

1 State of Arkansas
2 89th General Assembly
3 First Extraordinary Session, 2013
4

A Bill

Call Item 5
SENATE BILL 6

5 By: Senators J. Key, Rapert, Bledsoe, Caldwell, E. Cheatham, L. Chesterfield, J. Dismang, Elliott, J.
6 English, S. Flowers, J. Hendren, Hickey, Holland, J. Hutchinson, K. Ingram, U. Lindsey, B. Pierce, D.
7 Sanders
8 By: Representative Wren
9

For An Act To Be Entitled

11 AN ACT TO CREATE A MORE SUSTAINABLE SYSTEM OF HEALTH
12 INSURANCE BENEFITS FOR PUBLIC SCHOOL EMPLOYEES; TO
13 CLARIFY THE DUTIES AND RESPONSIBILITIES OF THE STATE
14 AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE BOARD; TO
15 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.
16
17

Subtitle

19 TO CREATE A MORE SUSTAINABLE SYSTEM OF
20 HEALTH INSURANCE BENEFITS FOR PUBLIC
21 SCHOOL EMPLOYEES AND TO DECLARE AN
22 EMERGENCY.
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24

25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
26

SECTION 1. Legislative findings and intent.

(a) The General Assembly finds that:

29 (1) The health insurance program provided by the State and
30 Public School Life and Health Insurance Board for public school employees and
31 public school employee retirees is in a state of crisis;

32 (2) Since 2005 the General Assembly has authorized supplemental
33 funding for the Department of Education to send to the Employee Benefits
34 Division of the Department of Finance and Administration for the purpose of
35 offsetting premium increases for public school employees without implementing
36 long term systemic and structural reforms;



1 (3) In addition to the need for short-term action by the General
2 Assembly to avert the impending premium increases for public school employees
3 and public school employees, the General Assembly must take an active role in
4 crafting a long-term solution to ensure the stability of the State and Public
5 School Life and Health Insurance Program;

6 (4) The composition of the board should be diverse and reflect
7 the racial, ethnic, and gender demographics of the state to ensure that
8 multiple viewpoints are involved in board actions that impact state
9 employees, state employee retirees, public school employees, and public
10 school employee retirees;

11 (5) The board has failed to fulfill their mission and provide a
12 stable and actuarially sound system of health insurance benefits for public
13 school employees by:

14 (A) Failing to make the adjustments necessary to health
15 plan options for public school employees that would prevent significant
16 premium increases, resulting in burdensome costs to both public school
17 employees and taxpayers; and

18 (B) Refusing to acknowledge that parity between insurance
19 programs for state employees and public school employees is a goal, not a
20 mandate, resulting in unnecessary costs to both public school employees and
21 taxpayers and exacerbating the instability of the program; and

22 (6) The failure of the board has resulted in the need for the
23 General Assembly to inject additional money into the program to maintain the
24 integrity of the program by offsetting premium increases for public school
25 employees, which allowed the program to maintain participation levels.

26 (b) It is the intent of the General Assembly that:

27 (1) Any additional funding provided for public school employee
28 health insurance during this special session be considered a one-time
29 infusion of money, not a permanent funding source;

30 (2) Funding will revert to the current level unless there is
31 meaningful reform and restructuring of the program that restores permanent
32 stability and actuarial soundness;

33 (3) The General Assembly, through the State and Public School
34 Life and Health Insurance Program Legislative Task Force, study, develop, and
35 recommend fundamental restructuring of the program, including without
36 limitation the:

- 1 (A) Governance of the program;
- 2 (B) Management of the program; and
- 3 (C) Goals of the program; and

4 (4) While the task force is conducting the study, the General
 5 Assembly, through the Joint Performance Review Committee, the Senate
 6 Committee on Revenue and Taxation and the House Committee on Revenue and
 7 Taxation, shall continue to provide oversight of the board, including without
 8 limitation board activities and decisions.

