

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: H4/1/05

A Bill

HOUSE BILL 2634

5 By: Representative Stovall
6
7

For An Act To Be Entitled

8
9 AN ACT TO ESTABLISH THE CITY, COUNTY, AND SMALL
10 AND MEDIUM-SIZED EMPLOYER HEALTH BENEFITS
11 PURCHASING POOLS; AND FOR OTHER PURPOSES.
12

Subtitle

13
14 AN ACT TO EXPAND HEALTH BENEFIT OPTIONS
15 AND SERVICES TO CONTAIN HEALTH CARE
16 COSTS.
17
18

19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
20

21 SECTION 1. Arkansas Code Title 23, Chapter 86, is amended to add an
22 additional subchapter to read as follows:

23 23-86-601. Findings and purpose.

24 (a) The General Assembly finds that:

25 (1) Employers in Arkansas continue to report that options to
26 purchase affordable health benefits and related services for their employees
27 continue to decrease;

28 (2) Recently reported data demonstrates that the overall
29 percentage of uninsured Arkansans has increased during the previous five (5)
30 years; and

31 (3) Most Arkansans obtain health benefits coverage through their
32 employers, but small and medium-sized employers, county governments, and
33 municipalities have fewer cost effective purchase options for their employees
34 and employees' dependents.

35 (b) The purpose of this subchapter is to establish city, county,
36 educational institution, and small and medium-sized employer health benefits



1 purchasing pools in order to provide more cost effective health benefit
2 coverage options to small and medium-sized employers, county governments,
3 educational institutions, and municipalities.

4
5 23-86-602. Definitions.

6 As used in this subchapter:

7 (1) "Educational institutions" means private organizations or
8 entities whose primary purpose is the education of students at a primary,
9 secondary, college, or trade school level;

10 (2) "Medium-sized employers" means employers with less than
11 three thousand (3,000) employees; and

12 (3) "Small employers" means employers with at least two (2) but
13 not more than twenty-five (25) employees.

14
15 23-86-603. Creation of pools.

16 (a) There is established the City, County, and Employer Health
17 Benefits Purchasing Pools to assist municipalities, county governments,
18 educational institutions, and small and medium-sized employers in the State
19 of Arkansas in the provision of health insurance coverage to their employees,
20 employees' dependents, and retirees.

21 (b) The State and Public School Life and Health Insurance Board shall
22 phase in the provision of health benefits coverage for:

23 (1) Counties, cities, and municipalities beginning July 1, 2006;
24 and

25 (2) Small and medium-sized employers and educational
26 institutions on or before January 1, 2007."

27
28 23-86-604. Authorization.

29 (a) The State and Public School Life and Health Insurance Board or any
30 health insurance carrier, administrator, or health maintenance organization
31 that is approved by the board to offer health coverage or health services may
32 offer a health benefit plan, optional services, and fees as provided in this
33 subchapter.

34 (b) The board shall:

35 (1) Establish new purchasing pools for county governments,
36 municipalities, educational institutions, small and medium-sized employers

1 and businesses;

2 (2) Require that contracts between the health benefit plan and
3 cities, counties, or employers remain in effect for a minimum period of two
4 (2) years and disallow re-entrance into purchasing pools for a minimum period
5 of three (3) years for any entity terminating a health benefit plan or
6 service;

7 (3) Require that carriers, administrators, health maintenance
8 organizations, or third party administrators offer the health benefit plans
9 issued under this subchapter through one (1) of their networks of health care
10 providers;

11 (4)(A) Establish underwriting rules and restrictions to ensure
12 financial stability of the purchasing pools if insured plan options are
13 offered.

14 (B)(i) The board may group counties, cities,
15 municipalities, educational institutions, small and medium-sized employers,
16 and all other plan participants as one (1) group for the purpose of
17 negotiating contracts with providers of insured and self insured health plans
18 and ancillary administrative services.

19 (ii) If the board elects to allow a group to
20 establish a self insurance program, the board and program are exempt from
21 State Insurance Department regulations applicable to small groups;

22 (5) Determine benefits and services to be offered under any
23 city, county, or employer health purchasing pools;

24 (6) For purposes of the creation of pools, calculation of risk,
25 and related administrative services, not combine enrollees from plans offered
26 to employers, counties, or municipalities with existing risk pools of state
27 employees or public school employees;

28 (7) Determine whether the health benefit plans or services
29 offered under this section are fully insured by a carrier or health
30 maintenance organization, or self-insured by the plan;

31 (8) Set rates and fees of employee health plan services uptake
32 for participating employers concordant with private marketplace best
33 practices; and

34 (9) Negotiate a schedule of provider reimbursement rates and
35 methods for its state and public school health plans.

36 (c) If the board determines a schedule of provider reimbursement rates

1 for its state and public school health plans, then carriers or administrators
2 offering health benefit plans or related services coverage to employers,
3 county governments, educational institutions, or municipalities under this
4 subchapter shall reimburse network health care providers and administrators
5 at no greater rates or fee levels than the rates or fee levels in effect for
6 the state and public school health plans.

