

0425 – DEPARTMENT OF COMMERCE - STATE INSURANCE DEPARTMENT
FISCAL YEAR 2022
ALC/JBC RECOMMENDATION

Insurance Department, according to Arkansas Code § 23-61-101(c)(1)(A) and (B),

"(A) The purpose of the department is to serve and protect the public interest by the equitable enforcement of the state's laws and regulations affecting the insurance industry.

(B) The primary mission of the department shall be consumer protection through insurer solvency and market conduct regulation, and fraud prosecution and deterrence."

The Department is funded with existing fund balances, trust funds (interest income, earnings, adjustments, grants, refunds, gifts), employer workers' compensation benefits contributions (revolving funds), special revenue (fees, premiums collected), federal funds, and cash.

Per Act 107 of 2019, the Arkansas Health Insurance Marketplace was abolished and their powers and duties have been transferred by a Type 3 transfer to the State Insurance Department.

TOTAL APPROPRIATION

Appropriation		2019-2020	2020-2021	2021-2022
		Actual	Authorized	Legislative
1QA	AMAIT - Operations	\$9,135,939	\$20,000,000	\$20,000,000
2SW	Insurance-State Operations	\$11,822,435	\$14,258,746	\$14,635,703
2SX	Fraud Investigation Unit	\$768,798	\$828,509	\$861,353
2SY	Insurance Fraud Investigation Division	\$400,469	\$509,295	\$625,903
2SZ	Prepaid Funeral Benefits Division	\$284,559	\$374,744	\$406,544
2TA	Continuing Education Program	\$0	\$31,184	\$31,184
2TB	State Employee Claims	\$12,375,365	\$16,500,000	\$16,500,000
2TC	Governmental Bonding Board Operations	\$184,745	\$3,005,000	\$3,005,000
2TD	Public Employees Claims Section	\$1,604,304	\$1,923,478	\$1,976,967
2TE	Health Information Counseling	\$476,690	\$804,007	\$1,258,950
2TF	Refunds of Overpayments	\$9,338,620	\$11,000,000	\$11,000,000
2TG	Public School Employees Claims	\$18,130	\$400,000	\$400,000
2TH	County Employee Claims	\$3,815	\$200,000	\$200,000
2TJ	City Employee Claims	\$7,269	\$400,000	\$400,000
2TK	Consumer Info System - Cash	\$1,945	\$28,005	\$28,005
2TM	Travel & Subsistence-Cash	\$57,646	\$100,000	\$100,000
2TN	Prepaid Funeral Contracts Recovery	\$17,750	\$500,000	\$500,000
4HH	Criminal Background Checks-Cash	\$5,676	\$125,000	\$125,000
56A	Public School Insurance Program	\$8,438,491	\$20,000,000	\$20,000,000
N41	MIPPA - 3	\$135,793	\$0	\$518,000
V46	AR Healthcare Transparency Initiative Database	\$1,931,399	\$3,200,000	\$3,200,000
V98	Funeral Services	\$266,446	\$564,479	\$566,639
X39	Market Stabilization Grant	\$169,453	\$0	\$232,500
Z65	Firefighters Cancer Relief	\$0	\$250,000	\$250,000
Total		\$57,445,737	\$95,002,447	\$96,821,748

FUNDING SOURCES

Funding Sources		2019-2020 Actual	%
Fund Balance	4000005	\$35,656,705	23.35
Federal Revenue	4000020	\$781,936	0.51
Special Revenue	4000030	\$54,382,607	35.62
Cash Fund	4000045	\$422,776	0.28
Trust Fund	4000050	\$2,559,126	1.68
Interest	4000300	\$707,386	0.46
Investments	4000315	\$38,050,707	24.92
Inter-agency Fund Transfer	4000316	\$132	0.00
Intra-agency Fund Transfer	4000317	(\$294)	0.00
M & R Sales	4000340	\$4,036	0.00
Miscellaneous Adjustments	4000345	\$30,000	0.02
Miscellaneous Revolving	4000350	\$21,369,058	14.00
Other	4000370	\$212,307	0.14
Transfer to State Central Services	4000676	(\$1,500,000)	-0.98
Total Funds		\$152,676,482	100.00
Excess Appropriation/(Funding)		(\$95,230,745)	
Grand Total		\$57,445,737	

CHANGE LEVEL REQUESTS

Insurance-State Operations (Appropriation 2SW)

Commitment Item		2020-2021	2021-2022	
		Authorized	Legislative	Change Level
5010000	Regular Salaries	\$7,500,172	\$7,731,855	\$231,683
5010003	Personal Services Matching	\$2,448,800	\$2,530,074	\$81,274
5120011	Capital Outlay	\$86,000	\$150,000	\$64,000
Total		\$10,034,972	\$10,411,929	\$376,957

- Increase in Regular Salaries and Personal Services Matching due to Career Service, Merit, etc. adjustments.
- Increase in Capital Outlay to replace outdated equipment and/or vehicles during the biennium.

