

1 State of Arkansas
2 93rd General Assembly
3 Fiscal Session, 2022

HR 1003

4
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6 Dalby, M. Davis, Dotson, Ennett, Eubanks, C. Fite, D. Garner, Godfrey, Hawks, M. Hodges, Hollowell,
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HOUSE RESOLUTION

11 TO AUTHORIZE THE INTRODUCTION OF A NONAPPROPRIATION
12 BILL TO ESTABLISH A FUNDING MECHANISM TO ENSURE
13 SOLVENCY OF THE STATE AND PUBLIC SCHOOL LIFE AND
14 HEALTH INSURANCE PROGRAM.

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Subtitle

17
18 TO AUTHORIZE THE INTRODUCTION OF A
19 NONAPPROPRIATION BILL TO ESTABLISH A
20 FUNDING MECHANISM TO ENSURE SOLVENCY OF
21 THE STATE AND PUBLIC SCHOOL LIFE AND
22 HEALTH INSURANCE PROGRAM.

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25 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE NINETY-THIRD GENERAL
26 ASSEMBLY OF THE STATE OF ARKANSAS:

27

28 THAT Senator Hickey or Senator Rice is authorized to introduce a bill
29 which as introduced will read substantially as follows:

30

31 "Title

32 AN ACT TO ESTABLISH A FUNDING MECHANISM TO ENSURE SOLVENCY OF THE STATE AND
33 PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM; TO DECLARE AN EMERGENCY; AND
34 FOR OTHER PURPOSES.

35

36 Subtitle



1 TO ESTABLISH A FUNDING MECHANISM TO ENSURE SOLVENCY OF THE STATE AND PUBLIC
2 SCHOOL LIFE AND HEALTH INSURANCE PROGRAM; AND TO DECLARE AN EMERGENCY.

3
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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6 SECTION 1. Arkansas Code Title 21, Chapter 5, Subchapter 4, is amended
7 to add an additional section to read as follows:

8 21-5-419. Mandatory reserve balance – Funding mechanism established to
9 maintain reserve balance – Legislative intent – Definition.

10 (a) It is the intent of the General Assembly that:

11 (1) The Director of the Employee Benefits Division shall:

12 (A) Maintain a reserve balance to ensure the solvency of
13 the State and Public School Life and Health Insurance Program; and

14 (B) Work to achieve an optimal reserve balance of fourteen
15 percent (14%) to ensure the solvency of the program; and

16 (2) Maintaining an optimal reserve balance is necessary to
17 moderate the effect of premium rate increases and premium rate decreases on
18 members of the program.

19 (b) As used in this section, "reserve balance" means the amount in a
20 fund that includes the existing balance, minus the claims that have been
21 incurred but not reported, and calculated as a percentage of expenses for
22 each year for the:

23 (1) Arkansas State Employees Health Benefit Plan; or

24 (2) Arkansas Public School Employees Health Benefit Plan.

25 (c)(1) Beginning in plan year 2023, the director shall take any
26 actions necessary to achieve and maintain an optimal reserve balance of
27 fourteen percent (14%) to ensure the solvency of the program.

28 (2) An acceptable reserve balance amount is:

29 (A) No less than twelve percent (12%) for state employees;
30 and

31 (B) No less than twelve percent (12%) for public school
32 employees.

33 (d) Annually by April 30, the director shall:

34 (1) Calculate the projected reserve balance for:

35 (A) The remaining calendar year; and

36 (B) The next three (3) calendar years;

1 (2) Determine whether the amount of revenue collected by the
2 Employee Benefits Division is projected to satisfy the optimal reserve
3 balance for state employees and the optimal reserve balance for public school
4 employees established under subdivision (c)(2) of this section for the
5 remaining calendar year;

6 (3) Notify the Legislative Council of the projected reserve
7 balance for the remaining calendar year as described in subdivision (d)(1)(A)
8 of this section; and

9 (4) Submit for prior approval by the Legislative Council his or
10 her plan to achieve or maintain the optimal reserve balance.

11 (e) If the director's determination under subdivision (d)(1)(A) of
12 this section does not equal or exceed the acceptable reserve balance amount
13 as described in subdivision (c)(2) of this section, the director shall notify
14 the Legislative Council of the need to convene to consider providing
15 additional funding.

16 (f)(1) The Legislative Council shall review the director's
17 determination required under subsection (e) of this section and, if
18 additional funding is needed to maintain the acceptable reserve balance
19 amount as described in subdivision (c)(2) of this section, may:

20 (A) Recommend that the Governor call an extraordinary
21 session of the General Assembly; or

22 (B) Take further action as may be appropriate.

23 (2) If, by July 30 following the Legislative Council's review of
24 the director's determination under subdivision (f)(1) of this section, the
25 General Assembly fails to provide funding to maintain an acceptable reserve
26 balance amount as described in subdivision (c)(2) of this section, the
27 director shall initiate a process to collect the required additional revenue
28 from program participants through premium rate increases or reducing program
29 benefits, or both, for the next plan year.

30 (g)(1) If the director determines that the reserve balance for state
31 employees will exceed sixteen percent (16%) or that the reserve balance for
32 public school employees will exceed sixteen percent (16%), with the approval
33 of the Legislative Council, the director may elect to use the excess to
34 directly benefit the program through lowering of premium rates for the next
35 plan year or through expanding program benefits.

36 (2) If the director does not elect under subdivision (g)(1) of

1 this section to use the amount exceeding sixteen percent (16%) to directly
2 benefit the program through lowering of premium rates for the next plan year
3 or through expanding program benefits, the director shall report to the
4 Legislative Council his or her rationale for not lowering premium rate
5 increases for the next plan year or for not expanding program benefits.
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7 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
8 General Assembly of the State of Arkansas that the State and Public School
9 Life and Health Insurance Program is inadequate to provide sustainable
10 affordable health benefits for public school employees and state employees;
11 that an urgent need exists to address the state's funding and administration
12 of benefits for public school employees and state employees in order for the
13 program to remain viable and to avoid severe financial hardship to plan
14 participants; and that this act is immediately necessary to provide
15 affordable health benefit options in a timely manner to the state's public
16 school employees participating in the program and state employees
17 participating in the program. Therefore, an emergency is declared to exist,
18 and this act being immediately necessary for the preservation of the public
19 peace, health, and safety shall become effective on:

20 (1) The date of its approval by the Governor;

21 (2) If the bill is neither approved nor vetoed by the Governor,
22 the expiration of the period of time during which the Governor may veto the
23 bill; or

24 (3) If the bill is vetoed by the Governor and the veto is
25 overridden, the date the last house overrides the veto."
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