9

10 SECTION 2. Arkansas Code Title 21, Chapter 5, Subchapter 4, is amended
 11 to read as follows:

12 21-5-401. State and Public School Life and Health Insurance Program
 13 established – Legislative intent.

14 (a) The State and Public School Life and Health Insurance Program is
 15 established to manage life and health insurance plan options for the benefit
 16 of state employees, state employee retirees, public school employees, and
 17 public school employee retirees.

18 (b) It is the purpose of this subchapter to:

19 (1) Create a single board to administer the program and to
 20 select and offer life and health insurance and life insurance plan coverages
 21 options under the program for state and public school employees and retirees
 22 to participants;

23 (2) Develop self-funded health ~~programs to~~ plan options that
 24 enhance the ability to control premiums and utilize managed care capabilities
 25 if feasible and in the best interest of ~~plan members~~ participants; and

26 (3) Enable a single board to:

27 (A) Set and manage policies for the ~~health insurance and~~
 28 ~~life insurance programs of state and public school employees~~ program;

29 (B) Work in a concerted effort toward a common goal of
 30 parity between public school and state employee insurance programs;

31 (C) Improve the quality of ~~health care~~ healthcare services
 32 under the ~~programs~~ program;

33 (D) Increase participants' understanding of program
 34 features by educating state employees, state employee retirees, public school
 35 employees, and public school employee retirees on the program and plan
 36 options available under the program, including the advantages and

1 disadvantages of each available plan option; and

2 (E) Slow the rate of growth ~~in health care~~ of healthcare
3 expenses under the ~~programs~~ program.

4
5 21-5-402. Creation of board – Members.

6 (a)(1) ~~There is created the~~ The State and Public School Life and
7 Health Insurance Board is created, composed of the following ~~twelve (12)~~
8 fourteen (14) voting members:

9 (A) A state employee who is eligible to participate in the
10 insurance program under this subchapter ~~to be~~ appointed by the Governor;

11 (B) A certified classroom teacher ~~to be~~ appointed by the
12 Governor;

13 (C) The Insurance Commissioner or his or her designee;

14 (D) The Commissioner of Education or his or her designee;

15 (E) The Director of the Department of Finance and
16 Administration or his or her designee;

17 (F) ~~One (1) member~~ Three (3) members who ~~is~~ are engaged in
18 employee benefits management or risk management in private industry ~~to be~~
19 appointed by the Governor;

20 (G) Two (2) additional member positions that shall be
21 filled by a retired teacher and by a retired state employee appointed by the
22 Governor;

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

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

27 (J) The Director of Health Facility Services of the
28 Department of Health or his or her designee; and

29 (K) One (1) member who is a licensed health care provider
30 appointed by the Governor.

31 (2) All appointments made by the Governor are subject to
32 confirmation by the Senate.

33 (3) ~~However, any~~ An appointee who has a conflict of interest
34 ~~shall be~~ is disqualified to serve on the board.

35 (b)(1) ~~All members~~ Members appointed by the Governor shall be
36 appointed for terms of four (4) years but may be reappointed for additional

1 terms.

2 (2)(A) ~~Vacancies in the Governor appointed positions~~ A vacancy
3 in a position appointed by the Governor shall be filled by appointment ~~of~~ by
4 the Governor for the unexpired term.

5 (B) Members appointed by the Governor shall serve at the
6 will of the Governor.

7 (c) A chair and vice chair of the board shall be selected annually by
8 and from the membership of the board and shall serve no more than two (2)
9 years.

10

21-5-403. Policy-making body only – Reports.

11 (a) The State and Public School Life and Health Insurance Board ~~shall~~
12 ~~be~~ is a policy-making body only.

13 (b) ~~The executive director~~ Executive Director of the Employee Benefits
14 Division of the Department of Finance and Administration and the board shall
15 report upon request to the House Committee on Insurance and Commerce and the
16 Senate Committee on Insurance and Commerce regarding the ~~state and public~~
17 ~~school employees and retirees insurance program~~ State and Public School Life
18 and Health Insurance Program.

