

1 State of Arkansas  
2 80th General Assembly  
3 Regular Session, 1995

# A Bill

HOUSE BILL 1791

4 By: Representatives Miller, Maddox, Hogue, Wagner, McKissack, D. Wood, Dietz,  
5 Wagner, Wallis, Mitchell, Pollan, Newman, Allen, Stalnaker, Beatty, Cash,  
6 Davis, Rorie, T. Smith, Mullenix, Fletcher, B. Wood, Dawson, Baker, McGee,  
7 Murphy, Goodwin, Willems, Flanagan, B.G. Hendrix, Choate, Simmons, M. Wilson,  
8 Wren, and Brown

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## For An Act To Be Entitled

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"AN ACT TO ALLOW CERTAIN STATE EMPLOYEES AND PUBLIC SCHOOL  
13 EMPLOYEES TO ELECT TO OBTAIN HEALTH CARE SERVICES OR  
14 HEALTH BENEFITS FROM STATE CERTIFIED HEALTH MAINTENANCE  
15 ORGANIZATIONS; AND FOR OTHER PURPOSES."

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## Subtitle

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"ARKANSAS STATE EMPLOYEE HEALTH BENEFIT  
19 PLAN FREEDOM OF CHOICE ACT OF 1995."

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

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SECTION 1. The purposes of this act are to provide each employee *and*  
24 *each retired employee* of the State of Arkansas covered by the State Employees  
25 Insurance Program and each employee *and each retired employee* covered by the  
26 Arkansas Public School Employee Insurance Program the opportunity to select a  
27 health benefit plan from a number of attractive alternative plans; to contain  
28 the health coverage costs of the state and its employees by providing  
29 alternative managed care benefit plans to employees; and to encourage the  
30 development of health benefit plans available to eligible employees through  
31 competition.

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SECTION 2. *The State Employee Insurance Program established pursuant*  
34 *to Ark. Code §§ 21-5-401 - 21-5-417 and the Public School Employees Insurance*  
35 *Program established pursuant to Ark. Code §§ 6-17-1101 -6-17-1115 which,*

1 through a contribution of state funds, provide hospitalization, medical  
2 services, disability benefits or any other health services ("health  
3 benefits") to eligible employees, including their eligible dependents,  
4 designees and survivors ("eligible employees"), and which allow retired  
5 employees their eligible dependents, designees and survivors ("retired  
6 eligible employees") to receive health benefits, shall make such health  
7 benefits available to such eligible employees and retired employees through  
8 health benefit plans offered by the UAMS sponsored managed care program and  
9 any qualified state certified health maintenance organization in addition to  
10 the health benefit plan(s) adopted by such insurance programs. From and  
11 after the anniversary date of the health benefit plans adopted by the  
12 insurance programs established under Ark. Code §§ 6-17-1101 - 5-17-1115 and  
13 Ark. Code §§ 21-5-401 - 21-5-417, each eligible employee and retired eligible  
14 employee shall have the right, no less often than annually, to select his or  
15 her health benefits from the insurance plan(s) adopted by such insurance  
16 programs or from the health benefit plans offered by the UAMS sponsored  
17 managed care program or from any qualified state certified health maintenance  
18 organization.

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20       SECTION 3. For the purpose of this act, a "qualified state certified  
21 health maintenance organization" shall mean any state certified health  
22 maintenance organization that offers its enrollees a point of service option  
23 which, prior to July 1 of any year, makes written notification of its desire  
24 to offer its services on a guaranteed issue basis to eligible employees and  
25 retired eligible employees covered by either or both of the insurance  
26 programs. Notice to participate in the State Employee Insurance Program must  
27 be sent to the Director of the Department of Finance and Administration.  
28 Notice to participate in the Public School Employee Insurance Program must be  
29 sent to the Director of the Department of Education.

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31       SECTION 4. For purposes of this act, a "point of service option" means  
32 an enrollee may elect to use the services of a provider that is not employed  
33 by or contracted with the health benefit plan and still receive benefits.  
34 Benefits available upon election of a point of service option are subject to  
35 approval by the Insurance Commissioner and need not equal the standard

1 benefits provided by the health benefit plan.

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3 SECTION 5. For purposes of this act, "guaranteed issue basis" means  
4 coverage will be issued without regard to health status.

