

1 State of Arkansas
2 80th General Assembly
3 Regular Session, 1995
4 By: Senator Bearden

A Bill

SENATE BILL 412

For An Act To Be Entitled

"AN ACT TO ASSURE FREEDOM OF CHOICE AMONG HEALTH BENEFIT
PLANS, TO PROMOTE AFFORDABLE DELIVERY OF HEALTH CARE
SERVICES; AND FOR OTHER PURPOSES."

Subtitle

"TO ASSURE FREEDOM OF CHOICE AMONG
HEALTH BENEFIT PLANS, TO PROMOTE
AFFORDABLE DELIVERY OF HEALTH CARE
SERVICES."

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

SECTION 1. This act may be cited as the "Freedom of Choice Among
Health Benefit Plans Act of 1995".

SECTION 2. The General Assembly finds that citizens covered by health
benefit plans should have the opportunity to obtain health care services at
an affordable price; that the cost of health benefit plans can vary depending
upon the kind of arrangement the plan has with providers of health care
services; and that in order to provide affordable delivery of health care
services, health benefit plans which utilize contractual arrangements with
providers that encourage quality services at discounted prices shall be
promoted.

SECTION 3. As used in this act:

(a) "Administrator" means any person, partnership or corporation,
other than an insurer, hospital and medical service corporation or a health
maintenance organization that arranges, contracts with, or administers

1 contracts with a health care provider whereby beneficiaries covered persons
2 are provided an incentive to use the services of such health care provider.

3 (b) "Covered Person" means any person on whose behalf the health care
4 insurer is obligated to pay for or provide health care services.

5 (c) "Health Benefit Plan" means the health insurance policy,
6 subscriber agreement, evidence of coverage or administrative services
7 agreement between an employer, association, state, county or municipal agency
8 and the health care insurer which defines the covered services and benefit
9 levels available.

10 (d) "Health Care Insurer" means an insurance company issuing
11 disability insurance coverage as defined in A.C.A. § 23-62-103, a hospital
12 and medical service corporation as defined in A.C.A. § 23-75-101, a health
13 maintenance organization as defined in A.C.A. § 23-76-102 and an
14 administrator.

15 (e) "Health Care Provider" means a hospital, an ambulatory surgery
16 center, an out patient psychiatric center, a home health care agency, a
17 skilled nursing facility, a pharmacist, or a provider licensed to render
18 health care services under A.C.A. §§ 17-80-101 through 17-97-308 and for whom
19 an insurance company or hospital and medical service corporation is required
20 to provide payment or reimbursement in accordance with A.C.A. § 23-79-114.

21 (f) "Health Care Services" means services rendered or products sold by
22 a health care provider within the scope of the provider_s license. The term
23 includes, but is not limited to hospital, medical, surgical, dental, vision
24 and pharmaceutical services or products.

25 (g) *"Point of Service Plan" means a plan that provides payment of non-*
26 *emergency, self-referred covered health care services obtained from providers*
27 *who are not otherwise employed by, not under contract with, and not otherwise*
28 *affiliated with the health care insurer or services obtained from providers*
29 *affiliated with the health care insurer without proper referrals.*

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31 *SECTION 4. Notwithstanding any other section of this act, no other*
32 *requirements of this act shall apply if the health care insurer provides*
33 *employees or policyholders with an annual option to choose a health benefit*
34 *plan that provides for the delivery of health care services by a limited*
35 *number of health care providers if such plan includes a point of service*

1 rider or otherwise provides employees an annual option to choose a health
2 benefit plan and/or a point of service plan that permits a covered person to
3 obtain covered health care services from any health care provider and the
4 benefit level differential of such rider or optional plan does not exceed
5 twenty-five percent (25%). An employer or other group contract holder shall
6 provide an equal contribution per employee regardless of which option the
7 employee chooses pursuant to the provisions of this section. The pricing of
8 such health benefit plan permitting service from any health care provider
9 must provide an expected incurred loss ratio of not less than eighty-five
10 percent (85%). The Insurance Commissioner shall promulgate such reasonable
11 rules and regulations as may be necessary to implement the provisions of this
12 act and to ensure the prices of such options provided by this section bear a
13 reasonable relationship to the cost and benefits of the health benefit plan
14 which provides for health care services from a limited number of health care
15 providers. This act shall apply to any health benefit plan issued or renewed
16 on or after January 1, 1996.

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18 SECTION 5. Nothing in this act shall be construed to require a health
19 care insurer to cover any specific health care service.

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21 SECTION 6. This act shall not apply to self-insured plans under the
22 Employee Retirement Income Security Act of 1974, as amended, and Medicaid,
23 Title XIX of the Social Security Act, 42 U.S.C. Section 1396, et seq.

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25 SECTION 7. All provisions of this act of a general and permanent
26 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
27 Code Revision Commission shall incorporate the same in the Code.

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29 SECTION 8. If any provision of this act or the application thereof to
30 any person or circumstance is held invalid, such invalidity shall not affect
31 other provisions or applications of the act which can be given effect without
32 the invalid provision or application, and to this end the provisions of this
33 act are declared to be severable.

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35 SECTION 9. All laws and parts of laws in conflict with this act are

1 hereby repealed.

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/s/Bearden

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