

DRAFT MINUTES
SENATE AND HOUSE INTERIM COMMITTEES ON INSURANCE AND COMMERCE
Committee Room MAC A, Little Rock, Arkansas
Tuesday, July 8, 2014

The Senate and House Interim Committees on Insurance and Commerce met jointly Tuesday, July 8, 2014, at 10:00 a.m. in Committee Room MAC A in Little Rock, Arkansas.

Committee members present: Senators Jason Rapert, Chair; Cecile Bledsoe, Joyce Elliott, Johnny Key, Michael Lamoureux and Jon Woods. Representatives Harold Copenhaver, Mark Perry, Henry “Hank” Wilkins, James Word, and John Vines.

Non-Voting members present: Representatives Nate Bell, David Branscum, Douglas House, Homer Lenderman, and Mark Lowery.

Other legislators present: Senators Jeremy Hutchinson and David Sanders. Representatives John Burris, Charlene Fite, Bill Gossage, John Hutchison, Joe Jett, Sheilla Lampkin, Mark McElroy, Betty Overbey, Chris Richey, Kim Hammer, David Meeks, Jim Nickels, Walls McCrary, and Scott Baltz.

Senator Rapert called the meeting to order.

ARKANSAS ASSOCIATION OF INSURANCE COMPANIES – OVERVIEW AND ISSUES

Mr. Courtney Crouch, Vice President, Arkansas Association of Insurance Companies, was recognized and stated the association was formed in 1984 for the following purposes:

- Represent the interest of Arkansas Insurance companies.
- Work to achieve a favorable economic and regulatory climate for the state, insurance companies and consumers.
- Monitor legislation introduced in the Arkansas General Assembly, and keep the membership informed.
- Provide a body which the insurance commissioner can call upon for expertise, problem solving, and communication outside the regulatory process.

Mr. Crouch stated an insurance company might consider domiciling here because certain segments of Arkansas’s code are close to the National Association of Insurance Commissioner’s (NAIC) model code. He stated he would welcome the opportunity to work with the general assembly on getting more insurance companies in the state, as well as other issues that impact the insurance industry. Currently there are 58 domiciled here; 25 life/health insurance, and 33 fire/casualty companies.

Senator Rapert invited Mr. Crouch to be a part of the 2016 Little Rock National Conference of Insurance Legislators (NCOIL) host committee.

ARKANSAS HEALTH INSURANCE MARKETPLACE BOARD OF DIRECTORS – UPDATE FROM EXECUTIVE DIRECTOR

Ms. Cheryl Smith, Executive Director, Arkansas Health Insurance Marketplace (AHIM) Board of Directors, gave a brief overview of her background and spoke on the state’s health insurance exchange. She said going forward AHIM will study the different state models available, as well as ones that have been tried. Seventeen states are approved to be state-based exchanges and seven are fully functional. All states have to have an exchange and pay for it. “It’s either done to you, as in federally-based, or by you, if state-based.” Ms. Smith said PCG, a consulting group, will be working with AHIM to conduct focus groups, interviews, and a statewide survey to determine Arkansas’s needs. The interviews will include in-depth interviews with individuals, small families, small business owners and employees. She also stated AHIM will be making offers this week to bring a staff on-board.

EMPLOYEE BENEFITS DIVISION, DEPARTMENT OF FINANCE AND ADMINISTRATION – UPDATE ON RECENT ACTIONS

Mr. Bob Alexander, Director, Employee Benefits Division (EBD), Department of Finance and Administration, was recognized and explained recent legislative actions. **[HANDOUTS 1, 2, 3, and 4]**

- Spousal exclusion - If the spouse works elsewhere and has coverage available through his/her employer, they will no longer be eligible for the state insurance plan. EBD will be sending out letters in late July or early August explaining the statute to all employees with a spouse on their plan.
- The FICA Savings plan will be discussed at the next State and Public School Life and Health Insurance Task Force Meeting.
- Health Savings Account (HSA) - Employees enrolled in a high deductible health plan must establish a HSA. Requirements for minimum employee contributions have not been established. On the Arkansas State Employee plan there will be an HSA contribution of \$25/month for an employee only plan and \$50/month for any other tier.
- Part-time exclusion for Public School Employees - Any school employee working less than 30 hours a week will no longer be eligible for the health insurance plan. Their eligibility will be determined by the school district.
- Bariatric surgery program - EBD is working with the Arkansas Center for Health Improvement and also Johnson and Johnson to access pilot programs in other states to determine how to use the \$3million allocation limit for the program.

Representative Bell asked for information on his districts' number of persons dropped due to the part-time and spousal exclusion. Mr. Alexander said he will not know the dropped part-time employees, this is handled at the school level.

Senator Elliott was concerned with the notification of changes to school district employees.

Mr. Alexander stated each school district must appoint an insurance representative. Districts are grouped into five regions, of which there are monthly meetings. Emails are sent to the school insurance representatives announcing the meetings.

Senator Elliott requested that Mr. Alexander provide the committee a list, by region, of school districts that did not have a representative attend the meetings in person.

VETERAN'S COALITION AGENDA FOR 90th GENERAL ASSEMBLY

Colonel Don Berry (USAF Retired), stated the coalition represents approximately 242,000 veterans in the state. The Arkansas Veteran's Coalition 2015 legislative session initiatives are as follows: **[PwrPt Presentation & Handout 5]**

- Boost workforce and economic development through state income tax exemption for military retired pay.
- Ensure statewide access to Veterans Treatment Courts.
- Direct programming, planning, operations and oversight of a veterans state home network based on projected needs of Arkansas' most at-risk veterans.
- Waive residency requirements for in-state or local tuition for service members, veterans, and their families.

Mr. William Beams, Legislative Committee Chairman, AR Veteran's Coalition, was recognized and stated he considers the state income tax exemption for military retired pay the most important initiative.

The next meeting is scheduled for August 12, 2014, at 10:30 a.m. in Room Mac B. The discussion will include the impact of the Environmental Protection Agency's clean power plan proposed rule on Arkansas's electric rates.

There being no further business, the meeting adjourned at 11:56 p.m.

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