

DEPARTMENT OF TRANSFORMATION AND SHARED SERVICES
EMPLOYEE BENEFITS DIVISIONS RULES GOVERNING
VOLUNTARY PRODUCTS

Effective: _____

1.0 AUTHORITY

1.01 These rules shall be known as the Department of Transformation and Shared Services Employee Benefits Division Rules Governing Voluntary Products.

1.02 These rules are promulgated pursuant to Ark. Code Ann. § 21-5-905 and Ark. Code Ann. § 25-15-201 et seq.

2.0 PURPOSE

The purpose of these rules is to implement Ark. Code Ann. § 21-5-904 regarding the administration of voluntary products.

3.0 DEFINITIONS

3.01 EBD means the Department of Transformation and Shared Services, Employee Benefits Division.

3.02 Voluntary Products means any individual or group policy and other employee benefits that are wholly paid for by the employee, including without limitation those policies and benefits provided by the Arkansas State Employees Association, Inc., or a designee of the Arkansas State Employees Association, Inc., that develops and administers a cafeteria plan under Ark. Code Ann. § 21-5-405(d).

4.0 VOLUNTARY PRODUCTS OFFERINGS

4.01 All state employees ~~who are eligible under Ark. Code Ann. § 21-5-901~~ shall be offered the opportunity to participate in a cafeteria plan for Voluntary Products during their new hire eligibility period and during the annual open enrollment.

4.02 The Arkansas State Employees Association, Inc., shall offer education and information to each employee regarding the available Voluntary Products annually during open enrollment and to new hires throughout the year.

5.0 VOLUNTARY PRODUCTS CONTRACTS

5.01 The Arkansas State Employees Association, Inc., shall develop and administer a cafeteria plan for Voluntary Products on behalf of eligible state employees.

5.02 All Voluntary Products shall be contracted through a competitive sealed bidding process.

- 5.02.1 The Arkansas State Employees Association, Inc., shall ensure the selection of Voluntary Products offer the best combination of benefits and pricing available.
- 5.02.2 The Arkansas State Employees Association, Inc., shall provide EBD a report of all competitive bids including the procedures followed and selection process.
- 5.02.3 No Voluntary Product contract, including amendments and extensions, shall exceed seven (7) years without being competitively rebid.
- 5.03 The Arkansas State Employees Association, Inc., shall present all new contracts and amendments to existing contracts for Voluntary Products to the State Board of Finance and the Employee Benefits Oversight Subcommittee of the Arkansas Legislative Council.
- 5.04 Any material changes to Voluntary Products contracts shall be reported to the State Board of Finance and the Employee Benefits Oversight Subcommittee of the Arkansas Legislative Council.

6.0 COORDINATION WITH THE EMPLOYEE BENEFITS DIVISION

- 6.01 To ensure continuity of service to state employees, the Arkansas State Employees Association, Inc., shall coordinate with the EBD on issues regarding, but not limited to billing, employee management, record keeping, and information sharing.
- 6.02 The Arkansas State Employees Association, Inc., shall meet with the EBD quarterly.
- 6.03 The State Board of Finance shall resolve any disputes between the Arkansas State Employees Association, Inc. and EBD regarding voluntary products. These disputes shall be exempt from the Administrative Procedures Act, Ark. Code Ann. § 25-15-201 et seq.

7.0 SEMI-ANNUAL REPORTING

- 7.01 The Arkansas State Employees Association, Inc., shall submit to the Employee Benefits Oversight Subcommittee of the Arkansas Legislative Council a semi-annual report that includes:
 - 7.01.1 A summary of the Voluntary Products offerings, including the contract, pricing, and number of participants for each offering; and
 - 7.01.2 A financial analysis report for each offering, including premiums paid by state employees and additional fees and expenses, if any.

1 State of Arkansas As Engrossed: H2/8/23 H2/16/23 H3/14/23

2 94th General Assembly

A Bill

3 Regular Session, 2023

HOUSE BILL 1160

4

5 By: Representative Wardlaw

6 By: Senator J. Dotson

7

8

For An Act To Be Entitled

9 AN ACT TO REGULATE COMPENSATION AND BENEFITS OF
10 PUBLIC OFFICERS AND EMPLOYEES; TO DEFINE VOLUNTARY
11 PRODUCTS; TO CLARIFY SUPERVISION OF VOLUNTARY
12 PRODUCTS OFFERED TO PARTICIPANTS IN THE STATE AND
13 PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM; TO
14 AMEND THE ADMINISTRATION OF CAFETERIA PLANS FOR
15 CERTAIN PUBLIC OFFICERS AND EMPLOYEES; AND FOR OTHER
16 PURPOSES.