19

20 21-5-404. ~~Powers—Functions—Duties,~~ functions, and duties of board.

21 The State and Public School Life and Health Insurance Board ~~shall have~~
22 has the following powers, functions, and duties:

23 (1)(A) To explore various cost-containment measures and funding
24 options for plan options offered under the State and Public School Life and
25 Health Insurance Program for the benefit of state employees, state employee
26 retirees, public school employees, and public school employee retirees.

27 (B) Beginning in the 2015 plan year, the board shall not
28 adopt a health insurance plan option that has no deductible for participants;

29 (2) To promote competition among vendors and create a systematic
30 formula for measuring competitiveness of ~~programs~~ the plan options offered
31 under the program, quality-of-care delivery, portability, and accessibility
32 to and affordability of health care;

33 (3) To prepare a comprehensive analysis of the various ~~health~~
34 ~~benefit plan options approved by the board to provide coverage to state and~~
35 ~~public school employees and retirees~~ offered under the program, including
36

1 cost, quality, and access differentials ~~among the various plans~~ as well as
2 any other comparisons of the ~~plans~~ plan options offered under the program;

3 (4) To undertake studies and to take any appropriate action that
4 the board determines will promote the financial soundness and overall well-
5 being of the ~~members' health insurance programs~~ program;

6 (5) To establish and set penalties as allowed under § 21-5-415;

7 (6)(A) To develop, with the assistance of the Office of State
8 Procurement ~~of the Department of Finance and Administration~~, bid
9 specifications and requests for proposals and to evaluate bids and proposals.

10 (B) ~~However, the~~ The board shall allow the office to
11 execute all other actions relating to the purchasing procedures in
12 contracting for consultants, ~~third party~~ third-party administrators,
13 providers, or insurance companies on behalf of the ~~programs~~ program and all
14 plan options offered under the program;

15 (7) To evaluate responses to requests for proposals, select
16 contractors for all services, and approve the award of contracts resulting
17 from bids for ~~all health and life insurance offerings for participants~~ the
18 program and all plan options offered under the program;

19 (8) To perform program and plan option design, summarize plan
20 document approval, including, ~~but not limited to,~~ without limitation lifetime
21 limitations, copayments, deductibles, and eligibility rules;

22 (9) To promote increased access to and participation in the
23 program and various health ~~the~~ plan options offered under the program and
24 models by educating state employees, state employee retirees, public school
25 employees, and public school employee retirees about the program and all plan
26 options offered under the program, including the advantages and disadvantages
27 of each available plan option;

28 (10)(A) To direct the office to contract with qualified vendors,
29 as defined by the board, offering the ~~benefit plans~~ plan options under the
30 program as prescribed by the board without regard to § 19-11-228 or other
31 statutes requiring competitive bidding.

32 (B) Each contract shall be for a term of at least one (1)
33 year but may be made automatically renewable from term to term in the absence
34 of notice of termination by either party;

35 (11)(A) To obtain quality-of-care information from systems,
36 networks, hospitals, and clinical providers to inform plan option design,

1 plan option management, and consumer decisions.

2 (B) The board shall:

3 (i) Use accepted national standards for assessment
4 of quality-of-care information provided by systems, networks, hospitals, and
5 clinical providers; and

6 (ii) Be empowered to:

7 (a) ~~determine~~ Determine the appropriate use of
8 quality-of-care information and scope of system, network, hospital, and
9 clinical provider accountability;

10 ~~(iii)(b) Be empowered to request~~ Request
11 aggregate performance information for patients; and

12 ~~(iv)(c) Be empowered to publicly~~ Publicly
13 report conclusions of quality-of-care assessment; and

14 (12) To appoint three (3) subcommittees of the board to study
15 and research ~~health and life plan option benefits~~ options offered under the
16 program, formulary management, quality of care provided, and the financial
17 impact of implementing the recommendations made to the board as follows:

18 (A)(i) The Benefits Subcommittee of the State and Public
19 School Life and Health Insurance Board shall consist of:

20 (a) Three (3) board members;

21 (b) Two (2) state employees; and

22 (c) Two (2) ~~school-district~~ public school
23 employees.

