

1 **State of Arkansas**
2 **79th General Assembly**
3 **Regular Session, 1993**
4 **By: Senator Hoofman**

A Bill

SENATE BILL

For An Act To Be Entitled

8 "AN ACT TO ESTABLISH THE ARKANSAS HEALTH INSURANCE POOL;
9 AND TO PRESCRIBE THE OPERATION, POWER AND DUTIES OF THE
10 BOARD OF DIRECTORS AND DUTIES OF THE POOL ADMINISTRATOR;
11 AND TO SET FORTH THE METHOD OF FUNDING OF THE HEALTH
12 INSURANCE POOL; AND TO PRESCRIBE ELIGIBILITY REQUIREMENTS
13 FOR POOL COVERAGE, BENEFITS, PREMIUMS, AND RATES; AND FOR
14 OTHER PURPOSES."

Subtitle

17 "ARKANSAS HEALTH INSURANCE POOL ACT OF 1993."

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

21 SECTION 1. SHORT TITLE. This Act may be cited as the "Arkansas Health
22 Insurance Pool Act of 1993."

24 SECTION 2. LEGISLATIVE INTENT AND PURPOSE.

25 (a) Existing Arkansas law does not establish a health insurance pool to
26 provide health insurance to domiciliaries of Arkansas who are not otherwise
27 able to obtain health insurance which meets prescribed criteria.

28 (b) Uninsurable Arkansans, left to face the cost of major medical care
29 without health coverage, must look to charity, or face bankruptcy in the event
30 of severe illness or injury, thereby placing a burden on the people and
31 resources of the state of Arkansas.

32 (c) It is the purpose of the General Assembly in this Act to establish
33 a mechanism to ensure the availability of health insurance coverage to those
34 citizens of this state who, because of health conditions, rather than an
35 unwillingness and inability to pay premiums, cannot secure such coverage.

1 (d) The health insurance coverage available from the Arkansas Health
2 Insurance Pool (Pool) is intended to shield such individuals against most
3 catastrophic health costs, up to stated maximum dollar amounts. The coverage
4 is not intended to provide "deluxe" benefits.

5 (e) The General Assembly recognizes that the Pool will likely operate
6 at a loss when premium revenues are compared with incurred claims and the
7 administrator's fees. The Pool's governing Board will attempt to set rates
8 that are reasonable under the circumstances but those rates, if they are to be
9 even marginally affordable, will almost certainly not provide adequate premium
10 to recover the cost of operating the Pool and paying claims incurred year to
11 year. To make up for the shortfall, an additional source of funds shall be
12 obtained by an assessment against insurers.

13

14 SECTION 3. DEFINITIONS. As used in this act:

15 (1) "Board" means the Board of Directors of the Pool.

16 (2) "Commissioner" means the Arkansas Insurance Commissioner.

17 (3) "Department" means the Arkansas Insurance Department.

18 (4) "Health Insurance" means any hospital and medical expense-incurred
19 policy, non-profit health care service plan contract, health maintenance
20 organization subscriber contract, short term, accident, fixed indemnity,
21 specified disease policy or disability income contracts and limited benefit or
22 credit insurance. "Health Insurance" shall also mean "Disability Insurance" as
23 defined in Arkansas statute 23-62-103. The term does not include insurance
24 arising out of the Workmen's Compensation Act or similar law, automobile
25 medical payment insurance or insurance under which benefits are payable with
26 or without regard to fault and which is required by law to be contained in any
27 liability insurance policy or equivalent self-insurance.

28 (5) "Health Maintenance Organization" (HMO) means an organization as
29 defined in A.C.A. Section 23-76-102.

30 (6) "Hospital" means an acute general care hospital, a psychiatric
31 hospital and a rehabilitation hospital licensed as such by the appropriate
32 state agency. It does not include any of the following: hospitals owned or
33 operated by federal agencies, convalescent homes or hospitals, homes for the
34 aged, sanitariums, long term care facilities, infirmaries, or any institution
35 operated mainly for treatment of long term chronic diseases or drug or alcohol

1 abuse.

