

1 State of Arkansas  
2 90th General Assembly  
3 Regular Session, 2015  
4

# A Bill

DRAFT ANS/ANS  
HOUSE BILL

5 By: Representative <NA>  
6

## For An Act To Be Entitled

8 AN ACT TO CREATE A FAIR SYSTEM OF REPRESENTATION OF  
9 STATE AND PUBLIC SCHOOL EMPLOYEES ON THE STATE AND  
10 PUBLIC SCHOOL LIFE AND HEALTH INSURANCE BOARD; TO  
11 CLARIFY THE DUTIES AND RESPONSIBILITIES OF THE STATE  
12 AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE BOARD;  
13 AND FOR OTHER PURPOSES.  
14

## Subtitle

15  
16 TO CREATE A FAIR SYSTEM OF REPRESENTATION  
17 OF STATE AND PUBLIC SCHOOL EMPLOYEES ON  
18 THE STATE AND PUBLIC SCHOOL LIFE AND  
19 HEALTH INSURANCE BOARD.  
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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 § 21-5-402 is amended to read as follows:  
26 21-5-402. Creation of board - Members.

27 (a)(1) The State and Public School Life and Health Insurance Board is  
28 created, composed of the following:

29 (A) fourteen (14) Eleven (11) voting members:

30 (A)(i) A state employee who is eligible to  
31 participate in the insurance program under this subchapter appointed by the  
32 Governor;

33 (B)(ii) A Two (2) certified classroom teacher  
34 teachers, at least one (1) who is employed by a rural school district with an  
35 average daily membership of one thousand (1,000) or less, appointed by the  
36 Governor;

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1 ~~(C) The Insurance Commissioner or his or her~~  
2 ~~designee;~~

3 ~~(D)(iii) The Commissioner of Education or his or her~~  
4 ~~designee;~~

5 ~~(E) The Director of the Department of Finance and~~  
6 ~~Administration or his or her designee;~~

7 ~~(F)(iv) Three (3) members, at least one (1) who is a~~  
8 ~~licensed health care provider, who are engaged in employee benefits~~  
9 ~~management or risk management in private industry appointed by the Governor;~~

10 ~~(G)(v) Two (2) additional member positions that~~  
11 ~~shall be filled by a retired teacher and by a retired state employee~~  
12 ~~appointed by the Governor;~~

13 ~~(H)(vi) One (1) public school administrator~~  
14 ~~appointed by the Governor; and~~

15 ~~(I)(vii) The Executive Director of the Arkansas~~  
16 ~~State Board of Pharmacy or his or her state employee pharmacist designee; and~~

17 ~~(J) The Director of Health Facility Services of the~~  
18 ~~Department of Health or his or her designee; and~~

19 ~~(K) One (1) member who is a licensed health care provider~~  
20 ~~appointed by the Governor.~~

21 (B) Three (3) non-voting ex-officio members:

22 (i) The Insurance Commissioner or his or her  
23 designee;

24 (ii) The Director of the Department of Finance and  
25 Administration or his or her designee; and

26 (iii) The Director of Health Facility Services of  
27 the Department of Health or his or her designee.

28 (2) All appointments made by the Governor are subject to  
29 confirmation by the Senate.

30 (3) An appointee who has a conflict of interest is disqualified  
31 to serve on the board.

32 (b)(1) Members appointed by the Governor shall be appointed for terms  
33 of four (4) years but may be reappointed for additional terms.

34 (2)(A) A vacancy in a position appointed by the Governor shall  
35 be filled by appointment by the Governor for the unexpired term.

36 (B) Members appointed by the Governor shall serve at the

1 will of the Governor.

2 (c) A chair and vice chair of the board shall be selected annually by  
3 and from the membership of the board and shall serve no more than two (2)  
4 years.

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6 SECTION 2. Arkansas Code § 21-5-404 is amended to read as follows:

7 21-5-404. Powers, functions, and duties of board.

8 The State and Public School Life and Health Insurance Board has the  
9 following powers, functions, and duties:

10 (1)(A) To explore various cost-containment measures and funding  
11 options for plan options offered under the State and Public School Life and  
12 Health Insurance Program for the benefit of state employees, state employee  
13 retirees, public school employees, and public school employee retirees.

14 (B) Beginning in the 2015 plan year, the board shall not  
15 adopt a health insurance plan option that has no deductible for participants;

16 (2) To promote competition among vendors and create a systematic  
17 formula for measuring competitiveness of the plan options offered under the  
18 program, quality-of-care delivery, portability, and accessibility to and  
19 affordability of health care;

20 (3) To prepare a comprehensive analysis of the various plan  
21 options offered under the program, including cost, quality, and access  
22 differentials as well as any other comparisons of the plan options offered  
23 under the program;

24 (4) To undertake studies and to take any appropriate action that  
25 the board determines will promote the financial soundness and overall well-  
26 being of the program;

27 (5) To establish and set penalties as allowed under § 21-5-415;

28 (6)(A) To develop, with the assistance of the Office of State  
29 Procurement, bid specifications and requests for proposals and to evaluate  
30 bids and proposals.