24 (ii) The Benefits Subcommittee of the State and
25 Public School Life and Health Insurance Board shall review, evaluate, and
26 investigate benefits, new benefit offerings, and annual insurance rates;

27 (B)(i) The Drug Utilization and Evaluation Subcommittee of
28 the State and Public School Life and Health Insurance Board shall consist of:

29 (a) Three (3) pharmacists as follows:

30 (1) The Executive Director of the
31 Arkansas State Board of Pharmacy or his or her pharmacist designee;

32 (2) The Dean of the University of
33 Arkansas for Medical Sciences College of Pharmacy or his or her pharmacist
34 designee; and

35 (3) A pharmacist selected by the
36 Arkansas Pharmacists Association;

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(b) Four (4) physicians as follows:

(1) The Dean of the University of Arkansas for Medical Sciences College of Medicine or his or her physician designee;

(2) The ~~Associate Medical Director~~ Senior Associate Hospital Director of the University of Arkansas for Medical Sciences Medical Center or his or her physician designee;

(3) The Medical Director of the Arkansas Poison & and Drug Information Center or his or her physician designee; and

(4) A physician selected by the Arkansas Medical Society;

(c) One (1) registered nurse who is the Dean of the University of Arkansas for Medical Sciences College of Nursing or his or her registered nurse designee; and

(d) One (1) state employee and one (1) public school employee appointed by the board, each of whom ~~shall have~~ has expertise in accounting, finance, auditing, or insurance.

(ii) The Drug Utilization and Evaluation Subcommittee of the State and Public School Life and Health Insurance Board shall review drugs for formulary management and evaluate the financial impact of its recommendations; and

(C)(i) The Quality of Care Subcommittee of the State and Public School Life and Health Insurance Board shall consist of:

(a) Three (3) board members;

(b) Two (2) state employees;

(c) Two (2) ~~school-district~~ public school employees;

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

(e) One (1) representative from the Arkansas Pharmacists Association;

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

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

(h) One (1) representative from the Arkansas

1 Osteopathic Medical Association; and

2 (i) One (1) representative from the Arkansas
3 Hospital Association.

4 (ii) The Quality of Care Subcommittee of the State
5 and Public School Life and Health Insurance Board may review and recommend
6 quality performance indicators for use, recommend baseline performance goals,
7 recommend alignment of financial incentives to improve performance, and track
8 improvements in delivery of care.

9
10 21-5-405. Additional duties of board.

11 (a)(1) The State and Public School Life and Health Insurance Board and
12 the ~~executive director~~ Executive Director of the Employee Benefits Division
13 of the Department of Finance and Administration shall take a risk management
14 approach in designing the ~~state and public school employees and retirees~~
15 ~~benefit programs~~ State and Public School Life and Health Insurance Program.

16 (2) The board shall ensure that the ~~state and public school~~
17 ~~employees and retirees benefit programs~~ program, including all plan options
18 offered under the program, are maintained on an actuarially sound basis as
19 determined by actuarial standards established by the board.

20 (b) In addition to the objectives stated in § 21-5-404, the board
21 shall:

22 (1) Develop uniform standards of vendor plan option funding;

23 (2) Promote increased access to ~~various~~ plan options ~~and health~~
24 ~~care models~~ offered under the program;

25 (3) Promote access to ~~those~~ vendors who will enhance plan
26 options availability in rural Arkansas and in bordering states;

27 (4)(A) ~~Utilize~~ Use the ~~combined~~ purchasing power of the ~~state~~
28 ~~employee and public school personnel programs~~ program to foster competition
29 among vendors and providers for the ~~programs~~ plan options offered under the
30 program.

