

# Hall of the House of Representatives

85th General Assembly - Regular Session, 2005

## Amendment Form

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### Subtitle of House Bill No. 2634

"AN ACT TO EXPAND HEALTH INSURANCE COVERAGE OPTIONS AND CONTAIN  
HEALTH CARE COSTS."

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### Amendment No. 1 to House Bill No. 2634.

Amend House Bill No. 2634 as originally introduced:

Delete the title and substitute the following:

"AN ACT TO ESTABLISH THE CITY, COUNTY, AND SMALL AND MEDIUM-SIZED EMPLOYER  
HEALTH BENEFITS PURCHASING POOLS; AND FOR OTHER PURPOSES."

AND

Delete the subtitle and substitute the following:

"AN ACT TO EXPAND HEALTH BENEFIT OPTIONS AND SERVICES TO CONTAIN HEALTH CARE  
COSTS."

AND

Page 1, line 26 delete "insurance coverage" and substitute "benefits and  
related services"

AND

Page 1, delete lines 31 through 36 and substitute the following:

"(3) Most Arkansans obtain health benefits coverage through  
their employers, but small and medium-sized employers, county governments,  
and municipalities have fewer cost effective purchase options for their  
employees and employees' dependents.



(b) The purpose of this subchapter is to establish city, county, educational institution, and small and medium-sized employer health benefits purchasing pools in order to provide more cost effective health benefit coverage options to small and medium-sized employers, county governments, educational institutions, and municipalities.”

AND

Page 2, delete line 1.

AND

Page 2, delete lines 3 through 36 and substitute the following:

“23-86-602. Definitions.

As used in this subchapter:

(1) “Educational institutions” means private organizations or entities whose primary purpose is the education of students at a primary, secondary, college, or trade school level;

(2) “Medium-sized employers” means employers with less than three thousand (3,000) employees; and

(3) “Small employers” means employers with at least two (2) but not more than twenty-five (25) employees.

23-86-603. Creation of pools.

(a) There is established the City, County, and Employer Health Benefits Purchasing Pools to assist municipalities, county governments, educational institutions, and small and medium-sized employers in the State of Arkansas in the provision of health insurance coverage to their employees, employees’ dependents, and retirees.

(b) The State and Public School Life and Health Insurance Board shall phase in the provision of health benefits coverage for:

(1) Counties, cities, and municipalities beginning July 1, 2006; and

(2) Small and medium-sized employers and educational institutions on or before January 1, 2007.”

23-86-604. Authorization.

(a) The State and Public School Life and Health Insurance Board or any health insurance carrier, administrator, or health maintenance organization that is approved by the board to offer health coverage or health services may offer a health benefit plan, optional services, and fees as provided in this subchapter.

(b) The board shall:

(1) Establish new purchasing pools for county governments, municipalities, educational institutions, small and medium-sized employers and businesses;

(2) Require that contracts between the health benefit plan and cities, counties, or employers remain in effect for a minimum period of two (2) years and disallow re-entrance into purchasing pools for a minimum period of three (3) years for any entity terminating a health benefit plan or service;

(3) Require that carriers, administrators, health maintenance organizations, or third party administrators offer the health benefit plans issued under this subchapter through one (1) of their networks of health care providers;

(4)(A) Establish underwriting rules and restrictions to ensure financial stability of the purchasing pools if insured plan options are offered.

(B)(i) The board may group counties, cities, municipalities, educational institutions, small and medium-sized employers, and all other plan participants as one (1) group for the purpose of negotiating contracts with providers of insured and self insured health plans and ancillary administrative services.

(ii) If the board elects to allow a group to establish a self insurance program, the board and program are exempt from State Insurance Department regulations applicable to small groups;

(5) Determine benefits and services to be offered under any city, county, or employer health purchasing pools;

(6) For purposes of the creation of pools, calculation of risk, and related administrative services, not combine enrollees from plans offered to employers, counties, or municipalities with existing risk pools of state employees or public school employees;

(7) Determine whether the health benefit plans or services offered under this section are fully insured by a carrier or health

maintenance organization, or self-insured by the plan;

(8) Set rates and fees of employee health plan services uptake for participating employers concordant with private marketplace best practices; and

(9) Negotiate a schedule of provider reimbursement rates and methods for its state and public school health plans.