2 (7) "Insurance arrangement" means any plan, program, contract or any
3 other arrangement under which one or more employers, unions or other
4 organizations provide to their employees or members either directly or
5 indirectly through a trust or third party administrator, health care services
6 or benefits on a self insured basis. The term shall also include any
7 "self-insurer".

8 (8) "Insured" means any individual resident of Arkansas who is eligible
9 to receive benefits from any insurer as defined in this Act.

10 (9) "Insurer" means:

11 (A) any insurance company or fraternal benefit society authorized
12 to transact health insurance business in this state, and any Health
13 Maintenance Organization (HMO) providing health care in this state; and

14 (B) any reinsurer reinsuring medical insurance in this state;

15 (10) "Medicare" means coverage under both Part A and B of Title XVIII
16 of the Social Security Act, 42 USC 1395, et seq., as amended.

17 (11) "Member" means all Insurers participating in the Pool.

18 (12) "Physician" means a Doctor of Medicine (M.D.) and a Doctor of
19 Osteopathy (D.O.) duly licensed and qualified to practice medicine and
20 perform surgery at the time and place service is rendered. "Physician" also
21 means a licensed Chiropractor (D.C.).

22 (13) "Other provider" means a licensed Doctor of Podiatry (Pod.D.), a
23 licensed Psychologist (Ph.D.), a licensed Oral Surgeon (D.D.S.), and a
24 licensed Optometrist (O.D.).

25 (14) "Plan" means the coverage to be offered by the Pool to eligible
26 persons pursuant to this Act.

27 (15) "Plan of Operation" means the plan of operation of the Pool,
28 including articles, bylaws and operating rules, adopted by the Board pursuant
29 to this Act.

30 (16) "Pool" means the Arkansas Health Insurance Pool as created by this
31 Act.

32 (17) "Reinsurer" means any insurer from whom any insurer providing
33 medical insurance to Arkansas employers procures insurance for itself in the
34 insurer, with respect to all or part of the medical insurance benefit
35 obligations of the insurer.

1 (18) "Self-insurer" means one who provides health care services or
2 reimbursement for all or any part of the costs of health care for its
3 employees or participants in this state other than through an insurer.

4

5 SECTION 4. CREATION AND OPERATION OF THE POOL.

6 (a) There is hereby created a nonprofit entity to be known as the
7 Arkansas Health Insurance Pool. All insurers issuing health insurance in
8 Arkansas on and after the effective date of this Act shall be members of the
9 Pool. Insurance arrangements are hereby excluded from membership in the Pool.

10 (b) The Commissioner shall, within sixty (60) days after the effective
11 date of this Act, give notice to all insurers of the time and place of the
12 initial organizational meeting of the Pool. The initial Board of Directors
13 shall consist of nine (9) members, and shall appoint one insurer or third
14 party administrator to serve as administrator. Both the selection of the
15 Board of Directors and the administrator shall be subject to approval by the
16 Commissioner.

17 (c) If, within sixty (60) days of the organizational meeting, the Board
18 of Directors is not selected or the administrator is not appointed, the
19 Commissioner shall appoint the Initial Board and appoint an administrator.

20 (d) The Pool shall operate subject to the supervision and approval of a
21 Board of Directors. All Boards shall be composed of nine (9) members, serving
22 staggered terms of three (3) years each. Provided however, that of the
23 Initial Board, three (3) members shall serve terms of one (1) year, three (3)
24 members shall serve terms of two (2) years, and three (3) members shall serve
25 terms of three (3) years. The Board shall appoint qualified persons to fill
26 vacancies on the Board for the balance of any unexpired term. Board members
27 may succeed themselves.