31 (B) ~~Any~~ A state agency or school district that accepts
32 state funds intended to partially defray the cost of health and life
33 insurance for ~~the~~ state employees ~~of the state and~~ or public ~~schools~~ school
34 employees shall:

35 (i) Use those funds only for the ~~state and public~~
36 ~~school employees health benefit plans~~ program sponsored by the board; and

1 (ii) Agree to rules of program participation as
2 stated in the policies adopted by the board and as defined in the regulations
3 and procedures issued by the Executive Director of the Employee Benefits
4 Division of the Department of Finance and Administration, including, ~~but not~~
5 ~~limited to,~~ without limitation timely eligibility reporting, prepayment of
6 insurance premiums, actuarial adjustment for new enrollees, and any other
7 requirements deemed necessary by the board.

8 (C)(i) A school district shall ensure that all funding
9 allocated for public school employee health insurance through the matrix per-
10 student funding calculation used in the most recent adequacy study conducted
11 under the Continuing Adequacy Evaluation Act of 2004, § 10-3-2101 et seq., is
12 used to support public school employee health insurance premiums by:

13 (a) Increasing the amount that the school
14 district contributes for health insurance per participating public school
15 employee; or

16 (b) Making contributions to the health savings
17 accounts of participating public school employees.

18 (ii) The Department of Education, with the
19 assistance of the Bureau of Legislative Research, shall notify a school
20 district of the amount allocated for public school employee health insurance
21 through the matrix per-student funding calculation used in the most recent
22 adequacy study conducted under the Continuing Adequacy Evaluation Act of
23 2004, § 10-3-2101 et seq., when the Department of Education disburses
24 foundation funds to a school district;

- 25 (5) Assure guaranteed issue; and
- 26 (6) Ensure an annual enrollment period.

27 (c) ~~Benefit plan vendors are required to~~ Vendors of plan options
28 offered under the program shall provide detailed information in order to
29 justify rate increases or inadequate performance reporting as defined by the
30 board.

31
32 21-5-406. Executive director – Staff.

33 (a)(1) The State and Public School Life and Health Insurance Board
34 shall choose ~~an executive director~~ the Executive Director of the Employee
35 Benefits Division of the Department of Finance and Administration with the
36 approval of the Director of the Department of Finance and Administration.

1 (2)(A) ~~The executive director~~ Executive Director of the Employee
2 Benefits Division of the Department of Finance and Administration shall be
3 employed by and serve at the pleasure of the Director of the Department of
4 Finance and Administration.

5 (B) However, the board may recommend the removal of the
6 ~~executive director~~ Executive Director of the Employee Benefits Division of
7 the Department of Finance and Administration, but removal ~~shall be~~ is subject
8 to the approval of the Director of the Department of Finance and
9 Administration.

10 (3) ~~The executive director~~ Executive Director of the Employee
11 Benefits Division of the Department of Finance and Administration shall
12 employ staff adequate to manage the ~~program~~ State and Public School Life and
13 Health Insurance Program within the funds appropriated ~~therefor~~ for the
14 program within the Department of Finance and Administration.

15 (b) ~~The executive director~~ Executive Director of the Employee Benefits
16 Division of the Department of Finance and Administration shall establish
17 internal controls for the fiscal management of the ~~health and life insurance~~
18 ~~plans~~ program.

19 (c)(1) ~~The executive director~~ Executive Director of the Employee
20 Benefits Division of the Department of Finance and Administration and his or
21 her staff shall be located in the Employee Benefits Division of the
22 Department of Finance and Administration.

23 (2) Premiums collected from employers, participating employees,
24 and retirees for ~~health and life insurance plans~~ the program, including plan
25 options offered under the program, shall be collected one (1) month in
26 advance and shall be used solely to pay medical claims, premiums, and direct
27 administrative expenses of the ~~health and life insurance programs~~ program.

