

1 State of Arkansas  
2 89th General Assembly  
3 Second Extraordinary Session, 2014  
4

Call Item 4

# A Bill

SENATE BILL 3

5 By: Senators J. Hendren, Bledsoe, E. Cheatham, D. Sanders, J. Cooper, J. English, Hickey, Irvin  
6 By: Representatives Copenhaver, Gossage, Kerr, McGill, E. Armstrong, Gillam, Hickerson, B. Overbey,  
7 Richey, Talley, T. Thompson, Wardlaw, B. Wilkins  
8

## For An Act To Be Entitled

10 AN ACT TO ESTABLISH ACCOUNTABILITY TO MAINTAIN A  
11 SUSTAINABLE SYSTEM OF HEALTH INSURANCE BENEFITS FOR  
12 PUBLIC SCHOOL EMPLOYEES; TO CLARIFY THE DUTIES AND  
13 RESPONSIBILITIES OF THE STATE AND PUBLIC SCHOOL LIFE  
14 AND HEALTH INSURANCE BOARD; AND FOR OTHER PURPOSES.  
15  
16

## Subtitle

17  
18 TO ESTABLISH ACCOUNTABILITY TO MAINTAIN A  
19 SUSTAINABLE SYSTEM OF HEALTH INSURANCE  
20 BENEFITS FOR PUBLIC SCHOOL EMPLOYEES AND  
21 TO CLARIFY THE DUTIES AND  
22 RESPONSIBILITIES OF THE STATE AND PUBLIC  
23 SCHOOL LIFE AND HEALTH INSURANCE BOARD.  
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25

26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
27

28 SECTION 1. Arkansas Code § 21-5-402(a)(1), concerning the membership  
29 of the State and Public School Life and Health Insurance Board, is amended to  
30 read as follows:

31 (a)(1) The State and Public School Life and Health Insurance Board is  
32 created, composed of the following ~~fourteen (14)~~ fifteen (15) voting members:

33 (A) A state employee who is eligible to participate in the  
34 ~~insurance program under this subchapter~~ State and Public School Life and  
35 Health Insurance Program, appointed by the Governor;

36 (B) ~~A certified classroom teacher~~ Two (2) public school



1 employees, at least one (1) of whom is employed by a rural school district,  
2 appointed by the Governor;

3 (C) The Insurance Commissioner or his or her designee;

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

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

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

10 (G) ~~Two (2) additional member positions that shall be~~  
11 filled by members, one (1) of whom is a retired teacher public school  
12 employee and by one (1) of whom is a retired state employee, appointed by the  
13 Governor;

14 (H) One (1) public school employee who is employed by a  
15 school district as an administrator, appointed by the Governor;

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

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

20 (K) One (1) member who is a ~~licensed health care provider~~  
21 appointed by the Governor member of the Arkansas Medical, Dental, and  
22 Pharmaceutical Association, appointed by the Governor.

23

24 SECTION 2. Arkansas Code § 21-5-404(1), concerning powers, functions,  
25 and duties of the State and Public School Life and Health Insurance Board, is  
26 amended to add an additional subdivision to read as follows:

27 (C) The board shall require a participant in a consumer-driven  
28 health insurance plan option offered under the program to establish a health  
29 savings account;

30

31 SECTION 3. Arkansas Code § 21-5-404(12)(A)(i), concerning the  
32 membership of the Benefits Subcommittee of the State and Public School Life  
33 and Health Insurance Board, is amended to read as follows:

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

36

(a) Three (3) board members;

- 1 (b) Two (2) state employees; and  
 2 (c) ~~Two (2)~~ Three (3) public school employees,  
 3 at least one (1) of whom is employed by a rural school district; and  
 4 (d) One (1) retired public school employee.  
 5

6 SECTION 4. Arkansas Code § 21-5-404(12)(B)(i)(d), concerning the  
 7 membership of the Drug Utilization and Evaluation Subcommittee of the State  
 8 and Public School Life and Health Insurance Board, is amended to read as  
 9 follows:

- 10 (d)(1) One (1) state employee and ~~one (1)~~ two  
 11 (2) public school employee employees appointed by the board,  
 12 (2) each of whom has A member appointed  
 13 under this subdivision (12)(B)(i)(d) shall have expertise in accounting,  
 14 finance, auditing, or insurance.  
 15

16 SECTION 5. Arkansas Code § 21-5-405(b), concerning the duties of the  
 17 State and Public School Life and Health Insurance Board, is amended to add  
 18 additional subdivisions to read as follows:

- 19 (7) Verify that a dependent is eligible for coverage under  
 20 the program as determined by the board; and  
 21 (8) Beginning in the 2014 Plan Year, implement a policy  
 22 applicable to a participating entity to identify funds that are not required  
 23 to be paid for federal taxes under the Federal Insurance Contribution Act, 26  
 24 U.S.C. § 1301 et seq., and use the identified funds for premium assistance.  
 25

26 SECTION 6. Arkansas Code § 21-5-405(b)(4)(C), concerning the duties of  
 27 the State and Public School Life and Health Insurance Board, is repealed.

