

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1271

Bill Subtitle: TO CREATE THE ARKANSAS HEALTH INSURANCE INNOVATION ACT OF 2017;
AND TO DECLARE AN EMERGENCY.

Basic Change :

Sponsor: Representative Hammer

HB1271 is titled the Arkansas Health Insurance Innovation Act of 2017. It will authorize the Insurance Commissioner, Department of Finance and Administration, Department of Human Services, and the Arkansas Health Insurance Marketplace to submit and apply for federal waivers to implement state-based solutions to health insurance coverage and healthcare needs because they are inherently more efficient, effective, and less costly than federal mandates. This act is effective immediately after passage and approval.

Revenue Impact :

None.

Taxpayer Impact :

None.

Resources Required :

None.

Time Required :

None.

Procedural Changes :

Changes are dependent on whether federal waivers are granted and provisions adopted. DFA may promulgate rules that adhere to federal waivers with respect to taxation.

Other Comments :

None.

Legal Analysis :

As of January 1, 2017, a new state option within the Affordable Care Act (ACA) took effect, commonly known as Section 1332 Waivers. The new process permits a state to apply for a State Innovation Waiver to pursue innovative strategies through modification of the health law while retaining the basic protections of the ACA. Federal guidance was released in 2015 and included provisions that the waivers must meet several federal requirements related to affordability and coverage and must not increase the federal deficit over 10 years. Before a state is allowed to apply for the State Innovation Waiver, legislation must be passed that provides the state with authority to implement the

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waiver-based reforms.

This bill is similar to SB828 of 2015. This bill authorizes the Insurance Commissioner, Department of Finance and Administration (DFA), Department of Human Services (DHS), and the Arkansas Health Insurance Marketplace (AHIM) to submit and apply for waivers under federal law. It also authorizes each to promulgate rules if needed to implement this new subchapter and federal waivers sought in furtherance of the subchapter as opposed to the 2015 bill that gave the waiver authority to the Governor. HB1271 directs that the waivers must be submitted for legislative review and approval, compared to the 2015 bill that provided for automatic legislative approval upon submission of the waiver.

The submission of applications for waiver is governed by federal law, which generally requires submission in electronic format sufficiently in advance of requested effective dates to allow appropriate implementation timelines. See 31 C.F.R. § 33.108. In addition, applications for waiver cannot be submitted unless a state has provided public notice and an appropriate comment period. See 31 C.F.R. § 33.112.