28 (d) ~~The executive director~~ Executive Director of the Employee Benefits
29 Division of the Department of Finance and Administration shall ~~be charged~~
30 ~~with the duty of administering the provisions of~~ administer this subchapter
31 and the rules, ~~regulations,~~ and orders of the division and the board.

32 (e)(1) ~~The executive director~~ Executive Director of the Employee
33 Benefits Division of the Department of Finance and Administration may require
34 all participating entities to appoint health insurance representatives, who
35 ~~will be required to~~ shall adhere to the policies adopted by the board and the
36 ~~regulations~~ rules and procedures issued by the Executive Director of the

1 Employee Benefits Division of the Department of Finance and Administration in
2 managing the enrollment and premium payment processes of the state agency or
3 school district.

4 (2) The ~~executive director~~ Executive Director of the Employee
5 Benefits Division of the Department of Finance and Administration may request
6 the removal of a health insurance representative to ensure necessary internal
7 controls.

8 (3)(A) The ~~executive director shall have~~ Executive Director of
9 the Employee Benefits Division of the Department of Finance and
10 Administration has the authority to supervise the implementation and day-to-
11 day management of the ~~health insurance programs~~ program and other employee
12 ~~benefit programs~~ benefits, plans, and individual and group policies made
13 available to ~~state and public school employees~~ participants, if applicable.

14 (B) ~~This may include, but not be limited to~~ The authority
15 granted under subdivision (e)(3)(A) of this section includes without
16 limitation supervising:

- 17 (i) Life insurance coverage;
- 18 (ii) Accident coverage;
- 19 (iii) Dental coverage;
- 20 (iv) Disability benefit programs;
- 21 (v) Optional retirement programs;
- 22 (vi) Deferred compensation;
- 23 (vii) Cafeteria plans; and
- 24 (viii) Such other benefit plans, benefit programs,
- 25 and individual and group benefit coverage that are offered from time to time
- 26 to ~~members~~ state employees, state employee retirees, public school employees,
- 27 and public school employee retirees.

28 (C) ~~This authority shall not include~~ The authority granted
29 under subdivision (e)(3)(A) of this section does not include supervising the
30 State Employees Benefit Corporation benefit plan ~~which is~~ in effect on July
31 1, 1995.

32 (D) In addition, the ~~executive director~~ Executive Director
33 of the Employee Benefits Division of the Department of Finance and
34 Administration and the board may utilize the services of ~~health care~~
35 healthcare consultants and actuaries if necessary as provided for through the
36 appropriation of the division.

1 (E) The Arkansas State Police Employee Health Plan shall
2 be is exempt from any mandatory participation required by this section.

3
4 21-5-407. Definitions.

5 As used in this subchapter:

6 (1) "Aggregate performance information" means a report or other
7 means of communication about the measurement of accomplishment of the
8 execution of certain tasks, achievement of certain results, or occurrence of
9 certain events related to all patients or to a class or group of patients
10 identifiable by certain criteria;

11 ~~(2)(A) "Alternate retirement plan retiree" means a retiree in an~~
12 ~~alternate retirement plan as defined in § 24-7-801 of a certain institution~~
13 ~~whose employer does not contribute to the State or Public School Health~~
14 ~~Insurance Plan during his or her active employment.~~

15 ~~(B) Further, an alternate retirement plan, for the~~
16 ~~purposes of this section, is a defined contribution plan allowed under the~~
17 ~~Internal Revenue Service regulations and allowed but not created by Arkansas~~
18 ~~state law~~ "Consumer-driven health insurance plan option" means a qualified
19 high deductible health plan option with high out-of-pocket costs adopted by
20 the State and Public School Life and Health Insurance Board that is
21 consistent with guidance provided by the Internal Revenue Service for health
22 savings accounts, annual contribution limits, and high deductible health
23 insurance plans under Revenue Procedure 2013-25 and subsequent guidance;