7
8 23-86-605. Employer contribution.

9 An employer group participating in a health benefit plan or any
10 contracted administrative services authorized by this subchapter shall:

11 (1) Pay at least sixty percent (60%) of each employee's premium
12 for the individual employee's coverage; and

13 (2) Obtain the participation of at least seventy-five percent
14 (75%) of the employees that are not currently enrolled in a health benefits
15 plan or health insurance plan from another source.

16
17 23-86-606. Funding of plans and administrative costs.

18 (a) Funds required to implement a new county, municipal, educational
19 institution, or small employer group health benefit plan shall be provided
20 from the local county aid fund, municipal aid fund, county revenue, city
21 revenue, or funds from each participating employer group or educational
22 institution prior to implementation.

23 (b)(1) The expenses and administrative costs of a health benefit plan
24 implemented under this subchapter shall be paid on a monthly basis and
25 factored into the determination of the plan's insurance premiums.

26 (2) As used in this subsection (b), "expenses and administrative
27 costs" include, but are not limited to, rent, utilities, hardware, software,
28 programming, furniture, supplies, printing, postage, employees' salaries, and
29 employee fringe benefits incurred by the Employee Benefits Division of the
30 Department of Finance and Administration to administer this subchapter.

31 (c) Anticipated administrative costs to initiate a plan shall be
32 determined by the Employee Benefits Division and paid to the division prior
33 to the effective date of the health benefit plan.

34 (d) Additional positions for the Employee Benefits Division shall be
35 created to implement this section.

36 (e) No state or public school trust fund shall be used to establish a

1 new group or plan.

2
3 23-86-607. Optional employer participation.

4 (a) All services, health plans, and other tools for health care
5 management and benefits shall be made available on an optional basis as
6 determined by the State and Public School Life and Health Insurance Board.

7 (b) Any county, municipality, employer, or educational institutions,
8 and that obtains health benefits or services under this subchapter shall:

9 (1) Agree to the board's rules of participation, including, but
10 not limited to, eligibility reporting, payment of premiums, contributions,
11 actuarial adjustments for new entrants, and any other rules deemed necessary
12 by the board;

13 (2) Ensure the guaranteed issue of all plans; and

14 (3) Provide an annual enrollment period under all plans.

15 (c) Retirees of counties and municipalities participating in a plan
16 shall follow the same requirements as state and public school retirement
17 groups.

18
19 23-86-608. Advisory board.

20 (a) The City, County, and Small Employer Health Insurance Purchasing
21 Pools Advisory Board is created.

22 (b) The advisory board shall consist of the following members
23 appointed by the governor:

24 (1) A state employee;

25 (2) A certified classroom teacher;

26 (3) The Director of the Department of Education or his or her
27 designee;

28 (4) The Director of the Department of Finance and Administration
29 or his or her designee;

30 (5) A representative of the Arkansas Medical Society;

31 (6) A representative of the Arkansas Hospital Association;

32 (7) A representative of the health insurance industry;

33 (8) A representative of the Arkansas State Board of Pharmacy;

34 (9) A representative of the University of Arkansas for Medical
35 Sciences;

36 (10) A public school administrator;

1 (11) A retired teacher;

2 (12) A retired state employee; and

3 (13) An individual member representing each type of purchasing
4 pool to be added when a new type of purchasing pool is established.

5 (c) The advisory board shall meet with the State and Public School
6 Life and Health Insurance Board on a scheduled quarterly basis.

7 (d) The Governor shall call the first meeting of the advisory board
8 within ninety (90) days of the effective date of this subchapter.

9 (e) A majority of the members of the advisory board shall constitute a
10 quorum for the transaction of any business.

11 (f) The members of the advisory board shall:

12 (1) Serve for a period of four (4) years;

13 (2) Draw lots to determine the periods of service of the initial
14 nine (9) board members other than the Director or director's designee of the
15 Department of Education or the Director or director's designee of the
16 Department of Finance and Administration as follows:

17 (A) Three (3) members shall serve until January 1, 2007;

18 (B) Three (3) members shall serve until January 1, 2008;

19 and

20 (C) Three (3) members shall serve until January 1, 2009;

21 and

22 (3) Serve without compensation.

23 (e) Vacancies on the advisory board caused by death, resignation, or
24 otherwise shall be filled by appointment of the Governor.

25
26 23-86-609. Rules and regulations.

27 The State and Public School Life and Health Insurance Board may adopt
28 any rules and regulations it deems necessary or desirable to implement this
29 subchapter.

