

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

As Engrossed: S2/25/97 S2/27/97 S3/6/97 H3/19/97

A Bill

SENATE BILL 350

4
5 By: Senator Wilson
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7

For An Act To Be Entitled

9 "AN ACT TO AMEND ARKANSAS CODE 21-5-405 PERTAINING TO
10 DUTIES OF THE ARKANSAS STATE EMPLOYEE AND PUBLIC SCHOOL
11 PERSONNEL BOARD; TO AMEND ARKANSAS CODE 21-5-411 TO
12 PROVIDE THAT THE ELECTION FOR PARTICIPATION IN HEALTH
13 BENEFIT PROGRAMS SHALL BE MADE AT THE TIME OF ELECTION TO
14 RECEIVE RETIREMENT BENEFITS; TO AMEND ARKANSAS CODE 21-5-
15 415 TO CLARIFY THAT THE PENALTIES FOR NONPAYMENT OF
16 PREMIUMS AND FAILURE TO FILE REPORTS MAY BE ASSESSED
17 AGAINST SCHOOL DISTRICTS; AND FOR OTHER PURPOSES."

Subtitle

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20 "THE DUTIES OF THE ARKANSAS STATE
21 EMPLOYEE AND PUBLIC SCHOOL PERSONNEL
22 BOARD; REQUIRING ELECTION FOR INSURANCE
23 COVERAGE UPON RETIREMENT AND
24 CLARIFICATION OF PENALTIES."
25

26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
27

28 SECTION 1. Arkansas Code 21-5-405 is amended to read as follows:

29 "21-5-405. Additional duties.

30 (a) The board and the executive director shall take a risk management
31 approach in designing and administering the state employee and public school
32 personnel health benefit programs. The board shall ensure that the state
33 employee and public school personnel health benefit programs are maintained on
34 an actuarially sound basis as determined by actuarial standards established by
35 the board.

36 (b) In addition to the objectives stated in § 21-5-404, the board shall:

1 (1) Develop uniform standards of vendor plan funding so as to avoid
2 windfall profits resulting from fully insured nondividend-paying funding
3 arrangements;

4 (2)(A) Promote increased access to various plan options and health care
5 models, with at least:

6 ~~— (i) Any health maintenance organization that offers a point of service~~
7 ~~option to its enrollees;~~

8 ~~— (ii) The health benefit plan offered by the University of Arkansas for~~
9 ~~Medical Sciences-sponsored managed care program; and~~

10 ~~— (iii) Any other plans deemed suitable by the board.~~

11 (i) The health benefit plan offered by the University of Arkansas for
12 Medical Sciences-sponsored managed care program that agrees to rules of
13 participation as established by the board for all participating plans; and

14 (ii) Plans with statewide provider networks and such other plans as the
15 board may choose to offer, providing that such plans meet minimum standards as
16 established by the board and that agree to rules of participation as
17 established by the board for all participating plans; including, but not
18 limited to, data sharing. Such data shall include, but is not limited to,
19 financial reports (monthly, quarter-to-date, year-to-date), monthly check and
20 refund register, monthly paid claim and exposure (Lag) reports, paid claims
21 and encounter data tapes, large claim listings, analysis by place of service
22 and type of benefit, utilization by provider, utilization by diagnosis and
23 place of service, lifetime maximum information, and any other information
24 deemed necessary by the board.

25 (B) Access to managed care will be provided by giving preferential
26 treatment, if required, to those vendors who will enhance benefit options
27 availability in rural Arkansas;

28 (3)(A) Utilize the combined purchasing power of the state employee and
29 public school personnel programs to foster global competition for all citizens
30 of the state.

31 (B) The board shall communicate publicly through the executive director
32 its findings and observations as relates to the health care market and vendor
33 services expertise.

34 (C) In this fashion, future health care market reforms can be promoted
35 and benefitted from the efforts of the state employee and public school
36 personnel programs. Any agency or school district that accepts state funds

1 intended to partially defray the cost of health insurance for the employees of
2 the state and public schools shall use those funds only for the state employee
3 and public school personnel health benefit plans sponsored by the board and
4 agrees to rules of participation including, but not limited to timely
5 eligibility reporting, timely payment of premiums or contributions, actuarial
6 adjustment for new entrants, and any other information deemed necessary by the
7 board;

8 (4) Assure guaranteed issue of all plans; and

9 (5) Ensure an annual ~~open~~ enrollment period under all plans."

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11 SECTION 2. Arkansas Code 21-5-411(a), pertaining to the eligibility of
12 certain retired employees, is amended to read as follows:

13 "(a) State employees who are members of:

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

17 (2) The Teacher Retirement System;

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

19 (4) The Arkansas Judicial Retirement System; who are now retired and
20 drawing benefits under the systems and members of those systems who hereafter
21 retire and receive retirement benefits under the systems shall be eligible to
22 participate in the group health insurance program instituted pursuant to the
23 provisions of this subchapter and other laws enacted to implement the program.