24 (3) "Dependent" means ~~any a~~ member of an ~~employee's or retiree's~~
25 a participant's family who ~~meets the eligibility~~ is eligible for coverage
26 under the ~~health benefit plans approved~~ State and Public School Life and
27 Health Insurance Program by the State and Public School Life and Health
28 Insurance Board;

29 ~~(4) "Dual eligibility" means simultaneous participation as an~~
30 ~~employee, dependent, or retiree in the multiple programs offered by the~~
31 ~~Employee Benefits Division;~~

32 ~~(5)(4)(A)~~ "Eligible inactive retiree" means a former member of
33 the General Assembly or a state-elected constitutional officer who has served
34 a sufficient number of years of credited service to be eligible for
35 retirement benefits but who has not yet reached retirement age.

36 (B) Eligible inactive retirees who enroll An eligible

1 inactive retiree who enrolls in the plan must program shall pay the entire
2 premium cost of the plan option selected under the program as set by the
3 ~~board~~ State and Public School Life and Health Insurance Board;

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

6 ~~(7) "Health insurance representative" means an individual~~
7 ~~appointed by a participating entity to act as an agent for the Employee~~
8 ~~Benefits Division of the Department of Finance and Administration;~~

9 ~~(8) "Ineligible inactive retiree" means a terminated employee~~
10 ~~who has worked a sufficient number of years to be considered vested but who~~
11 ~~has not yet reached the age to qualify to receive a retirement benefit;~~

12 ~~(9) "Internal Revenue Service" means the United States~~
13 ~~Government agency responsible for tax collection and tax law enforcement;~~

14 ~~(10)~~(5) "Health savings account" means an account established by
15 a participant under a medical care savings account program to pay the
16 eligible medical expenses of a participant and the dependents of the
17 participant;

18 (6) "High deductible" means the deductible limitations for a
19 qualified high deductible health plan under the Internal Revenue Service, as
20 adjusted annually for inflation based upon the board's calculation using the
21 formula provided by 26 U.S.C. § 1(f)(3) - (6);

22 ~~(7) "Member" "Participant" means any enrolled state or public~~
23 ~~school employee, retiree, an individual or an individual's covered dependent~~
24 ~~who is enrolled in a plan option offered under the program;~~

25 ~~(11)~~(8) "Participating entity" means an organization authorized
26 to participate in a plan offered under this subchapter the program, including
27 without limitation a state agency, school district, public charter school, or
28 education service cooperative;

29 ~~(12)~~(9) "Participating institution" means any a two-year or
30 four-year college that is participating in a plan offered under this
31 subchapter the program;

32 ~~(13)~~(10) "Prepayment" means collection of medical or life
33 insurance premiums or both medical and life insurance premiums from the
34 employee and employer one (1) month in advance;

35 (11) "Public school employee" means an employee of a school
36 district or public charter school;

1 ~~(14)~~(12) "Qualifying event" means a change in an employee's
2 personal life that may impact his or her eligibility or a dependent's
3 eligibility for benefits, as defined by Internal Revenue Service guidelines;

4 ~~(15)~~(13) "Quality-of-care information" means the contents of
5 medical records, member claims, patient surveys, pharmacy data, lab data, and
6 other records of or reports about systems, networks, hospitals, and clinical
7 providers to be gathered for assessment of the quality and costs of health
8 care provided by systems, networks, hospitals, and clinical providers;

9 ~~(16)~~(14) "Quality performance indicator" means a specific
10 inquiry or standard that, when applied to quality-of-care information,
11 reveals a quantifiable measure of success or failure in system, network,
12 hospital, or clinical provider care;

13 ~~(17)~~(15) "Retiree" means a retired employee who is eligible
14 under ~~the provisions of~~ § 21-5-411;

15 (16) "State employee" means an employee of a state agency,
16 board, or commission whose position is budgeted for by the General Assembly;

