windfall profits resulting from fully insured non-dividend paying funding
16 arrangements.

17 (2) promote increased access to various plan options and health care
18 models with at least: any health maintenance organization (HMO) that offers a
19 Point of Service option to its enrollees; the health benefit plan offered by
20 UAMS sponsored managed care program; and any other plans deemed suitable by
21 the board. Access to managed care will be provided by giving preferential
22 treatment, if required, to those vendors who will enhance benefit options
23 availability in rural Arkansas.

24 (3) utilize the combined purchasing power of the state employee/public
25 school personnel programs to foster global competition for all citizens of the
26 state. The board shall communicate publicly through the executive director
27 its findings and observations as relates to the health care market and vendor
28 services expertise. In this fashion, future health care market reforms can be
29 promoted and benefited from the efforts of the state employee/public school
30 personnel programs.

31 (4) to assure Guaranteed Issue of all plans.

32 (5) to ensure an annual open enrollment period under all plans.

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34 SECTION 6. (a) The board may, by vote of the total membership of the
35 board, cast at the first regularly scheduled meeting of each calendar year,

1 authorize expense reimbursement for the board members, other than legislators,
2 for performing official board duties and such expense reimbursement shall not
3 exceed the rate established for state employees by state travel regulations.
4 Legislator members shall receive per diem, mileage and expense reimbursement
5 at the same rate as that prescribed for legislators for attending meetings of
6 joint interim committees of the General Assembly.

7 (b) The board may, by a majority vote of the total membership of the
8 board, cast during its first regularly scheduled meeting of each calendar
9 year, authorize payment of a stipend to its members except for members of the
10 General Assembly or the Insurance Commissioner or his designee. The stipend
11 shall not exceed fifty dollars (\$50.00) per meeting attended, and the board
12 members shall receive no other compensation, expense reimbursement, or in lieu
13 payments except as provided in this section.

14

15 SECTION 7. The board shall employ an executive director, with the
16 approval of the Director of the Department of Finance and Administration and
17 such other staff as the board deems appropriate and within the funds
18 appropriated therefor within the Department of Finance and Administration and
19 the Department of Education. In addition, the board may utilize the services
20 of health care consultants and actuaries if necessary to augment staff. The
21 board is authorized to apply for and accept grant funds and to use the same to
22 employ staff, purchase supplies and equipment, and for other items to support
23 the operation of the board.

24

25 SECTION 8. The executive director and his staff shall be a part of the
26 Department of Finance and Administration. The department shall provide
27 general administrative support and supervision which will insure the operation
28 of the State Employees/Public School Personnel Insurance Program in accordance
29 with the general policy set out by the board. The executive director shall be
30 charged with the duty of administering the provisions of this act and the
31 rules, regulations, and orders of the board. The executive director shall
32 have the authority to supervise the implementation and day to day management
33 of other employee benefit programs made available to those eligible for state
34 employee/public school personnel health benefit programs. This may include,
35 but not be limited to, life insurance coverages, accident coverages, dental

1 coverages, disability benefit programs, optional retirement programs, deferred
2 compensation, and such other benefit plans that are offered from time to time
3 to public school employees and state employees. This authority shall not
4 include the State Employee Benefit Corporation (SEBCO) benefit plan which is
5 in effect on July 1, 1995. The board shall be a policy making body only. The
6 board through the executive director shall report at least quarterly to the
7 Joint Interim Committee on Insurance and Commerce regarding State
8 Employees/Public School Personnel Insurance Program.

9
10 SECTION 9. The State Employees Insurance Advisory Committee created by
11 Arkansas Code 21-5-401 is abolished effective July 1, 1995. Arkansas Code
12 21-5-402, 21-5-403, 21-5-404, 21-5-405, 21-5-406, 21-5-407, 21-5-408, 21-5-409
13 are repealed. All rights, powers and duties of that Committee are transferred
14 to the board created under the provisions of this act. The Public School
15 Insurance Advisory Committee created by Arkansas Code 6-17-1102 is abolished
16 effective July 1, 1995. Arkansas Code 6-17-1101, 6-17-1103, 6-17-1104, 6-17-
17 1105, 6-17-1106, 6-17-1107, 6-17-1108 and 6-17-1110 are repealed. All rights,
18 powers and duties of that Committee are transferred to the board created under
19 the provisions of this act. Any funding or contracts now in force or
20 authorized by the 1995 Regular Session of the General Assembly shall be
21 carried forward to the Arkansas State Employees/Public School Personnel Board
22 until the expiration of the contracts.

23
24 SECTION 10. Arkansas Code 21-5-414, as amended by Act 580 of 1995, is
25 amended to read as follows:

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

28 (a) The State Employees/Public School Personnel Insurance board shall
29 seek the advice of the Legislative Council and the Joint Interim Committee on
30 Insurance and Commerce before additional contribution can be made.

31 (b) The State of Arkansas is authorized to make a monthly contribution
32 up to but not to exceed the amount for the period indicated below to partially
33 defray the cost of life and health insurance for each employee of the state
34 participating in the plan adopted by the State Employees/Public School
35 Personnel Insurance Board.

1	Fiscal Years	1995-96	1996-97
2	Monthly Contribution	\$275	\$275"

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4 SECTION 11. All provisions of this act of a general and permanent
5 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
6 Code Revision Commission shall incorporate the same in the Code.

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8 SECTION 12. If any provision of this act or the application thereof to
9 any person or circumstance is held invalid, such invalidity shall not affect
10 other provisions or applications of the act which can be given effect without
11 the invalid provision or application, and to this end the provisions of this
12 act are declared to be severable.

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14 SECTION 13. All laws and parts of laws in conflict with this act are
15 hereby repealed.

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17 SECTION 14. EMERGENCY. It is hereby found and determined by the
18 General Assembly that it is essential to the effective and efficient
19 management of the state employee and the public school personnel health
20 insurance programs that a single board be established to administer the
21 programs and that this act is designed to accomplish this purpose and should
22 be given effect on a specific date in order to assure a smooth transition to
23 the single board concept. Therefore, an emergency is hereby declared to exist
24 and this act being necessary for the preservation of the public peace, health
25 and safety shall be in full force and effect from and after its passage and
26 approval.

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/s/Rep. McGinnis, et al

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APPROVED: 4-11-95

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As Engrossed: 3/6/95 3/10/95 3/14/95 3/16/95 3/20/95

HB 1836

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