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6 SECTION 6. *If the state, a state agency or school district makes a*  
7 *contribution for the benefit of eligible employees who are covered by health*  
8 *benefit plans adopted by the insurance programs established under Ark. Code*  
9 *Ann. Sections 6-17-1101 - 6-17-1115 and 21-5-401 - 21-5-417, the state, state*  
10 *agency or school district shall make a contribution to a qualified health*  
11 *maintenance organization or the UAMS sponsored managed care program for the*  
12 *benefit of eligible employees, who choose a health benefit plan of those*  
13 *organizations, in an amount that does not financially discriminate against an*  
14 *eligible employee who enrolls in such organizations. For purposes of the*  
15 *preceding sentence, a contribution does not financially discriminate if the*  
16 *method of determining the contribution on behalf of eligible employees is*  
17 *reasonable and is designed to ensure eligible employees a fair choice among*  
18 *all health benefit plans offered by the program. Each state agency which*  
19 *provides payroll deductions as a means of paying employee\_s contributions for*  
20 *health benefits or provides a health benefit plan to which an employee*  
21 *contribution is not required shall, with the consent of the employee who*  
22 *exercises the option of membership in a health benefit plan offered by a*  
23 *qualified health maintenance organization or the UAMS sponsored managed care*  
24 *program, arrange for the employee\_s contribution for membership in the*  
25 *organization to be paid through payroll deductions.*

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27 SECTION 7. (a) *An employing state agency participating in the State*  
28 *Employees Insurance Program or school district must provide each of the*  
29 *plan(s) adopted by the insurance programs established under Ark. Code §§ 6-*  
30 *17-1101 - 6-17-1115 and Ark. Code §§ 21-5-401 - 21-5-417, each qualified*  
31 *health maintenance organization and the UAMS sponsored managed care program*  
32 *fair and reasonable access to all eligible employees and retired eligible*  
33 *employees so that each plan, program or organization may explain its program*  
34 *during the group enrollment periods established under Ark. Code §§ 6-17-1101*  
35 *- 6-17-1115 and Ark. Code §§ 21-5-401 - 21-5-417. Access to eligible*

1 *employees and retired eligible employees, which each state agency and school*  
2 *district must provide, shall include at a minimum, opportunity to distribute*  
3 *educational literature, brochures, announcements of meetings and other*  
4 *relevant printed materials and the opportunity to enroll eligible employees*  
5 *and retired eligible employees in the plan(s) adopted by the insurance*  
6 *programs, the health benefit plan of the health maintenance organization or*  
7 *the UAMS sponsored managed care program during normal business hours, or*  
8 *provide such organizations with a list of the name and correct address of*  
9 *each eligible employee and retired eligible employee.*

10 *(b) In compliance with and subject to the provisions of this act, each*  
11 *state agency participating in the State Employees Insurance Program or*  
12 *committee presently administering a program providing health benefits may*  
13 *continue to administer such program in accordance with existing procedures*  
14 *and, in addition, shall adopt appropriate rules and regulations necessary to*  
15 *carry out the provisions of this act.*

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17 **SECTION 8.** All provisions of this act of a general and permanent  
18 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas  
19 Code Revision Commission shall incorporate the same in the Code.

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21 **SECTION 9.** If any provision of this act or the application thereof to  
22 any person or circumstance is held invalid, such invalidity shall not affect  
23 other provisions or applications of the act which can be given effect without  
24 the invalid provision or application, and to this end the provisions of this  
25 act are declared to be severable.

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27 **SECTION 10.** All laws and parts of laws in conflict with this act are  
28 hereby repealed.

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30 **SECTION 11. EMERGENCY.** It is hereby found and determined by the  
31 General Assembly that managed care disciplines for the provision of health  
32 care services through qualified health maintenance organizations have been  
33 found cost effective while maintaining a high quality of health care  
34 services; that the option of choosing membership in health maintenance  
35 organizations or in the UAMS sponsored managed care program, which provide

1 managed care disciplines, should be available to eligible employees of  
2 applicable state agencies; and that the benefits of immediate access to  
3 membership qualified health maintenance organizations or the UAMS sponsored  
4 managed care program is in the best interest of the state and all  
5 participating eligible employees and others. Therefore, an emergency is  
6 hereby declared to exist and this act being necessary for the preservation of  
7 the public peace, health and safety shall be in full force and effect from  
8 and after its passage and approval.

9 */s/Rep. Miller, et al*

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***.As Engrossed: 3/14/95 3/16/95***

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