

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas  
2 81st General Assembly  
3 Regular Session, 1997

As Engrossed: H2/14/97

## A Bill

HOUSE BILL 1507

4

5 *By: Representatives Critcher, McGehee, Pappas, Simon, Newman, Shoffner, and Curran*

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### For An Act To Be Entitled

9 "AN ACT TO AMEND THE ARKANSAS CODE TO PROVIDE THAT THE  
10 STATE EMPLOYEES GROUP HEALTH INSURANCE PROGRAM SHALL  
11 EXTEND ITS COVERAGE TO FORMER EMPLOYEES, AND RETIRED  
12 EMPLOYEES UNTIL THEY CHOOSE TO TERMINATE COVERAGE AS LONG  
13 AS PREMIUMS ARE PAID; AND FOR OTHER PURPOSES."

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### Subtitle

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

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24 SECTION 1. Arkansas Code 21-5-409 is amended to read as follows:

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"§ 21-5-409. ~~Procedure for selecting policies.~~ Procedure for selecting policies.

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(a) Before selecting any policy or entering into any agreement with an insurance company or companies for the providing of life or disability insurance for state employees as authorized in this subchapter, the committee shall publicize, by insertion in one (1) or more newspapers having a general circulation in the State of Arkansas, notice that bid proposals for providing of life or disability insurance for state employees will be received by the committee on the date and at the place stated in the notice. The notice shall be published by two (2) insertions. The first insertion is to be published at least thirty (30) days prior to the date for receiving bids, and the second insertion is to be published not later than two (2) weeks prior to the date for receiving bids.

1           (b)(1) Bid solicitations shall:

2                           (A) Be uniform in format and shall clearly indicate how  
3 bids are to be computed; and

4                           (B) State the obligations of the successful bidder and  
5 include a penalty clause for breach of contract.

6                           (2) Bid solicitation for the administration of the self-insurance  
7 program shall require bidders to submit their proposed cost control features  
8 with their bid.

9           (c) At the time and place established in the notice for receiving bid  
10 proposals, the committee, in a public meeting, shall open all bids, and all  
11 bids so opened shall be made available for public inspection.

12           (d) Each bid proposal shall be evaluated in accordance with the uniform  
13 criteria established by the State Insurance Commissioner for evaluating  
14 benefits in relation to premiums to be charged therefor. The committee shall  
15 also make a determination that each company submitting a bid meets the minimum  
16 standards for financial solvency and ability to provide services as  
17 promulgated by the State Insurance Commissioner. Each policy or plan for  
18 disability insurance for persons who have been employees of the state for at  
19 least two (2) years shall provide that the policy or plan will continue to be  
20 in effect after termination of employment unless the employee terminates  
21 voluntarily or is terminated for gross misconduct until the employee reaches  
22 age 65 or otherwise qualifies for medicare coverage, or until the employee  
23 becomes eligible for coverage under another group health plan and so long as  
24 the premiums are paid in full by the former state employee, plus a fee of two  
25 percent (2%) to the state agency for administration costs, provided, however,  
26 the former state employee's coverage may be terminated upon proof of the  
27 former employee's submission of any fraudulent claim.

28           (e) After reviewing all bids, the committee may approve the policy  
29 proposal with the company which the committee determines has submitted the bid  
30 with the best benefit coverage in relation to the premiums to be paid and  
31 which the committee determines to be in the best interest of the state  
32 employees life and disability program.

33           (f) The committee may reject any and all bids and readvertise for bids  
34 in the manner herein set forth."

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36           SECTION 2. Arkansas Code 21-5-410 is amended by inserting an additional

1 subsection at the end thereof to read as follows:

2       "(d) Eligible employees who have been employees of the state for at  
3 least two (2) years shall, upon termination of employment, unless termination  
4 is voluntary or is for employee gross misconduct, continue to be covered under  
5 the state employee's disability insurance plan until the employee reaches age  
6 65 or otherwise qualifies for medicare coverage, or until the employee becomes  
7 eligible for coverage under another group health plan and so long as the  
8 premiums are paid in full by the former employee, plus a fee of two percent  
9 (2%) to the state agency for administration costs, provided however, the  
10 former state employee's health coverage may be terminated upon proof of the  
11 employee's submission of any fraudulent claim."

