



Department of Transformation and Shared Services
 Governor Asa Hutchinson
 Secretary Mitch Rouse
 Director Kay Barnhill

November 16, 2022

The Honorable David Wallace, Co-Chairperson
 The Honorable David Hillman, Co-Chairperson
 Uniform Personnel Classification and
 Compensation Plan Subcommittee
 Joint Budget Committee
 Big Mac Building, Room A
 Little Rock, Arkansas 72201

Dear Senator Wallace and Representative Hillman:

The Office of Personnel Management (OPM) submits a request from the Arkansas Department of Commerce (ACOM), the Arkansas Insurance Department for your review.

The Arkansas Insurance Department is requesting three (3) positions from the OPM growth pool established by Arkansas Code Annotated § 21-5-225(b). The classifications requested are listed below:

CLASSIFICATIONS REQUESTED

CLASS CODE	CLASSIFICATION TITLE	GRADE	SALARY RANGE
G025C	Attorney Supervisor	GS12	\$69,776 – \$101,175
A042C	Insurance Senior Examiner	GS09	\$50,222 – \$72,822
G259C	ACOM Insurance Program Manager	GS10	\$59,039 – \$81,257

JUSTIFICATION

An Act to clarify the Insurance Department's regulatory and enforcement authority concerning pharmacy benefits managers was passed during the 92nd General Assembly of 2019. Since then, regulation and licensing of pharmacy benefits managers has increased and accordingly the agency needs the match this increasing demand. The agency's legal division currently has eleven (11) attorney positions. They need another position responsible for leading negotiations with pharmacy benefits managers as well as examining their enforcement and regulation of pharmacy benefits managers. The agency currently has seven (7) Insurance Senior Examiner positions. They need an eighth position responsible for conducting financial insurance examinations. The two (2) positions will work solely within their pharmacy benefits manager section.

Office of Personnel Management

501 Woodlane Street, Suite 205 * Little Rock, AR 72201 * 501.682.1753

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The Honorable David Wallace, Co-Chairperson
The Honorable David Hillman, Co-Chairperson
November 16, 2022
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Insurance Department's Risk Management Division is predominantly responsible for establishing standardized specifications of insurance coverage in an efficient and cost-effective manner as well as providing insurance coverage provisions. They were recently required to absorb the University of Arkansas System into their Arkansas Multi-Agency Insurance Trust, increasing the building record count by approximately 22.71% and total insured value by approximately 64.22%. Each additional asset will require an on-site appraisal to determine replacement cost value and on-site loss prevention inspection to determine risk profile. The agency currently has fifteen (15) positions situated within its Risk Management Division. They need a program manager nestled between their Risk Management Assistant Director and Risk Consultants to assist the division by overseeing these additional asset management responsibilities.

RECOMMENDATION

The Office of Personnel Management has reviewed this request and **recommends** the approval of one (1) G025C, Attorney Supervisor, grade GS12, one (1) A042C, Insurance Senior Examiner, grade GS09, and one (1) G259C, ACOM Insurance Program Manager, grade GS10. The cost for these three (3) pool positions is approximately \$225,580.33. The agency guarantees that it possesses sufficient funding to support this pool position request.

Your consideration of this request is greatly appreciated.

Sincerely,



Kay Barnhill, Director
Office of Personnel Management



SECRETARY OF TRANSFORMATION & SHARED SERVICES

11/3/22
DATE



1518

Asa Hutchinson
GOVERNOR

Michael Preston
SECRETARY OF COMMERCE



August 1, 2022

Kay Barnhill, Administrator
Office of Personnel Management
Department of Transformation and Shared Services
501 Woodlane Ave, Suite 205
Little Rock, AR 72201

Re: Request for growth pool positions/Legal PBM Unit/ Division of The Arkansas Insurance Department

Dear Ms. Barnhill:

The Arkansas Insurance Department, a division within the Arkansas Department of Commerce, respectfully requests to obtain two (2) positions from the growth pool. This request is being made due to the Legal Division moving forward with the establishment of the Pharmacy Benefits Manager (PBM) division.

The agency requests to obtain the following two (2) positions.

- > Attorney Supervisor, GS12, G025C, (1)
- > Insurance Senior Examiner, GS09, A042C, (1)

In 2018 the Arkansas Pharmacy Benefits Manager Licensure Act was enacted to establish standards and criteria for the regulation and licensure of pharmacy benefit managers (PBM). As regulation and licensing of PBMs expands increases with each general session of our legislature, so does the need for a more robust PBM unit to keep up with that higher demand, including a director and staff for the unit.

The Arkansas Pharmacy Association and a state senator approached the AID Legal Division for technical assistance regarding legislation they plan to seek in the 2023 general session. The crux of that effort is better defined and add conduct that will be violations of the PBM Licensure Act and the Unfair and Deceptive Trade Practices Act, as well as enhance penalties and fines. The legislation will also likely increase the annual licensing fee charged to PBMs doing business in the state, based on an increasing scale determined by the number of lives served through health plans served. These efforts, when in place will result in more than adequate funding for the PBM unit and render the requested changes hee budget neutral

The addition of the requested positions will allow the Arkansas Insurance Department and Legal Division to continue to provide effective and efficient services to the existing State Agency accounts as well as to the new accounts.

Your consideration of this request is appreciated.