24 At the time members of those systems elect to receive retirement benefits,

25 thereby becoming 'active retirees', an election shall also be made to

26 participate or to decline participation in the health benefit programs

27 sponsored by the board. The election to receive retirement benefits is not

28 effective until this election is made. Any election made to decline

29 participation in the health benefit programs is final. Any subsequent

30 termination of health benefits by the retiree is final. Notwithstanding any

31 other provision to the contrary in this section, an employee with ten (10) or

32 more years creditable service under the terms of a retirement plan listed in

33 this section shall qualify for continuation of health insurance coverage

34 offered by the board if that employee is separated from employment because of

35 the expiration of a fixed period of employment. An employee qualifying for

36 continuation of coverage under this subsection shall be considered an

1 Ⓐ inactive retiree¹ and shall have thirty-one (31) days from the effective
2 date of termination to elect to continue health insurance coverage hereunder.
3 Such election shall be made upon forms prescribed by the board. The agency or
4 school district from which the employee was terminated must certify the
5 applicant¹'s qualifications to the board. Inactive retirees shall be charged
6 a premium determined by the board to be actuarially sound, along with
7 administrative fees deemed appropriate. Inactive retirees shall not be
8 eligible to return to the board sponsored health program if for any reason the
9 inactive retiree ceases coverage at any time after election under this
10 subsection. Inactive retirees shall be reclassified as Ⓐ active retirees¹
11 upon electing to receive a retirement benefit by a retirement system listed
12 within this section, and shall be charged the premium rate appropriate for
13 their rating category as an active retiree."
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15 SECTION 3. Arkansas Code 21-5-415 is amended to read as follows:

16 "21-5-415. Nonpayment of premiums and failure to file reports by agency
17 or school district.

18 (a) If any participating agency or school district does not remit
19 insurance premiums to the State and Public School Employees Insurance Section
20 of the Department of Finance and Administration by twenty (20) calendar days
21 after the pay period ending date, the State and Public School Employees
22 Insurance Section shall have the right to impose interest of ten percent (10%)
23 per annum on the moneys due.

24 (1) Interest will be computed on the actual days of delinquency, with a
25 minimum charge being billed when appropriate.

26 (2) Interest payable will be determined using the date the delinquent
27 funds are received, and an invoice for the interest shall be sent to the
28 agency or school district.

29 (b)(1) Payment shall be payable to the ~~Group Insurance Trust Fund~~ group
30 insurance trust funds and must be received by the State and Public School
31 Employees Insurance Section no later than the last calendar day of the month
32 following billing.

33 (2) If payment is not received by the State and Public School Employees
34 Insurance Section by the last calendar day of the month following billing, the
35 following collection methods may be used:

36 (A) The Chief Fiscal Officer of the state may cause the interest payable

1 to be transferred to the State and Public School Employees Insurance Section
2 from funds the agency has on deposit with the Treasurer of State or any funds
3 the school district is due from the state. If a transfer must be made, a
4 transfer penalty of twenty dollars (\$20.00) per transfer may be assessed each
5 agency or school district fund and included in the transfer;

6 (B) The agency director or school district superintendent may be
7 required to appear before the Arkansas State Employee and Public School
8 Personnel Board to report the reasons for nonpayment. In addition, the Chief
9 Fiscal Officer of the state may use his powers outlined in § 19-4-301 et seq.
10 to aid in collection.

11 (c) Nonpayment of premiums could also result in a lapse of health and
12 life insurance coverage for employees of the school district, agency or in the
13 agency assuming responsibility for paying health and life claims for its
14 employees.

15 (d) (1) In the event any participating agency or school district fails
16 to file the necessary reports with the State and Public School Employees
17 Insurance Section by twenty (20) calendar days after the due date, the State
18 and Public School Employees Insurance Section shall have the right to impose a
19 penalty of fifty dollars (\$50.00) per report overdue.

20 (2) An additional penalty of fifty dollars (\$50.00) will be assessed
21 for each subsequent reporting period the overdue report remains in arrears.

22 (e)(1) An invoice for this penalty will be sent to the agency, or school
23 district and payment shall be payable to the ~~Group Insurance Trust Fund~~ group
24 insurance trust funds and must be received by the State and Public School
25 Employees Insurance Section no later than the last calendar day of the month
26 following billing.

27 (2) If payment is not received by the State and Public School Employees
28 Insurance Section by the last calendar day of the month following billing, the
29 following collection methods may be used:

30 (A) The Chief Fiscal Officer of the state may cause the interest payable
31 to be transferred to the State and Public School Employees Insurance Section
32 from funds the agency has on deposit with the Treasurer of State or from any
33 funds the school district is due from the state. If a transfer must be made, a
34 transfer penalty of twenty dollars (\$20.00) per transfer may be assessed each
35 agency fund and included in the transfer;

36 (B) The agency director or school district superintendent may be

1 required to appear before the Arkansas State Employee and Public School
2 Personnel Board to report the reasons for nonpayment;

3 (C) In addition, the Chief Fiscal Officer of the state may use his
4 powers as outlined in § 19-4-301 et seq. to aid in collection."

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

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10 SECTION 5. If any provision of this act or the application thereof to
11 any person or circumstance is held invalid, such invalidity shall not affect
12 other provisions or applications of the act which can be given effect without
13 the invalid provision or application, and to this end the provisions of this
14 act are declared to be severable.

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

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/s/Wilson

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