30
31 SECTION 2. Arkansas Code § 21-5-402 is amended to read as follows:

32 ~~(a)(1) There is created the State and Public School Life and Health~~
33 ~~Insurance Board, composed of the following twelve (12) voting members:~~

34 ~~(A) A state employee to be appointed by the Governor;~~

35 ~~(B) A certified classroom teacher to be appointed by the~~
36 ~~Governor;~~

1 ~~(C) The Insurance Commissioner or his or her designee;~~

2 ~~(D) The Director of the Department of Education or his or~~
3 ~~her designee;~~

4 ~~(E) The Director of the Department of Finance and~~
5 ~~Administration or his or her designee;~~

6 ~~(F) Two (2) members who are engaged in employee benefits~~
7 ~~management or risk management in private industry to be appointed by the~~
8 ~~Governor;~~

9 ~~(G) One (1) additional member position which shall be~~
10 ~~filled alternately by a retired teacher and by a retired state employee~~
11 ~~appointed by the Governor. This position shall first be filled by a retired~~
12 ~~teacher for a term of four (4) years, then by a retired state employee for a~~
13 ~~term of four (4) years, and four year terms thereafter shall be alternated~~
14 ~~between a retired teacher and a retired state employee;~~

15 ~~(H) One (1) public school administrator to be appointed by~~
16 ~~the Governor;~~

17 ~~(I) The Executive Director of the Arkansas State Board of~~
18 ~~Pharmacy or his or her state employee pharmacist designee;~~

19 ~~(J) The Director of Health Facility Services of the~~
20 ~~Department of Health or his or her designee; and~~

21 ~~(K) One (1) member who is a licensed health care provider~~
22 ~~appointed by the Governor.~~

23 ~~(2) However, any appointee who has a conflict of interest shall~~
24 ~~be disqualified to serve.~~

25 ~~(b)(1)(A) Except for retiree positions, the members initially~~
26 ~~appointed by the Governor shall draw lots for terms so that two (2) serve for~~
27 ~~a term of four (4) years each, two (2) for a term of three (3) years, one (1)~~
28 ~~for a term of two (2) years, and one (1) for a term of one (1) year.~~

29 ~~(B) All successor members appointed by the Governor shall~~
30 ~~be appointed for terms of four (4) years but may be reappointed for~~
31 ~~additional terms.~~

32 ~~(2)(A) Vacancies in the Governor-appointed positions shall be~~
33 ~~filled by appointment of the Governor for the unexpired term.~~

34 ~~(B) Members appointed by the Governor shall serve at the~~
35 ~~will of the Governor.~~

36 ~~(c) A chair and vice chair of the board shall be selected annually by~~

1 ~~and from the membership of the board and shall serve no more than two (2)~~
2 ~~years.~~

3 (a)(1) There is created the State and Public School Life and Health
4 Insurance Board, composed of the following eight (8) voting members:

5 (A) A chair appointed by the Governor;

6 (B) Three (3) individuals with expertise in health care
7 policy or health care finance appointed by the Governor;

8 (C) Two (2) individuals with expertise in health care
9 policy or health care finance appointed by the Speaker of the House of
10 Representatives; and

11 (D) Two (2) individuals with expertise in health care
12 policy or health care finance appointed by the President Pro Tempore of the
13 Senate.

14 (2) Any appointee who has a conflict of interest shall be
15 disqualified to serve on the board.

16 (3) The term of any member of the board appointed prior to the
17 effective date of this subdivision (a)(3) shall expire on the effective date
18 of this subdivision (a)(3).

19 (b)(1)(A) The chair and members appointed by the Governor shall draw
20 lots for terms so that two (2) members serve for a term of four (4) years and
21 two (2) members serve for a term of three (3) years.

22 (B) A successor shall be appointed by the Governor upon
23 the expiration of each term.

24 (C) All successors appointed by the Governor shall be
25 appointed for terms of four (4) years and may be reappointed for additional
26 terms.

27 (2)(A) Members appointed by the Speaker of the House of
28 Representatives shall draw lots for terms so that one (1) member serves for a
29 term of four (4) years and one (1) member serves for a term of three (3)
30 years.

31 (B) A successor shall be appointed by the Speaker of the
32 House of Representatives upon the expiration of each term.

33 (C) All successors appointed by the Speaker of the House
34 of Representatives shall be appointed for terms of four (4) years and may be
35 reappointed for additional terms.

36 (3)(A) Members appointed by the President Pro Tempore of the

1 Senate shall draw lots for terms so that one (1) member serves for a term of
2 four (4) years and one (1) member serves for a term of three (3) years.

3 (B) A successor shall be appointed by the President Pro
4 Tempore of the Senate upon the expiration of each term.

5 (C) All successors appointed by the President Pro Tempore
6 of the Senate shall be appointed for terms of four (4) years and may be
7 reappointed for additional terms.

8 (4)(A) Vacancies in any position shall be filled for the
9 unexpired term by appointment of the person who made the initial appointment.

10 (B) Members shall serve at the will of the person who
11 appointed the member.

12
13 /s/ Stovall
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36