

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 *As Enrolled: H3/16/05 H3/25/05 H3/28/05*

2 85th General Assembly

# A Bill

3 Regular Session, 2005

HOUSE BILL 2598

4

5 By: Representative D. Johnson

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## 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.*

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## Subtitle

17 *AN ACT TO AUTHORIZE THE STATE AND PUBLIC*  
18 *SCHOOL LIFE AND HEALTH INSURANCE BOARD*  
19 *TO OBTAIN QUALITY-OF-CARE INFORMATION*  
20 *FROM NETWORKS, HOSPITAL, AND CLINICAL*  
21 *PROVIDERS TO INFORM PLAN DESIGN, PLAN*  
22 *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) Three (3) 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.

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

5 ~~(2)~~(3) "Employee" means a state employee or a public school  
6 district employee;

7 ~~(3)~~(4) "Public school district employee" means all public school  
8 district salaried employees;

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

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

18 ~~(4)~~(7) "Retiree" means a retired employee who is eligible under  
19 the provisions of § 21-5-411;

20 ~~(5)~~(8) "State" means the State of Arkansas; and

21 ~~(6)~~(9) "Vendor" means:

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

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

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29 /s/ D. Johnson  
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