28 (e) The initial and subsequent Boards shall consist of the following
29 members, subject to the approval of the Commissioner:

30 (1) The Commissioner, or his or her representative; and

31 (2) Three (3) representatives of domestic health insurers, all of
32 whom shall be nominated by Joint Committee of the Arkansas Association of
33 Health Underwriters and Arkansas State Association of Life Underwriters, or
34 their successor; and

35 (3) One (1) representative of foreign health insurers doing

1 business in Arkansas, said representative to be nominated by the Commissioner;
2 and

3 (4) One (1) representative of the hospital industry, who shall be
4 nominated by the Arkansas Hospital Association, or its successor; and

5 (5) One (1) representative of the registered domestic third party
6 administrators which administer health benefits in Arkansas, said
7 representative to be nominated by Arkansas members of the Society of
8 Professional Benefit Administrators, or its successor; and

9 (6) One (1) representative of Arkansas business generally which
10 provides health coverage to its employees, said representative to be nominated
11 by the Associated Industries of Arkansas or its successor; and

12 (7) One (1) representative of the practicing physicians in
13 Arkansas, said representative to be nominated by the Arkansas Medical Society,
14 or its successor.

15 (f) The Commissioner shall be Chairman of the Board.

16 (g) Members of the Board shall be reimbursed from the Pool at
17 reasonable rates for mileage and per diem, as is provided in the law for
18 Boards and Commissions generally, and shall receive no other compensation,
19 perquisite, or allowance.

20 (h) The Board shall submit to the Commissioner a plan of operation for
21 the Pool and any amendments thereto necessary or suitable to assure the fair,
22 reasonable, and equitable administration of the Pool. The Commissioner shall,
23 after notice and hearing, approve the plan of operation provided such is
24 determined to be suitable to assure the fair, reasonable, and equitable
25 administration of the Pool. Gains shall be held at interest and used to
26 offset future losses or reduce Pool policy rates. The plan of operation shall
27 become effective upon approval in writing by the Commissioner.

28 (i) If the Pool fails to submit a suitable plan of operation within one
29 hundred eighty (180) days after the appointment of the Board of Directors, or
30 at any time thereafter fails to submit suitable amendments to the plan, the
31 Commissioner shall, after notice and hearing, adopt and promulgate such
32 reasonable rules as are necessary or advisable to effectuate the provisions of
33 this Act. Such rules shall continue in force until modified by the
34 Commissioner or superseded by a plan submitted by the Pool and approved by the
35 Commissioner.

1

2 SECTION 5. POOL PLAN OF OPERATION. The plan of operation submitted by
3 the Board to the Commissioner shall:

4 (1) Establish procedures for the handling and accounting of assets and
5 money of the Pool.

6 (2) Establish regular times and places for meetings of the Board of
7 Directors.

8 (3) Establish procedures for records to be kept of all financial
9 transactions and for an annual fiscal report to the Commissioner.

10 (4) Contain additional provisions necessary and proper for the
11 execution of the power and duties of the Pool.

12 (5) Establish procedures for the collection of premium and earmarked
13 assessments to provide for claims paid under the Plan and for administrative
14 expenses incurred or estimated to be incurred during the period.

15 (6) Select an administrator in accordance with this Act.

16 (7) Develop and implement a program to publicize the existence of the
17 Pool, the eligibility requirements and procedures for enrollment in the Plan,
18 and to maintain public awareness of the Pool and the Plan.

19 (8) Establish procedures under which applicants and participants may
20 have grievances reviewed by an impartial body and reported to the Board.

21

22 SECTION 6. BOARD POWER AND DUTIES. The Board shall have the general
23 powers and authority granted under the laws of Arkansas to insurance companies
24 licensed to transact health insurance business. In addition, the Board shall
25 have the specific authority to:

26 (1) Contract with an outside independent actuarial firm to assess the
27 solvency of the Pool and for consultation as to the sufficiency of the funding
28 of the Pool.

29 (2) Collect the assessment provided in Section 9 from insurers for
30 claims paid under the Plan and for administrative expenses incurred or
31 estimated to be incurred during the period for which the assessment is made.
32 The level of payments shall be established by the Board. Assessments are due
33 and payable within thirty (30) days of receipt of the assessment notice by the
34 insurer.