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13       SECTION 3. Arkansas Code 21-5-411 is amended to read as follows:

14       "21-5-411. Eligibility of certain retired employees.

15       (a) State employees who are members of:

16               (1) The Arkansas Public Employees' Retirement System including  
17 the members of the legislative division and the contract personnel of the  
18 Arkansas National Guard;

19               (2) The Arkansas Teacher Retirement System;

20               (3) The Arkansas State Highway Employees' Retirement System; and

21               (4) The Arkansas Judicial Retirement System;

22 who are now retired and drawing benefits under the systems and members of  
23 those systems who hereafter retire and receive retirement benefits under the  
24 systems shall be eligible to participate in the group health insurance program  
25 instituted pursuant to the provisions of this subchapter and other laws  
26 enacted to implement the program and shall continue to be covered under the  
27 group insurance program as long as they choose to continue and pay the full  
28 amount of the premiums or cost of the policy, provided, however, the insurance  
29 coverage may be terminated upon proof of a retired employee's submission of  
30 any fraudulent claims.

31       (b)(1) Persons who draw retirement benefits under the Arkansas Public  
32 Employees' Retirement System, the Teacher Retirement System, or the State  
33 Highway Employees' Retirement System, and retired contract employees of the  
34 Arkansas National Guard who wish to participate in the group insurance program  
35 provided for in this subchapter shall pay the full amount of the premium or  
36 cost of the policy issued to such retired participant.

1                   (2) The premium or cost shall be deducted from the retirement  
2 benefit check of the retired participants.

3                   (c) Eligible employees of institutions of higher education who are  
4 retired with at least ten (10) years of creditable service after July 1, 1983,  
5 shall be allowed to participate in the group insurance program provided for in  
6 this subchapter but shall pay the full amount of the premium or cost of the  
7 policy issued to the retired participant. All eligible participants ~~must make~~  
8 ~~an option selection of coverage within thirty-one (31) days subsequent to the~~  
9 ~~date of their notification of termination or retirement~~ shall continue to be  
10 covered under the group insurance program as long as they choose to continue  
11 and pay the full amount of the premiums or cost of the policy, provided,  
12 however, the insurance coverage may be terminated upon proof of a  
13 participant's submission of any fraudulent claims.

14                   (d) Members of the Arkansas Public Employees' Retirement System and the  
15 Arkansas State Highway Employees' Retirement System who retire before January  
16 2, 1988, under the provisions of the Incentives for Early Retirement Act shall  
17 not have to pay the full amount of the premium and shall pay a portion of the  
18 cost of the policy as set forth by the Incentives for Early Retirement Act.

19                   (e) Any future change in coverage ~~other than cancellation~~ shall be  
20 extended ~~only~~ to newly acquired dependents. Eligible retired employees shall  
21 be covered under the state employees life and disability insurance policies  
22 and shall continue to be covered as long as they choose to be covered and the  
23 full amount of the premiums are paid, provided, however, the insurance  
24 coverage may be terminated upon proof of a retired employee's submission of  
25 any fraudulent claims."

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27                   SECTION 4. All provisions of this act of a general and permanent nature  
28 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
29 Revision Commission shall incorporate the same in the Code.

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31                   SECTION 5. If any provision of this act or the application thereof to  
32 any person or circumstance is held invalid, such invalidity shall not affect  
33 other provisions or applications of the act which can be given effect without  
34 the invalid provision or application, and to this end the provisions of this  
35 act are declared to be severable.

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1 SECTION 6. All laws and parts of laws in conflict with this act are  
2 hereby repealed.

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*/s/Rep. Critcher et al*

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