(c) If the board determines a schedule of provider reimbursement rates for its state and public school health plans, then carriers or administrators offering health benefit plans or related services coverage to employers, county governments, educational institutions, or municipalities under this subchapter shall reimburse network health care providers and administrators at no greater rates or fee levels than the rates or fee levels in effect for the state and public school health plans.

23-86-605. Employer contribution.

An employer group participating in a health benefit plan or any contracted administrative services authorized by this subchapter shall:

(1) Pay at least sixty percent (60%) of each employee's premium for the individual employee's coverage; and

(2) Obtain the participation of at least seventy-five percent (75%) of the employees that are not currently enrolled in a health benefits plan or health insurance plan from another source.

23-86-606. Funding of plans and administrative costs.

(a) Funds required to implement a new county, municipal, educational institution, or small employer group health benefit plan shall be provided from the local county aid fund, municipal aid fund, county revenue, city revenue, or funds from each participating employer group or educational institution prior to implementation.

(b)(1) The expenses and administrative costs of a health benefit plan implemented under this subchapter shall be paid on a monthly basis and factored into the determination of the plan's insurance premiums.

(2) As used in this subsection (b), "expenses and administrative costs" include, but are not limited to, rent, utilities, hardware, software, programming, furniture, supplies, printing, postage, employees' salaries, and employee fringe benefits incurred by the Employee Benefits Division of the Department of Finance and Administration to administer this subchapter.

(c) Anticipated administrative costs to initiate a plan shall be determined by the Employee Benefits Division and paid to the division prior to the effective date of the health benefit plan.

(d) Additional positions for the Employee Benefits Division shall be created to implement this section.

(e) No state or public school trust fund shall be used to establish a new group or plan.

23-86-607. Optional employer participation.

(a) All services, health plans, and other tools for health care management and benefits shall be made available on an optional basis as determined by the State and Public School Life and Health Insurance Board.

(b) Any county, municipality, employer, or educational institutions, and that obtains health benefits or services under this subchapter shall:

(1) Agree to the board's rules of participation, including, but not limited to, eligibility reporting, payment of premiums, contributions, actuarial adjustments for new entrants, and any other rules deemed necessary by the board;

(2) Ensure the guaranteed issue of all plans; and

(3) Provide an annual enrollment period under all plans.

(c) Retirees of counties and municipalities participating in a plan shall follow the same requirements as state and public school retirement groups.

23-86-608. Advisory board.

(a) The City, County, and Small Employer Health Insurance Purchasing Pools Advisory Board is created.

(b) The advisory board shall consist of the following members appointed by the governor:

(1) A state employee;

(2) A certified classroom teacher;

(3) The Director of the Department of Education or his or her designee;

(4) The Director of the Department of Finance and Administration or his or her designee;

(5) A representative of the Arkansas Medical Society;

(6) A representative of the Arkansas Hospital Association;

(7) A representative of the health insurance industry;  
(8) A representative of the Arkansas State Board of Pharmacy;  
(9) A representative of the University of Arkansas for Medical Sciences;

(10) A public school administrator;  
(11) A retired teacher;  
(12) A retired state employee; and  
(13) An individual member representing each type of purchasing pool to be added when a new type of purchasing pool is established.

(c) The advisory board shall meet with the State and Public School Life and Health Insurance Board on a scheduled quarterly basis.

(d) The Governor shall call the first meeting of the advisory board within ninety (90) days of the effective date of this subchapter.

(e) A majority of the members of the advisory board shall constitute a quorum for the transaction of any business.

(f) The members of the advisory board shall:

(1) Serve for a period of four (4) years;  
(2) Draw lots to determine the periods of service of the initial nine (9) board members other than the Director or director's designee of the Department of Education or the Director or director's designee of the Department of Finance and Administration as follows:

(A) Three (3) members shall serve until January 1, 2007;

(B) Three (3) members shall serve until January 1, 2008;

and

(C) Three (3) members shall serve until January 1, 2009;

and

(3) Serve without compensation.

