

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005
4

As Engrossed: H3/16/05 H3/25/05

A Bill

HOUSE BILL 2598

5 By: Representative D. Johnson
6
7

For An Act To Be Entitled

9 *AN ACT TO AUTHORIZE THE STATE AND PUBLIC SCHOOL*
10 *LIFE AND HEALTH INSURANCE BOARD TO OBTAIN*
11 *QUALITY-OF-CARE INFORMATION FROM NETWORKS,*
12 *HOSPITALS, AND CLINICAL PROVIDERS TO INFORM PLAN*
13 *DESIGN, PLAN MANAGEMENT, AND CONSUMER DECISIONS;*
14 *AND FOR OTHER PURPOSES.*

Subtitle

16 *AN ACT TO AUTHORIZE THE STATE AND PUBLIC*
17 *SCHOOL LIFE AND HEALTH INSURANCE BOARD*
18 *TO OBTAIN QUALITY-OF-CARE INFORMATION*
19 *FROM NETWORKS, HOSPITAL, AND CLINICAL*
20 *PROVIDERS TO INFORM PLAN DESIGN, PLAN*
21 *MANAGEMENT, AND CONSUMER DECISIONS.*

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

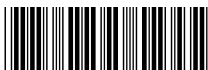
26
27 SECTION 1. Arkansas Code § 21-5-404 is amended to read as follows:
28 21-5-404. Powers - Functions - Duties.

29 The State and Public School Life and Health Insurance Board shall have
30 the following powers, functions, and duties:

31 (1) To explore various cost containment measures and funding
32 options;

33 (2) To promote competition among vendors and create a systematic
34 formula for measuring competitiveness of programs, quality of care delivery,
35 portability, and accessibility to, and affordability of, health care;

36 (3) To prepare a comprehensive analysis of the various health



1 benefit plan options approved by the board to provide coverage to state and
2 public school employees, including cost, quality, and access differentials
3 among the various plans, as well as any other comparisons of the plans as
4 will enable the state and school employees to make a well-informed choice of
5 plans;

6 (4) To undertake studies and to take any appropriate action
7 which the board determines will promote the financial soundness and overall
8 well-being of the state employee and public school personnel health insurance
9 programs;

10 (5) To develop, with the assistance of the Office of State
11 Procurement of the Department of Finance and Administration, bid
12 specifications and requests for proposals and evaluate bids and proposals,
13 but shall allow the office to execute all other actions relating to the
14 purchasing procedures in contracting for consultants, third party
15 administrators, providers, or insurance companies on behalf of the programs;

16 (6) To evaluate responses to requests for proposals, select
17 contractors for all services, and approve the award of contracts resulting
18 from bids for all health and life insurance offerings for participants of the
19 various plans;

20 (7) To perform plan design, summarize plan document approval,
21 including, but not limited to, lifetime limitations, copayments, deductibles,
22 and eligibility rules;

23 (8) To promote increased access to various health plan options
24 and models;

25 (9) To direct the office to contract with all qualified vendors,
26 as defined by the board, offering the health benefit plans prescribed by the
27 board without regard to § 19-11-228 or other statutes requiring competitive
28 bidding. Each contract shall be for a uniform term of at least one (1) year
29 but may be made automatically renewable from term to term in the absence of
30 notice of termination by either party; ~~and~~

31
32 (10)(A) To authorize the board to obtain quality-of-care
33 information from systems, networks, hospitals, and clinical providers to
34 inform plan design, plan management, and consumer decisions.

35 (B) The board shall:

36 (i) Use accepted national standards for assessment

1 of quality-of-care information provided by systems, networks, hospitals, and
 2 clinical providers;

3 (ii) Be empowered to determine the appropriate use
 4 of quality-of-care information and scope of system, network, hospital, and
 5 clinical provider accountability;

6 (iii) Be empowered to request aggregate performance
 7 information for patients; and

8 (iv) Be empowered to publicly report conclusions of
 9 quality-of-care assessment; and

10 ~~(10)~~(11) To appoint ~~three (3)~~ four (4) subcommittees of the
 11 board to study and research health and life plan option benefits, formulary
 12 management, quality of care provided, and the financial impact of
 13 implementing the recommendations made by the formulary management committee
 14 to the board as follows:

15 (A)(i) The Benefits Subcommittee shall consist of:

- 16 (a) Three (3) board members;
- 17 (b) Two (2) state employees; and
- 18 (c) Two (2) school district employees.