- 28 ~~(C)(i) A school district shall ensure that all funding~~  
 29 ~~allocated for public school employee health insurance through the matrix per~~  
 30 ~~student funding calculation used in the most recent adequacy study conducted~~  
 31 ~~under the Continuing Adequacy Evaluation Act of 2004, § 10-3-2101 et seq., is~~  
 32 ~~used in the school year in which the funding is received or in the following~~  
 33 ~~school year to support public school employee health insurance premiums by:~~  
 34 ~~(a) Increasing the amount that the school~~  
 35 ~~district contributes for health insurance per participating public school~~  
 36 ~~employee; or~~

1                       ~~(b) Making contributions to the health savings~~  
2 ~~accounts of participating public school employees.~~

3                       ~~(ii) The Department of Education, with the~~  
4 ~~assistance of the Bureau of Legislative Research, shall notify a school~~  
5 ~~district of the amount allocated for public school employee health insurance~~  
6 ~~through the matrix per student funding calculation used in the most recent~~  
7 ~~adequacy study conducted under the Continuing Adequacy Evaluation Act of~~  
8 ~~2004, § 10-3-2101 et seq., when the Department of Education disburses~~  
9 ~~foundation funds to a school district;~~

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11           SECTION 7. Arkansas Code § 21-5-407(3), concerning the definition of  
12 "dependent" under the State and Public School Life and Health Insurance  
13 Program, is amended to read as follows:

14                       (3)(A) "Dependent" means a member of a participant's family  
15 child or spouse who is eligible for coverage under the State and Public  
16 School Life and Health Insurance Program.

17                       (B) Beginning in the 2015 plan year, "dependent" does not  
18 include:

19                       (i) An individual who is legally separated or  
20 divorced from the participant; or

21                       (ii) A participant's spouse if the spouse is offered  
22 healthcare coverage, other than the program, through a separate employer-  
23 funded or employee-funded benefit plan that provides healthcare coverage of  
24 essential health benefits as provided in 42 U.S.C. § 18022, as existing on  
25 January 1, 2013;

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27           SECTION 8. Arkansas Code § 21-5-407(7), concerning the definition of  
28 "participant" under the State and Public School Life and Health Insurance  
29 Program, is amended to read as follows:

30                       (7) "Participant" means an individual or an individual's covered  
31 dependent who is enrolled in a plan option offered under the program and  
32 continues to be eligible for participation in the program;

33  
34           SECTION 9. Arkansas Code § 21-5-407, concerning definitions under the  
35 State and Public School Life and Health Insurance Program, is amended to add  
36 an additional subdivision to read as follows:

1           (18) "Rural school district" means a school district or a public  
 2 charter school that has an average daily membership of one thousand (1,000)  
 3 students or less.

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 5           SECTION 10. Uncodified Acts 2011, No. 855, § 3 is amended to read as  
 6 follows:

7           SECTION 3. DO NOT CODIFY. Pilot Program on coverage for morbid  
 8 obesity diagnosis and treatment.

9           (a)(1)(A) A state and public school employees health benefit plan that  
 10 is offered, issued, or renewed on or after January 1, 2012, shall offer  
 11 coverage for the diagnosis and treatment of morbid obesity.

12           (B) The cost of coverage for the diagnosis and treatment  
 13 of morbid obesity offered under subdivision (a)(1)(A) of this section shall  
 14 not exceed:

15                           (i) Three million dollars (\$3,000,000) annually for  
 16 the Arkansas State Employees Health Benefit Plan; or

17                           (ii) Three million dollars (\$3,000,000) annually for  
 18 the Arkansas Public School Employees Health Benefit Plan.

19           (2) The coverage for morbid obesity offered under subdivision  
 20 (a)(1) of this section includes without limitation coverage for bariatric  
 21 surgery including:

22                           (A) Gastric bypass surgery;

23                           (B) Adjustable gastric banding surgery;

24                           (C) Sleeve gastrectomy surgery, and

25                           (D) Duodenal switch biliopancreatic diversion.

26           ~~(b) A state and public school employees health benefit plan shall~~  
 27 ~~offer the benefits under this section to the same extent as for other~~  
 28 ~~medically necessary surgical procedures under the enrollee's or insured's~~  
 29 ~~contract or policy with the entity.~~

30           ~~(e)~~ The coverage for morbid obesity diagnosis and treatment offered  
 31 under this subchapter does not diminish or limit benefits otherwise allowable  
 32 under a state and public school employees health benefit plan.

33           (c) The State and Public School Life and Health Insurance Board shall  
 34 discontinue or suspend a plan option offered under subsection (a) of this  
 35 section if the board determines adjustments are necessary to ensure the  
 36 financial soundness and overall well-being of the State and Public School

1 Life and Health Insurance Program.

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APPROVED: 07/03/2014

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