Sincerely,

Michael Preston
Secretary



Department of Transformation and Shared Services
Office of Personnel Management
Request for Pool Position

Business Area
0425

Department Name / Agency Name
Arkansas Insurance Department

Date
07/25/2022

Position(s) to be Surrendered

Position/Item Number	Classification Title	Pay Grade	Class Code
N/A	N/A	N/A	N/A

Classification(s) Requested

Classification Title	Pay Grade	Class Code
Attorney Supervisor	GS12	G025C
Insurance Senior Examiner	GS09	A042C

I hereby certify that:

- A. The position requested is critical to the operation of this Agency and a detailed justification for this request is attached (Justification should be detailed and not less than one typed page in length.)
- B. Sufficient funds are available to fund this position at the requested grade.
- C. This is a full-time position that will not be used for any other purpose than that which is outlined in the attached narrative
- D. The position to be surrendered is the highest grade position available and the loss of this position will not adversely affect the operation of this Agency
- E. No current employee will be displaced by this action

HR Administrator's Signature

Department Secretary's Signature

07/25/2022

Date

Date

8/1/2022



Asst. Secretary
GOVERNOR

Michael Preston
SECRETARY OF COMMERCE

August 5, 2022

Kay Barnhill, Administrator
Office of Personnel Management
Department of Transformation and Shared Services
501 Woodlane Ave, Suite 205
Little Rock, AR 72201

Re: Request for growth pool position/Risk Management/Division of The Arkansas Insurance Department

Dear Ms. Barnhill:

The Arkansas Insurance Department, a division within the Arkansas Department of Commerce, respectfully requests to obtain one (1) position from the growth pool. This request is being made due to the addition of the University of Arkansas System (UAS) to the Arkansas Multi-Agency Insurance Trust (AMAIT) in January 2022. The agency requests to obtain the following position.

- Insurance Program Manager, GS10, G259C, (1)

The Risk Management Division within the Arkansas Insurance Department was established by Act No. 272 of 1981, to provide insurance services for State of Arkansas offices, boards, commissions, agencies, departments, and public institutions of Higher Education, as well as Arkansas public school districts. The statutory mission of the Risk Management Division is to reduce the cost of insurance and establish standardized specifications of insurance coverage pertaining to property insurance, casualty insurance, and fidelity bond coverage for participating State Agency and Public School District Entities, in an efficient and cost-effective manner; while also providing exceptional insurance coverage provisions, provide loss prevention inspection recommendations, and provide for fair claim service.

Currently, the Risk Management Division administers six (6) insurance plans through three (3) Treasury Trust Funds. The Division provides an extensive variety of services at no additional cost to participating entities, including but not limited to, production underwriting and building appraisal services, building loss prevention and claim mitigation inspection report services, advanced driver training instruction, State of Arkansas Vehicle Safety Program, insurance advisory and consultation services, insurance requirement contract review assistance, data management of building and auto schedules, procurement renewal services, financial allocation and claim data management, and other general insurance advisory and assistance needs. In January 2022, The Arkansas Insurance Department received notice the Risk Management Division will absorb the University of Arkansas System, (UAS), into the Arkansas Multi-Agency Insurance Trust, (AMAIT), property insurance program.

The addition of University of Arkansas System to the Arkansas Multi-Agency Insurance Trust has increased the building record count from 5,752 to 7,058. This is a 22.7% increase totaling 1,306 structures. This record count does not include

Ms. Kay Barnhill
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August 5, 2022

Inland Marine and Time Element coverage. The Arkansas Multi-Agency Insurance Trust total insured value has increased by 66.7% from \$10.9 billion to \$17.9 billion. Each of these additional assets must have an on-site appraisal by the Risk Management Division staff to determine replacement cost value and be reappraised, on-site, every three (3) years to ensure the replacement cost keeps up with inflation. Additionally, each asset will need an on-site loss prevention inspection to determine each campus' risk profile. Each asset will need to be reinspected, on-site, every three (3) years to re-assess the risk profile. The staff within the Risk Management Division of the Insurance Department will provide these services to the 1,306 University of Arkansas System structures and will continue to provide the same services to the existing 5,752 structures already on the Arkansas Multi-Agency Insurance Trust. These on-site, field appraisal and inspection services are the method to maintaining the quality data that sets the Arkansas Multi-Agency Insurance Trust apart from other large volume accounts. This allows the Arkansas Multi-Agency Insurance Trust the benefit of favorable renewal terms and conditions from insurance underwriters.

Risk Management fulfills the division's mission of reducing the cost of insurance because it provides their insurance underwriters with quality data. The data is the benchmark for large volume accounts insured by the division's broker. The additional asset management tasks combined with the statewide spread of the University of Arkansas System will add multiple demands to the current workload of the division and cannot be absorbed by existing staff. The addition of the requested positions will allow the Insurance Department and Risk Management Division to continue to provide effective and efficient services to the existing State Agency accounts as well as to the new accounts.

Your consideration of this request is appreciated.

Sincerely,



Michael Preston
Secretary



Department of Transformation and Shared Services
 Office of Personnel Management
 Request for Pool Position

Business Area	Department Name / Agency Name	Date
0425	Arkansas Insurance Department	08/04/22

Position(s) to be Surrendered

Position/Item Number	Classification Title	Pay Grade	Class Code
N/A	N/A	N/A	N/A

Classification(s) Requested

Classification Title	Pay Grade	Class Code
Insurance Program Manager	GS10	G259C

I hereby certify that:

- A. The position requested is critical to the operation of this Agency and a detailed justification for this request is attached (Justification should be detailed and not less than one typed page in length.)
- B. Sufficient funds are available to fund this position at the requested grade.
- C. This is a full-time position that will not be used for any other purpose than that which is outlined in the attached narrative.
- D. The position to be surrendered is the highest grade position available and the loss of this position will not adversely affect the operation of this Agency.
- E. No current employee will be displaced by this action.

Dr. Tasha Pankey
 HR Administrator's Signature

08/04/22
 Date

Department Secretary's Signature

Date
 8/5/22