35 (3) Close enrollment in the benefits Plan at any time upon a

1 determination by the outside independent actuarial firm that funds of the Pool
2 are insufficient to support the enrollment of additional persons.

3 (4) Enter into contracts as are necessary or proper to carry out the
4 provisions and purposes of this Act.

5 (5) Require the establishment and maintenance of health care cost
6 containment programs as are necessary or proper in the discretion of the Board
7 to establish the most cost efficient levels of coverage as may be provided.

8 (6) Sue or be sued, including taking any legal actions as necessary or
9 proper on behalf of, or against, Pool members.

10 (7) Take such legal action as necessary to avoid the payment of
11 improper claims against the Plan or the coverage provided by or through the
12 Plan.

13 (8) Establish appropriate rates, rate schedules, rate adjustments,
14 expense allowances, claim reserve formulas and any other actuarial functions
15 appropriate to the operation of the Pool. Rates and rate schedules may be
16 adjusted for appropriate risk factors such as age and area variation in claim
17 costs and shall take into consideration appropriate risk factors in accordance
18 with established actuarial underwriting practices. Provided, however, that
19 rates and rate schedules shall be subject to the same procedural and
20 regulatory requirements of filing with the Department and approval by the
21 Commissioner as are policies of disability insurance.

22 (9) Issue policies of Insurance in accordance with the requirements of
23 this Act.

24 (10) Appoint appropriate legal, actuarial, and other committees as
25 necessary to provide technical assistance in the operation of the Pool,
26 policy, and other contract design and any other function within the authority
27 of the Pool.

28 (11) Borrow money to effect the purposes of this Act. Any notes or
29 other evidence of indebtedness of the Pool not in default shall be legal
30 investments for insurers and may be carried as admitted assets.

31 (12) Establish agent's referral fee for each insurance agent who refers
32 an applicant to the Pool, if the applicant's application is accepted.

33 (13) Establish rules, conditions and procedures for reinsuring risks
34 under this Act.

35

1 SECTION 7. EXAMINATION. The Pool shall be subject to and responsible
2 for examination by the Commissioner. The Board shall submit to the
3 Commissioner an audited financial report for the preceding calendar year in a
4 form and by the date approved by the Commissioner.

5

6 SECTION 8. ADMINISTRATOR.

7 (a) The Board shall select an administrator through a competitive
8 bidding process to administer the Plan. The Board shall evaluate bids
9 submitted based on criteria established by the Board which shall include:

10 (1) The administrator's proven ability to handle health
11 insurance; and

12 (2) The efficiency of the administrator's claim paying
13 procedures; and

14 (3) An estimate of total charges for administering the Plan;

15 (4) The administrator's ability to administer the Plan in a cost
16 efficient manner; and

17 (b) The initial administrator shall serve for a period of two (2) years
18 subject to removal for cause. At least six (6) months prior to the expiration
19 of the administrator's contract, the Board shall invite all interested
20 parties, including the current administrator, to submit bids to serve as the
21 administrator for the succeeding three (3) year period. Selection of the
22 subsequent administrators for succeeding periods shall be made at least four
23 (4) months prior to the end of the current period.

24 (c) The administrator shall perform all eligibility and administrative
25 claims payment functions relating to the Plan including:

26 (1) Establishing, subject to Board approval, a premium billing
27 procedure for collection of premiums from insured persons. Billings shall be
28 made on a periodic basis as determined by the Board, which shall not be more
29 frequent than a monthly billing;

30 (2) Performing all necessary functions to assure timely payment
31 of benefits, including:

32 (A) Making available instructions relating to the proper
33 manner of submitting a claim for benefits to the Plan, and distributing claim
34 forms upon which submission shall be made; and

35 (B) Evaluating the eligibility of each claim for payment by

1 the Plan:

2 (C) Notifying each claimant in a timely manner after
3 receiving a properly completed and executed proof of loss as to whether the
4 claim is accepted, rejected, or compromised.