31 (B) The board shall allow the office to execute all other  
32 actions relating to the purchasing procedures in contracting for consultants,  
33 third-party administrators, providers, or insurance companies on behalf of  
34 the program and all plan options offered under the program;

35 (7) To evaluate responses to requests for proposals, select  
36 contractors for all services, and approve the award of contracts resulting

1 from bids for the program and all plan options offered under the program;

2 (8) To perform program and plan option design, summarize plan  
3 document approval, including without limitation lifetime limitations,  
4 copayments, deductibles, and eligibility rules;

5 (9) To promote increased access to and participation in the  
6 program and the plan options offered under the program by educating state  
7 employees, state employee retirees, public school employees, and public  
8 school employee retirees about the program and all plan options offered under  
9 the program, including the advantages and disadvantages of each available  
10 plan option;

11 (10)(A) To direct the office to contract with qualified vendors,  
12 as defined by the board, offering the plan options under the program as  
13 prescribed by the board without regard to § 19-11-228 or other statutes  
14 requiring competitive bidding.

15 (B) Each contract shall be for a term of at least one (1)  
16 year but may be made automatically renewable from term to term in the absence  
17 of notice of termination by either party;

18 (11)(A) To obtain quality-of-care information from systems,  
19 networks, hospitals, and clinical providers to inform plan option design,  
20 plan option management, and consumer decisions.

21 (B) The board shall:

22 (i) Use accepted national standards for assessment  
23 of quality-of-care information provided by systems, networks, hospitals, and  
24 clinical providers; and

25 (ii) Be empowered to:

26 (a) Determine the appropriate use of quality-  
27 of-care information and scope of system, network, hospital, and clinical  
28 provider accountability;

29 (b) Request aggregate performance information  
30 for patients; and

31 (c) Publicly report conclusions of quality-of-  
32 care assessment; and

33 (12) To appoint three (3) subcommittees of the board to study  
34 and research plan options offered under the program, formulary management,  
35 quality of care provided, and the financial impact of implementing the  
36 recommendations made to the board as follows:

1 (A)(i) The Benefits Subcommittee of the State and Public  
2 School Life and Health Insurance Board shall consist of:

- 3 (a) Three (3) board members;  
4 (b) Two (2) state employees; ~~and~~  
5 (c) ~~Two (2)~~ Three (3) public school employees,  
6 at least one (1) who is employed by a rural school district with an average  
7 daily membership of one thousand (1,000) or less; and  
8 (d) One (1) retired teacher.

9 (ii) The Benefits Subcommittee of the State and  
10 Public School Life and Health Insurance Board shall review, evaluate, and  
11 investigate benefits, new benefit offerings, and annual insurance rates;

12 (B)(i) The Drug Utilization and Evaluation Subcommittee of  
13 the State and Public School Life and Health Insurance Board shall consist of:

- 14 (a) Three (3) pharmacists as follows:  
15 (1) The Executive Director of the  
16 Arkansas State Board of Pharmacy or his or her pharmacist designee;  
17 (2) The Dean of the University of  
18 Arkansas for Medical Sciences College of Pharmacy or his or her pharmacist  
19 designee; and  
20 (3) A pharmacist selected by the  
21 Arkansas Pharmacists Association;  
22 (b) Four (4) physicians as follows:  
23 (1) The Dean of the University of  
24 Arkansas for Medical Sciences College of Medicine or his or her physician  
25 designee;  
26 (2) The Senior Associate Hospital  
27 Director of the University of Arkansas for Medical Sciences Medical Center or  
28 his or her physician designee;  
29 (3) The Medical Director of the Arkansas  
30 Poison and Drug Information Center or his or her physician designee; and  
31 (4) A physician selected by the Arkansas  
32 Medical Society;  
33 (c) One (1) registered nurse who is the Dean  
34 of the University of Arkansas for Medical Sciences College of Nursing or his  
35 or her registered nurse designee; and  
36 (d) One (1) state employee and ~~one (1)~~ two (2)

1 public school ~~employee~~ employees appointed by the board, each of whom has  
2 expertise in accounting, finance, auditing, or insurance.

3 (ii) The Drug Utilization and Evaluation  
4 Subcommittee of the State and Public School Life and Health Insurance Board  
5 shall review drugs for formulary management and evaluate the financial impact  
6 of its recommendations; and

7 (C)(i) The Quality of Care Subcommittee of the State and  
8 Public School Life and Health Insurance Board shall consist of:

- 9 (a) Three (3) board members;  
10 (b) Two (2) state employees;  
11 (c) Two (2) public school employees;  
12 (d) One (1) representative from the Arkansas  
13 Foundation for Medical Care;  
14 (e) One (1) representative from the Arkansas  
15 Pharmacists Association;  
16 (f) One (1) representative from the Arkansas  
17 Center for Health Improvement;  
18 (g) One (1) representative from the Arkansas  
19 Medical Association;  
20 (h) One (1) representative from the Arkansas  
21 Osteopathic Medical Association; and  
22 (i) One (1) representative from the Arkansas  
23 Hospital Association.

24 (ii) The Quality of Care Subcommittee of the State  
25 and Public School Life and Health Insurance Board may review and recommend  
26 quality performance indicators for use, recommend baseline performance goals,  
27 recommend alignment of financial incentives to improve performance, and track  
28 improvements in delivery of care.

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