

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas
2 82nd General Assembly
3 Regular Session, 1999
4

As Engrossed: H2/4/99
A Bill

HOUSE BILL 1224

5 By: Representative Hendren
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8 **For An Act To Be Entitled**

9 "AN ACT TO CLARIFY VARIOUS PROVISIONS OF THE ARKANSAS
10 INSURANCE CODE AS TO THE PAYMENT OF BENEFITS WHERE
11 OTHER LIKE INSURANCE EXISTS; TO REQUIRE IN ARKANSAS
12 CODE 23-85-132 THAT HEALTH MAINTENANCE ORGANIZATIONS
13 ALSO COORDINATE BENEFITS; TO REQUIRE IN ARKANSAS CODE
14 23-86-111 THAT HEALTH MAINTENANCE ORGANIZATIONS ALSO
15 COORDINATE BENEFITS; AND FOR OTHER PURPOSES. "
16

17 **Subtitle**

18 "TO CLARIFY VARIOUS PROVISIONS OF THE
19 ARKANSAS INSURANCE CODE AS TO THE
20 PAYMENT OF BENEFITS WHERE OTHER LIKE
21 INSURANCE EXISTS. "
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24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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26 SECTION 1. Arkansas Code 23-85-132 is hereby amended to read as
27 follows:

28 "23-85-132. Reduction of benefits due to other insurance contracts
29 prohibited.

30 (a) No contract of individual disability insurance or health coverage
31 sold, delivered, or issued for delivery or offered for sale in this state by
32 an insurer, hospital and medical service corporation, or health maintenance
33 organization, directly or indirectly providing indemnity, services, health
34 care services, or cash to an individual as a result of hospitalization,
35 ~~medical or surgical treatment, or dental care, other than individual major~~
36 ~~medical policies, or catastrophic expense policies or non renewable ticket~~

1 ~~disability policies, shall contain a provision, reducing the benefit which~~
 2 ~~would otherwise be payable to the individual in the absence of other insurance~~
 3 ~~or health coverage, if the reduction of benefits is due solely to the~~
 4 ~~existence of one (1) or more additional contracts providing benefits to that~~
 5 ~~individual in the form of indemnity, service, cash, or any other things of~~
 6 ~~value, whether the same insurer or another insurer unless the reduction~~
 7 ~~complies with coordination of benefit rules and regulations adopted by the~~
 8 ~~commissioner.~~

9 (b) No contract of individual disability insurance sold, delivered, or
 10 issued for delivery or offered for sale in this state providing disability
 11 income coverage shall contain any provision for the denial or reduction of
 12 benefits because of the existence of other insurance, except as provided in
 13 §23-85-122 or any coverages approved by the commissioner pursuant thereto and
 14 except that the benefits may be reduced to offset disability income benefits
 15 payable under the federal Social Security Act.

16 (c) The Insurance Commissioner may issue rules and regulations to
 17 implement this section including, but not limited to, regulations as to the
 18 amount of reductions and the nature and timing of proofs of eligibility for
 19 federal Social Security benefits.

20 ~~(d) This section shall be applicable to all individual contracts of~~
 21 ~~disability insurance including individual contracts issued by hospital and~~
 22 ~~medical service corporations authorized to do business in this state."~~

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 24 SECTION 2. Arkansas Code 23-86-111 is hereby amended to read as
 25 follows:

26 "23-86-111. Group disability insurance - Payment of benefits where
 27 other like insurance exists.

28 (a) No contract of group disability insurance or health coverage sold,
 29 delivered or issued for delivery, renewed, or offered for sale in this state
 30 by an insurer, hospital and medical service corporation, or health maintenance
 31 organization, directly or indirectly providing indemnity, services, health
 32 care services, or cash to an individual as a result of hospitalization,
 33 medical or surgical treatment, or dental care, shall contain any provision for
 34 the denial or reduction of benefits because of the existence of other like
 35 insurance except to the extent that the aggregate benefits with respect to the
 36 covered medical expenses incurred under the contract and all other like

1 insurance with other insurers, hospital and medical service corporations, or
 2 health maintenance organizations exceed all covered medical expenses incurred.
 3 The term 'other like insurance' may include group or blanket disability
 4 insurance or group coverage provided by health maintenance organizations,
 5 hospital and medical service corporations, government insurance plans, except
 6 Medicaid, union welfare plans, employer or employee benefit organizations, or
 7 workers' compensation insurance or no-fault automobile coverage provided for
 8 or required by any statute.

9 (b)(1) No group disability insurance policy providing disability income
 10 coverage sold, delivered or issued for delivery, renewed, or offered for sale
 11 in this state shall provide for reduction in the amount of the disability
 12 benefits payable to the insured to the extent of and because of the existence
 13 of other such coverage, unless the policy provides a minimum amount payable,
 14 regardless of the reduction, of fifty dollars (\$50.00) per month.

15 (2) 'Other such coverage' for which a reduction may be effected
 16 includes:

- 17 (A) Governmental programs such as federal social security;
- 18 (B) Disability or pension income coverages, as established
 19 by the commissioner through implementing rules and regulations;
- 20 (C) Such other programs, coverages, or permissible
 21 reductions as the commissioner may establish through rules and regulations.

22 (3) The amount of any such reduction shall not be increased with
 23 any increase in the level of federal social security benefits payable which
 24 becomes effective after a claim commences.

25 (4) The commissioner may also issue rules and regulations to
 26 implement this section and §23-86-110 including, but not limited to, the
 27 nature and timing of proofs of eligibility for federal social security
 28 benefits.

29 (c) This section shall be applicable to all group contracts of
 30 disability insurance sold, delivered or issued for delivery, renewed, or
 31 offered for sale in this state, ~~including those issued by hospital and medical~~
 32 ~~service corporations,~~ except group contracts for employees whose employer pays
 33 one hundred percent (100%) of the premiums."
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35 SECTION 3. Arkansas Code 23-76-104 is hereby amended to read as
 36 follows:

1 "23-76-104. Inapplicability of certain laws.

2 (a) Except as otherwise provided in this chapter, provisions of the
3 insurance law and provisions of hospital and medical service corporation laws
4 shall not be applicable to any health maintenance organization granted a
5 certificate of authority under this chapter. This provision shall not apply to
6 an insurer or hospital and medical service corporation licensed and regulated
7 pursuant to the insurance laws or the hospital and medical service corporation
8 laws of this state except with respect to its health maintenance organization
9 activities authorized and regulated pursuant to this chapter.

10 (b) The provisions of this chapter, the Arkansas Insurance Code, § 23-
11 60-101 et seq., and the Hospital and Medical Service Corporation Law, chapter
12 75 of this title, or any amendments thereto, shall not be applicable to any
13 nonprofit vision service plan corporation composed of at least fifty (50)
14 participating licensed optometrists or ophthalmologists licensed by the State
15 of Arkansas to provide vision care services on a prepaid basis when each
16 licensed optometrist or ophthalmologist is subject to the rules and
17 regulations of the professional's respective state board and when each
18 participating licensed optometrist or ophthalmologist agrees to assume
19 responsibility for completion of the provisions of the vision care services
20 contracted for so that no element of risk is incurred by any subscriber group
21 or person.

22 (c) The following provisions of the Arkansas Insurance Code are
23 expressly applicable to health maintenance organizations: 23-85-132 and 23-
24 86-111."

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

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

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36 SECTION 6. All laws and parts of laws in conflict with this Act are

1 hereby repeal ed.

/s/ Hendren

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