19 (ii) The Benefits Subcommittee shall review,
 20 evaluate, and investigate benefits, new benefit offerings, and annual
 21 insurance rates;

22 (B)(i) The Drug Utilization and Evaluation Subcommittee
 23 shall consist of:

24 (a) Two (2) pharmacists, one (1) of whom is
 25 the Executive Director of the Arkansas State Board of Pharmacy or his or her
 26 state employee pharmacist designee and one (1) of whom is the Dean of the
 27 University of Arkansas for Medical Sciences College of Pharmacy or his or her
 28 pharmacist designee;

29 (b) Two (2) physicians, one (1) of whom is the
 30 physician health care provider serving on the board and one (1) of whom is
 31 the Dean of the University of Arkansas for Medical Sciences College of
 32 Medicine or his or her physician designee; and

33 (c) One (1) registered nurse who is the Dean
 34 of the University of Arkansas for Medical Sciences College of Nursing or his
 35 or her registered nurse designee.

36 (ii) The Drug Utilization and Evaluation

1 Subcommittee shall review drugs for formulary management; and

2 (C)(i) The Fiscal Subcommittee shall include two (2) board
3 members, two (2) state employees, and two (2) public school employees who
4 shall have expertise in accounting, finance, auditing, or insurance.

5 (ii) The Fiscal Subcommittee shall review and
6 evaluate the financial impact of the recommendations made by the Drug
7 Utilization and Evaluation Subcommittee.

8 (D)(i) The Quality of Care Subcommittee shall consist of:

9 (a) Two (2) Board members;

10 (b) Two (2) state employees;

11 (c) Two (2) school district employees;

12 (d) One (1) representative from the Arkansas
13 Foundation for Medical Care;

14 (e) One (1) representative from the Arkansas
15 Pharmacy Association;

16 (f) One (1) representative from the Arkansas
17 Center for Health Improvement;

18 (g) One (1) representative from the Arkansas
19 Medical Association;

20 (h) One (1) representative from the Arkansas
21 Osteopathic Medical Association; and

22 (i) One (1) representative from the Arkansas
23 Hospital Association.

24 (ii) The Quality of Care Subcommittee may review and
25 recommend quality performance indicators for use, recommend baseline
26 performance goals, recommend alignment of financial incentives to improve
27 performance, and track improvements in delivery of care.

28
29 SECTION 2. Arkansas Code § 21-5-407 is amended to read as follows:

30 21-5-407. Definitions.

31 As used in this subchapter:

32 (1) "Aggregate performance information" means reports or other
33 means of communication about the measurement of accomplishment of executing
34 certain tasks, achievement of certain results, or occurrence of certain
35 events related to all patients or to a class or group of patients
36 identifiable by certain criteria;

~~(1)~~(2) "Dependent" means any member of an employee's or retiree's family who meets the eligibility for coverage under the health benefit plans approved by the State and Public School Life and Health Insurance Board;

~~(2)~~(3) "Employee" means a state employee or a public school district employee;

~~(3)~~(4) "Public school district employee" means all public school district salaried employees;

(5) "Quality-of-care information" means the contents of medical records, member claims, patient surveys, pharmacy data, lab data, and other records of or reports about systems, networks, hospitals, and clinical providers to be gathered for assessment of the quality of health care provided by systems, networks, hospitals, and clinical providers;

(6) "Quality performance indicator" means a specific inquiry or standard that, when applied to quality-of-care information, reveals a quantifiable measure of success or failure in system, network, hospital, or clinical provider care;

~~(4)~~(7) "Retiree" means a retired employee who is eligible under the provisions of § 21-5-411;

~~(5)~~(8) "State" means the State of Arkansas; and

~~(6)~~(9) "Vendor" means:

(A) A corporation, partnership, or other organization licensed to do business in the State of Arkansas; and

(B) A corporation, partnership, or other organization licensed to do business in the State of Arkansas which is lawfully engaged in administering employer-funded health benefit plans for employer groups in consideration of an administration fee payable to the vendor.

/s/ D. Johnson