(e) Vacancies on the advisory board caused by death, resignation, or otherwise shall be filled by appointment of the Governor."

AND

Page 3, delete lines 1 through 9

AND

Page 3, line 11 delete "23-86-605" and substitute "23-86-609"

AND

Delete Section 2 in its entirety and substitute the following:

"SECTION 2. Arkansas Code § 21-5-402 is amended to read as follows:

~~(a)(1) There is created the State and Public School Life and Health Insurance Board, composed of the following twelve (12) voting members:~~

~~(A) A state employee to be appointed by the Governor;~~

~~(B) A certified classroom teacher to be appointed by the Governor;~~

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

~~(D) The Director of the Department of Education or his or her designee;~~

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

~~(F) Two (2) members who are engaged in employee benefits management or risk management in private industry to be appointed by the Governor;~~

~~(G) One (1) additional member position which shall be filled alternately by a retired teacher and by a retired state employee appointed by the Governor. This position shall first be filled by a retired teacher for a term of four (4) years, then by a retired state employee for a term of four (4) years, and four year terms thereafter shall be alternated between a retired teacher and a retired state employee;~~

~~(H) One (1) public school administrator to be appointed by the Governor;~~

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

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

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

~~(2) However, any appointee who has a conflict of interest shall be disqualified to serve.~~

~~(b)(1)(A) Except for retiree positions, the members initially appointed by the Governor shall draw lots for terms so that two (2) serve for a term of four (4) years each, two (2) for a term of three (3) years, one (1)~~

~~for a term of two (2) years, and one (1) for a term of one (1) year.~~

~~(B) All successor members appointed by the Governor shall be appointed for terms of four (4) years but may be reappointed for additional terms.~~

~~(2)(A) Vacancies in the Governor appointed positions shall be filled by appointment of the Governor for the unexpired term.~~

~~(B) Members appointed by the Governor shall serve at the will of the Governor.~~

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

(a)(1) There is created the State and Public School Life and Health Insurance Board, composed of the following eight (8) voting members:

(A) A chair appointed by the Governor;

(B) Three (3) individuals with expertise in health care policy or health care finance appointed by the Governor;

(C) Two (2) individuals with expertise in health care policy or health care finance appointed by the Speaker of the House of Representatives; and

(D) Two (2) individuals with expertise in health care policy or health care finance appointed by the President Pro Tempore of the Senate.

(2) Any appointee who has a conflict of interest shall be disqualified to serve on the board.

(3) The term of any member of the board appointed prior to the effective date of this subdivision (a)(3) shall expire on the effective date of this subdivision (a)(3).

(b)(1)(A) The chair and members appointed by the Governor shall draw lots for terms so that two (2) members serve for a term of four (4) years and two (2) members serve for a term of three (3) years.

(B) A successor shall be appointed by the Governor upon the expiration of each term.

(C) All successors appointed by the Governor shall be appointed for terms of four (4) years and may be reappointed for additional terms.

(2)(A) Members appointed by the Speaker of the House of Representatives shall draw lots for terms so that one (1) member serves for a



term of four (4) years and one (1) member serves for a term of three (3) years.

(B) A successor shall be appointed by the Speaker of the House of Representatives upon the expiration of each term.

(C) All successors appointed by the Speaker of the House of Representatives shall be appointed for terms of four (4) years and may be reappointed for additional terms.

(3)(A) Members appointed by the President Pro Tempore of the Senate shall draw lots for terms so that one (1) member serves for a term of four (4) years and one (1) member serves for a term of three (3) years.

(B) A successor shall be appointed by the President Pro Tempore of the Senate upon the expiration of each term.

(C) All successors appointed by the President Pro Tempore of the Senate shall be appointed for terms of four (4) years and may be reappointed for additional terms.

(4)(A) Vacancies in any position shall be filled for the unexpired term by appointment of the person who made the initial appointment.

(B) Members shall serve at the will of the person who appointed the member.”

The Amendment was read \_\_\_\_\_

By: Representative Stovall

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Chief Clerk