17

18

19

Subtitle

20 TO REGULATE COMPENSATION AND BENEFITS OF
21 PUBLIC OFFICERS AND EMPLOYEES; AND TO
22 CLARIFY SUPERVISION OF VOLUNTARY PRODUCTS
23 UNDER THE STATE AND PUBLIC SCHOOL LIFE
24 AND HEALTH INSURANCE PROGRAM.

25

26

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

28

29 SECTION 1. Arkansas Code § 6-17-1115 is amended to read as follows:

30 6-17-1115. ~~Group insurance~~ Insurance for independent school districts.

31 (a) The employees of an independent school district may be insured
32 under a an individual or group insurance policy ~~issued to and~~ procured by an
33 independent school district to insure the employees of an independent school
34 district for the benefit of the employees of an independent school district
35 subject to the following requirements:

36 (1) The employees eligible for insurance under the ~~group~~



1 insurance policy shall all be employees of the school district or all of any
2 class determined by conditions pertaining to their employment; and

3 (2) The premium for the policy shall be paid by the policyholder
4 from funds contributed wholly by the insured employees, except that:

5 (A) The employer may deduct from the employees' salaries
6 the required contributions for the premiums when authorized in writing by the
7 respective employees to do so; and

8 (B) The premium for the policy may be paid for the
9 policyholder wholly or partly from funds of the school district.

10 (b) As used in this section, ~~"group insurance"~~ "insurance" shall be
11 individual life insurance contracts or policies or group life insurance as
12 described by § 23-83-101 et seq., § 23-86-101, and individual or group
13 contracts or policies that provide disability income insurance, specified
14 disease insurance, hospital indemnity insurance, long-term care insurance, or
15 accident-only insurance to employees of groups described under § 23-86-106.
16

17 SECTION 2. Arkansas Code § 21-5-405, concerning additional duties of
18 the State Board of Finance, is amended to add an additional subsection to
19 read as follows:

20 (d) The Arkansas State Employees Association, Inc., or a designee of
21 the Arkansas State Employees Association, Inc., that develops and administers
22 a cafeteria plan under § 21-5-405(d) shall provide the board with an annual
23 report of voluntary products to be offered to state employees during open
24 enrollment.
25

26 SECTION 3. Arkansas Code § 21-5-406(e)(3), concerning the authority of
27 the Director of the Employee Benefits Division, is amended to read as
28 follows:

29 (3)(A) The director has the authority to supervise the
30 implementation and day-to-day management of the program and other employee
31 benefits, plans, and individual and group policies made available to
32 participants, if applicable, except voluntary products or insurance procured
33 under § 6-17-1115.

34 (B) The authority granted under subdivision (e)(3)(A) of
35 this section includes without limitation supervising:

36 (i) Life insurance coverage;

1 (ii) ~~Accident coverage;~~
 2 ~~(iii) Dental coverage;~~
 3 ~~(iv) Disability benefit programs;~~
 4 ~~(v) Optional retirement programs;~~
 5 ~~(vi)-(iii) Deferred compensation;~~
 6 ~~(vii)-(iv) Cafeteria plans for products that are not~~
 7 voluntary products; and

8 ~~(viii)-(v) Such Any other benefit plans, benefit~~
 9 programs, and individual and group benefit coverage that are offered from
 10 time to time to state employees, state employee retirees, public school
 11 employees, and public school employee retirees.

12 (C) ~~The Except as authorized under § 19-4-1602, the~~
 13 ~~authority granted under subdivision (e)(3)(A) of this section does not~~
 14 ~~include supervising the State Employees Benefit Corporation benefit plan in~~
 15 ~~effect on July 1, 1995 the implementation and day-to-day management of a~~
 16 voluntary product made available to participants or insurance procured under
 17 § 6-17-1115.

18 (D) ~~In addition, the The director and the board may~~
 19 utilize the services of healthcare consultants and actuaries if necessary as
 20 provided for through the appropriation of the division.

21 (E) The Arkansas State Police Employee Health Plan is
 22 exempt from any mandatory participation required by this section.

23
 24 SECTION 4. Arkansas Code § 21-5-407(19), concerning the definition of
 25 "vendor" under the State and Public School Life and Health Insurance Program,
 26 is amended to read as follows:

27 (19)(A) "Vendor" means a corporation, partnership, or other
 28 organization that is:

29 ~~(A)-(i) Licensed to do business and in good standing~~
 30 with the State of Arkansas; and

31 ~~(B)-(ii) Lawfully engaged in administering employer-~~
 32 funded or employee-funded benefit plans for employer groups in consideration
 33 of an administration fee.