Fraud Investigation Unit (Appropriation 2SX)

Commitment Item		2020-2021	2021-2022	
		Authorized	Legislative	Change Level
5010000	Regular Salaries	\$626,424	\$651,200	\$24,776
5010003	Personal Services Matching	\$202,085	\$210,153	\$8,068
Total		\$828,509	\$861,353	\$32,844

- Increase in Regular Salaries and Personal Services Matching due to Career Service, Merit, etc. adjustments

Insurance Fraud Investigation Division (Appropriation 2SY)

Commitment Item		2020-2021	2021-2022	
		Authorized	Legislative	Change Level
5010000	Regular Salaries	\$190,049	\$235,540	\$45,491
5010003	Personal Services Matching	\$59,611	\$70,728	\$11,117
5120011	Capital Outlay	\$0	\$60,000	\$60,000
Total		\$249,660	\$366,268	\$116,608

- Increase in Regular Salaries and Personal Services Matching due to Career Service, Merit, etc. adjustments
- Increase in Capital Outlay to replace outdated equipment and/or vehicles during the biennium.

Prepaid Funeral Benefits Division (Appropriation 2SZ)

Commitment Item		2020-2021	2021-2022	
		Authorized	Legislative	Change Level
5010003	Personal Services Matching	\$83,786	\$85,586	\$1,800
5120011	Capital Outlay	\$0	\$30,000	\$30,000
Total		\$83,786	\$115,586	\$31,800

- Personal Services Matching due to salary adjustments made during the biennium.
- Increase in Capital Outlay to replace outdated equipment and/or vehicles during the biennium.

Public Employees Claims Section (Appropriation 2TD)

Commitment Item		2020-2021	2021-2022	
		Authorized	Legislative	Change Level
5010000	Regular Salaries	\$1,040,942	\$1,079,850	\$38,908
5010003	Personal Services Matching	\$359,605	\$374,186	\$14,581
Total		\$1,400,547	\$1,454,036	\$53,489

- Increase in Regular Salaries and Personal Services Matching due to Career Service, Merit, etc. adjustments

Health Information Counseling (Appropriation 2TE)

Commitment Item		2020-2021	2021-2022	
		Authorized	Legislative	Change Level
5010000	Regular Salaries	\$261,168	\$265,684	\$4,516
5010003	Personal Services Matching	\$96,419	\$99,307	\$2,888
5020002	Operating Expenses	\$138,420	\$217,407	\$78,987
5050009	Conference & Travel Expenses	\$8,000	\$10,000	\$2,000
5060010	Professional Fees	\$300,000	\$601,552	\$301,552
5090028	Promotional Items	\$0	\$35,000	\$35,000
5120011	Capital Outlay	\$0	\$30,000	\$30,000
Total		\$804,007	\$1,258,950	\$454,943

- Increase in Regular Salaries and Personal Services Matching due to Career Service, Merit, etc. adjustments
- Increases in Operating Expenses, Conference and Travel Expenses, Professional Fees, Promotional Items and Capital Outlay due to Arkansas Legislative Council approval in FY2020 of federal funding (Miscellaneous Federal Grant) for a State Health Insurance Assistance Program that develops and maintains a network of local providers and volunteers to disperse information and assistance to senior citizens with their health insurance needs.

MIPPA - 3 (Appropriation N41)

Commitment Item		2020-2021	2021-2022	
		Authorized	Legislative	Change Level
5010000	Regular Salaries	\$0	\$20,000	\$20,000
5010003	Personal Services Matching	\$0	\$8,000	\$8,000
5020002	Operating Expenses	\$0	\$150,000	\$150,000
5050009	Conference & Travel Expenses	\$0	\$10,000	\$10,000
5060010	Professional Fees	\$0	\$250,000	\$250,000
5090028	Promotional Items	\$0	\$50,000	\$50,000
5120011	Capital Outlay	\$0	\$30,000	\$30,000
Total		\$0	\$518,000	\$518,000

- New appropriation established with Arkansas Legislative Council approval in FY2020 of additional federal funding (Miscellaneous Federal Grant) to provide application assistance to people likely to be eligible for the low income subsidy program (LIS) and/or Medicare Savings Program (MSP) from Medicare Improvement for Patients and Providers (MIPPA). Includes an added Medicare Part D prescription drug program and outreach aimed at preventing disease and promoting wellness.

Funeral Services (Appropriation V98)d

Commitment Item		2020-2021	2021-2022	
		Authorized	Legislative	Change Level
5010003	Personal Services Matching	\$87,828	\$89,988	\$2,160
Total		\$87,828	\$89,988	\$2,160

- Increase in Personal Services Matching due to salary adjustments made during FY2020-2021.

Market Stabilization Grant (Appropriation X39)

Commitment Item		2020-2021	2021-2022	
		Authorized	Legislative	Change Level
5010000	Regular Salaries	\$0	\$72,500	\$72,500
5010003	Personal Services Matching	\$0	\$24,000	\$24,000
5020002	Operating Expenses	\$0	\$8,000	\$8,000
5050009	Conference & Travel Expenses	\$0	\$3,000	\$3,000
5060010	Professional Fees	\$0	\$100,000	\$100,000
5090028	Promotional Items	\$0	\$25,000	\$25,000
Total		\$0	\$232,500	\$232,500

- New appropriation established through Arkansas Legislative Council approval in FY2019 of federal funding for a program that provides for the study of cost and utilization of Marketplace plans derived from the state's Arkansas All Payer Claims Database. An actuary is contracted to determine whether options exist that could lower premiums and further stabilize the health insurance market in the state through use of a high risk pool, a reinsurance pool, etc.

POSITIONS

Total Authorized Positions FY2022: 189

Total Authorized Positions FY2021: 189

Increase / (Decrease): 0

Extra Help Positions FY2022: 19

SPECIAL LANGUAGE REVISIONS

None.