5 (3) Pay an agent's referral fee, as established by the Board to
6 each insurance agent who refers an applicant to the Pool, if the applicant's
7 application is accepted. The selling or marketing of plans shall not be
8 limited to the administering firm or its agents. The referral fees shall be
9 paid by the administering firm from moneys received as premiums for the Plan.

10 (4) The administrator shall submit regular reports to the Board
11 regarding the operation of the Pool. The frequency, content, and form of the
12 report shall be determined by the Board.

13 (5) Following the close of each calendar year, the administrator
14 shall determine premiums, other sources of income, the expense of
15 administration and the paid and incurred losses for the year and report this
16 information to the Board and the Commissioner on a form prescribed by the
17 Commissioner.

18 (6) The administrator shall be paid as provided in the plan of
19 operation for its expenses incurred in the performance of services.

20

21 SECTION 9. ASSESSMENTS FOR EXPENSES OF POOL.

22 (a) In addition to the powers enumerated in Section 5, the Pool shall
23 have the authority to assess insurers in accordance with the provisions of
24 this section, and to make advance interim assessments as may be reasonable and
25 necessary for the Pool's organizational and interim operating expenses. Any
26 such interim assessments are to be credited as offsets against any regular
27 assessments due following the close of the fiscal year.

28 (b) Following the close of each fiscal year, the plan administrator
29 shall determine the net premiums (premiums less administrative expense
30 allowances), the Pool expenses of administration and the incurred losses for
31 the year, taking into account investment income and other appropriate gains
32 and losses. The deficit incurred by the Pool shall be recouped by assessments
33 apportioned by the Board among insurers (and from other sources of revenue as
34 provided by this section).

35 (c) Each insurer's assessment shall be determined by multiplying the

1 total assessment of all insurers as determined in Paragraph (b) by a fraction,
 2 the numerator of which equals that insurer's premium and subscriber contract
 3 charges for health insurance written in the state during the preceding
 4 calendar year and the denominator of which equals the total of all health
 5 insurance premiums by all insurers.

6 (d) If assessments exceed the Pool's actual losses and administrative
 7 expenses the excess shall be held at interest and used by the Board to offset
 8 future losses or to reduce future assessments. As used in this subsection,
 9 "future losses" includes reserves for incurred but not reported claims.

10 (e) Each insurer's assessment shall be determined annually by the Board
 11 based on annual statements and other reports deemed necessary by the Board and
 12 filed by the insurer with the Board.

13 (f) An insurer may petition the Commissioner for an abatement or
 14 deferment of all or part of an assessment imposed by the Board. The
 15 Commissioner may abate or defer, in whole or in part, such assessment if, in
 16 the opinion of the Commissioner, payment of the assessment would endanger the
 17 ability of the insurer to fulfill its contractual obligations. In the event
 18 an assessment against an insurer is abated or deferred in whole or in part,
 19 the amount by which such assessment is abated or deferred shall be assessed
 20 against the other insurers in a manner consistent with the basis for
 21 assessments set forth in this subsection. The insurer receiving such abatement
 22 or deferment shall remain liable to the Pool for the deficiency for four (4)
 23 years.

24

25 SECTION 10. ELIGIBILITY.

26 (a) Any individual person, who has been domiciled in Arkansas for six
 27 (6) consecutive months shall be eligible for Plan coverage if evidence is
 28 provided of:

29 (1) A rejection or refusal to issue health insurance for health
 30 reasons by an insurer and that applicants, if they have been rejected for
 31 coverage due to health reasons, be advised of potential eligibility for health
 32 insurance through their state. This notice of eligibility must be provided
 33 with the notice of declination; or

34 (2) A refusal by an insurer to issue health insurance except with
 35 a rider reducing or excluding coverage for a pre-existing health condition; or

1 (3) A health condition or conditions found on a list promulgated
2 by the Board which is of such a nature that the applicant would not be
3 required to show rejection by other health insurers pursuant to subparts (1)
4 and (2) of Subsection (a) of this Section.