34 (B) "Vendor" does not include the Arkansas State Employees
 35 Association, Inc., or a designee of the Arkansas State Employees Association,
 36 Inc., that develops and administers a cafeteria plan under § 21-5-405(d).

1
2 SECTION 5. Arkansas Code § 21-5-407, concerning definitions used under
3 the State and Public School Life and Health Insurance Program, is amended to
4 add an additional subdivision to read as follows:

5 (20) "Voluntary product" means any individual or group policy
6 and other employee benefits that are wholly paid for by the employee,
7 including without limitation those policies and benefits provided by the
8 Arkansas State Employees Association, Inc., or a designee of the Arkansas
9 State Employees Association, Inc., that develops and administers a cafeteria
10 plan under § 21-5-405(d).

11
12 SECTION 6. Arkansas Code § 21-5-424, concerning the State Employee
13 Health Benefit Advisory Commission, is amended to add an additional
14 subsection to read as follows:

15 (g) The Arkansas State Employees Association, Inc., or a designee of
16 the Arkansas State Employees Association, Inc., that develops and administers
17 a cafeteria plan under § 21-5-405(d) shall provide the commission with an
18 annual report of voluntary products to be offered to state employees during
19 open enrollment.

20
21 SECTION 7. Arkansas Code § 21-5-901, concerning definitions used in
22 reference to administration of cafeteria plans offered to public officers and
23 employees, is amended to add an additional subdivision to read as follows:

24 (5) "Voluntary product" means any individual or group policy and
25 other employee benefits that are wholly paid for by the employee, including
26 without limitation those policies and benefits procured under § 6-17-1115 or
27 provided by the Arkansas State Employees Association, Inc., or a designee of
28 the Arkansas State Employees Association, Inc., that develops and administers
29 a cafeteria plan under § 21-5-405(d).

30
31 SECTION 8. Arkansas Code § 21-5-902(a), concerning the ability of an
32 eligible employee to enter into a salary reduction agreement to participate
33 in a cafeteria plan offered to public officers and employees, is amended to
34 read as follows:

35 (a) Any eligible employee who chooses to participate in a cafeteria
36 plan or a voluntary product may enter into a salary reduction agreement with

1 the governmental entity.

2
3 SECTION 9. Arkansas Code § 21-5-904(a), concerning the administration
4 of cafeteria plans by the Director of the Employee Benefits Division, is
5 amended to read as follows:

6 (a) The Director of the Employee Benefits Division shall have
7 administrative responsibility for developing, implementing, and maintaining
8 cafeteria plans on behalf of state employees ~~and may promulgate necessary~~
9 ~~rules as he or she deems necessary to carry out the provision of this~~
10 ~~section.~~

11
12 SECTION 10. Arkansas Code § 21-5-904, concerning the administration of
13 cafeteria plans offered to public officers and employees, is amended to add
14 an additional subsection to read as follows:

15 (d) The Arkansas State Employees Association, Inc., shall:

16 (1) Develop and administer a cafeteria plan for voluntary
17 products on behalf of eligible state employees; or

18 (2) Contract by a competitive sealed bidding process with a
19 designee to develop and administer a cafeteria plan for voluntary products on
20 behalf of eligible state employees.

21
22 SECTION 11. Arkansas Code Title 21, Chapter 5, Subchapter 9, is
23 amended to add an additional section to read as follows:

24 21-5-905. Rules.

25 The Employee Benefits Division shall promulgate rules to administer
26 this subchapter.

27
28 SECTION 12. TEMPORARY LANGUAGE. DO NOT CODIFY. Rules.

29 (a) The Employee Benefits Division shall promulgate rules necessary to
30 implement this act.

31 (b)(1) When adopting the initial rules to implement this act, the
32 final rule shall be filed with the Secretary of State for adoption under §
33 25-15-204(f):

34 (A) On or before January 1, 2024; or

35 (B) If approval under § 10-3-309 has not occurred by
36 January 1, 2024, as soon as practicable after approval under § 10-3-309.

1 (2) The division shall file the proposed rule with the
2 Legislative Council under § 10-3-309(c) sufficiently in advance of January 1,
3 2024, so that the Legislative Council may consider the rule for approval
4 before January 1, 2024.

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36

/s/Wardlaw

APPROVED: 4/11/23