5 (b) A person shall not be eligible for coverage under the Plan if:

6 (1) He or she is, on the effective date of coverage by the Plan
7 or at any time thereafter, eligible for coverage (which does not contain a
8 rider reducing or excluding coverage for a pre-existing health condition) or
9 is currently covered under health and accident insurance (which does not
10 contain a rider reducing or excluding coverage for a pre-existing health
11 condition) offered by an insurer or insurance arrangement. A person shall be
12 considered eligible for coverage by an insurer or insurance arrangement if he
13 or she meets the criteria for eligibility under any group health benefits plan
14 (which does not contain a rider reducing or excluding coverage for a
15 pre-existing health condition) provided by his or her employer, union, or the
16 organization of which he or she is a member, whether or not the person is
17 actually covered under such plan;

18 (2) He or she is at the time of application for coverage under
19 the Plan eligible for health care benefits under the Medicaid laws of
20 Arkansas;

21 (3) He or she has terminated coverage in the Plan or his or her
22 coverage has been terminated by the Plan unless twelve (12) months have
23 elapsed since such termination;

24 (4) The Plan has paid out two hundred fifty thousand dollars
25 (\$250,000) in benefits on his or her behalf; or

26 (5) He or she is an inmate of a public institution or is eligible
27 for public programs for which medical care is being provided, including
28 Medicare.

29

30 SECTION 11. POLICY BENEFITS.

31 (a) The Pool shall offer in an annually renewable policy major medical
32 expense coverage to every eligible person. Policy benefits, including covered
33 expenses, policy exclusions and limitations, deductibles, coinsurance and
34 policy limits shall be established by the Board of Directors.

35 (b) The Board shall design and employ cost containment measures and

1 requirements such as, but not limited to, pre-admission certification and
2 concurrent inpatient review which may make the Plan more cost effective.

3 (c) Payments under any Plan policy shall be limited to those
4 expenditures which are medically necessary for the care and treatment of such
5 illness and injury as is covered under the policy.

6 (d) No policy shall go into effect prior to January 1, 1994.

7

8 SECTION 12. PREMIUMS.

9 (a) Premiums charged for coverage issued by the Plan may not be
10 unreasonable in relation to the benefits provided, the risk experience and the
11 reasonable expenses of providing the coverage.

12 (b) Separate schedules of premium rates based on sex, age and
13 geographical location may apply for individual risks.

14 (c) The Pool shall determine the standard risk rate by using reasonable
15 actuarial techniques and shall reflect anticipated experience and expenses for
16 such coverage. Initial rates for Pool coverage shall not be less than one
17 hundred fifty percent (150%) of rates established as applicable for standard
18 risks. The Pool, when establishing subsequent rates, shall consider the
19 expected costs of claims including recovery of prior losses, expenses of
20 operation, investment income of claim reserves, and any other cost factors
21 subject to the limitations described herein.

22 (d) The maximum lifetime benefit per covered individual is two hundred
23 fifty thousand dollars (\$250,000).

24

25 SECTION 13. PRE-EXISTING CONDITIONS.

26 (a) Pool coverage shall exclude charges or expenses incurred during the
27 first six (6) months following the effective date of coverage as to any
28 condition if:

29 (1) The condition had manifested itself within the six (6) month
30 period immediately preceding the effective date of coverage in such a manner
31 as would cause an ordinarily prudent person to seek diagnosis, care or
32 treatment; or

33 (2) Medical advice, care or treatment was recommended or received
34 within the six (6) month period immediately preceding the effective date of
35 coverage.

1 (b) Such pre-existing exclusions shall be waived to the extent to which
 2 similar exclusions have been satisfied under any prior health insurance
 3 coverage which was involuntarily terminated if the application for Pool
 4 coverage is made not later than thirty-one (31) days following the involuntary
 5 termination. In such a case, coverage in the Pool shall be effective from the
 6 date on which such prior coverage was terminated.

7

8 SECTION 14. DEPENDENT FAMILY MEMBER REQUIRED COVERAGE - EMPLOYER
 9 RESPONSIBILITY.

10 (a) An employer is authorized to make a payroll deduction from the
 11 compensation of an employee for the portion of the Plan policy premium that
 12 the employee is responsible for, and an employer shall contribute the same
 13 dollar amount of the cost of that policy on behalf of the employee that the
 14 employer contributes for other similar employees for health insurance.

15 (b) An employer shall offer and make available to dependent family
 16 members of an employee covered by the Plan the same group plan offered to
 17 other employees of the group. The employer shall charge a dependent family
 18 member a premium equal to that amount charged to other like dependent's, and
 19 shall contribute an amount equal to that contributed for other like
 20 dependents.

21

22 SECTION 15. NOTICE OF PLAN.

23 (a) Commencing on the effective date of this Act, every insurer
 24 conducting health insurance business within this state shall provide a written
 25 notice and an application for coverage by the Plan to any person who receives
 26 a rejection of coverage for health insurance or health care services, or has
 27 any health condition limited or excluded. The notice shall state that the
 28 person is eligible for health insurance provided by the plan.

29 (b) Members of the pool shall provide the brochure outlining the
 30 benefits and exclusions of the plan policy to any person who is rejected by a
 31 member or who is offered a policy containing restrictive riders or up-rated
 32 premiums.

33

34 SECTION 16. NON-DUPLICATION OF BENEFITS.

35 (a) Benefits otherwise payable under the Plan shall be reduced by all

1 amounts paid or payable through any other health insurance and by all hospital
2 and medical expense benefits paid or payable under any worker's compensation
3 coverage, automobile medical payment or liability insurance whether provided
4 on the basis of fault or no-fault, and by any hospital or medical benefits
5 paid or payable under or provided pursuant to any state or federal law or
6 program.

7 (b) The plan shall have a cause of action against an eligible person
8 for the recovery of the amount of benefits paid which are not for covered
9 expenses. Benefits due from the plan may be reduced or refused as a setoff
10 against any amount recoverable under this Subsection.

11

12 SECTION 17. POOL POLICY.

13 (a) A policy offered under this Act shall contain provisions under
14 which the Pool is obligated to renew the contract until the first day on which
15 the individual in whose name the contract is issued first becomes eligible for
16 medicare coverage.

17 (b) No policy issued by the Pool shall become effective before January
18 1, 1994, and no payments shall be made for claims incurred prior to January 1,
19 1994.

20

21 SECTION 18. RULES. The Board of Directors shall adopt rules that
22 implement the provisions of this Act and adopt any other rules deemed
23 necessary in order to carry out the provisions of this Act.

24

25 SECTION 19. COLLECTIVE ACTION. Neither the participation by insurers
26 or members in the Pool, the establishment of rates, forms or procedures for
27 coverage issued by the Pool, nor any joint or collective action requirement by
28 this Act shall be the basis of any legal civil action, or criminal liability
29 against the Pool or members of it either jointly or separately.

30

31 SECTION 20. TAXATION. The Pool established pursuant to this Act shall
32 be exempt from any and all taxes levied by Arkansas or any of its political
33 subdivisions.

34

35 SECTION 21. All provisions of this act of a general and permanent

1 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
2 Code Revision Commission shall incorporate the same in the Code.

3

4 SECTION 22. If any provision of this act or the application thereof to
5 any person or circumstance is held invalid, such invalidity shall not affect
6 other provisions or applications of the act which can be given effect without
7 the invalid provision or application, and to this end the provisions of this
8 act are declared to be severable.

9

10 SECTION 23. All laws and parts of laws in conflict with this Act are
11 hereby repealed.

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