17 ~~(18) "State" means the State of Arkansas; and~~

18 ~~(19)~~(17) "Vendor" means a corporation, partnership, or other
19 organization that is:

20 (A) ~~A corporation, partnership, or other organization~~
21 ~~licensed~~ Licensed to do business and in good standing with the State of
22 Arkansas; and

23 (B) ~~A corporation, partnership, or other organization~~
24 ~~licensed to do business and in good standing with the State of Arkansas that~~
25 ~~is lawfully~~ Lawfully engaged in administering employer-funded or employee-
26 funded benefit plans for employer groups in consideration of an
27 administration fee ~~payable to the vendor.~~

28
29 21-5-408. Compensation.

30 State and Public School Life and Health Insurance Board members may
31 receive from the Department of Finance and Administration expense
32 reimbursement ~~as authorized by law~~ and stipends ~~in accordance with~~ as
33 allowable under § 25-16-901 et seq.

34
35 21-5-410. ~~Employees~~ Eligibility generally.

36 (a) ~~Eligible employees shall~~ Individuals eligible to participate in

1 the State and Public School Life and Health Insurance Program include:

2 (1) All ~~actively employed, eligible active state employees,~~
3 active public school employees, or other eligible employees of a
4 participating agencies, boards, commissions, institutions, and constitutional
5 ~~offices~~ entity or participating institution;

6 (2) Members of the General Assembly;

7 (3) Elected constitutional officers;

8 (4) Appointed or elected board and commission members who are on
9 a full-time salaried basis; and

10 (5)(A) Those state contract employees hired by the Arkansas
11 National Guard on a full-time basis in accordance with ~~the provisions of~~ 10
12 U.S.C. § 2304.

13 (B) ~~Membership of the~~ Program participation for contract
14 employees of the Arkansas National Guard is conditioned upon the United
15 States Government contributing the employer's share to the Employee Benefits
16 Division of the Department of Finance and Administration.

17 (b) ~~Membership of~~ Program participation for a state employee is
18 conditioned upon the ~~employee~~ state employee's being in a budgeted state
19 employee position or a position authorized by the General Assembly.

20 (c) ~~An~~ A state employee is one whose actual performance of duty
21 requires one thousand (1,000) or more working hours per year.

22 (d) If a participating institution discontinues its participation in
23 the ~~group health and life insurance program instituted pursuant to the~~
24 ~~provisions of this subchapter,~~ then the participating institution ~~may~~ shall
25 not re-participate in the program for two (2) years after the institution's
26 final date of participation in the program unless the Executive Director of
27 the Employee Benefits Division of the Department of Finance and
28 Administration gives his or her consent to an earlier date.

29 (e) ~~Members~~ Participants are not allowed ~~dual-eligibility~~ simultaneous
30 participation in ~~either~~ benefits provided by the state employee insurance
31 plan or the public school employee insurance plan.

32 (f) The Arkansas State Police Employee Health Plan ~~shall be~~ is exempt
33 from any mandatory participation required by this section.

34

35 21-5-411. Eligibility of certain retired employees.

36 (a)(1) ~~State~~ If qualified, state employee retirees and public school

1 ~~employees shall be allowed to~~ employee retirees may continue coverage and, ~~if~~
2 ~~qualified, to participate in the group health insurance program instituted~~
3 ~~pursuant to the provisions of this subchapter and other laws enacted to~~
4 ~~implement the program who are~~ State and Public School Life and Health
5 Insurance Program if the state employee retirees or public school employee
6 retirees are:

- 7 (A) Participating members of:
 - 8 (i) The Arkansas Public Employees' Retirement
 - 9 System, including the members of the legislative division and the contract
 - 10 personnel of the Arkansas National Guard;
 - 11 (ii) The Arkansas Teacher Retirement System;
 - 12 (iii) The Arkansas State Highway Employees'
 - 13 Retirement System;
 - 14 (iv) The Arkansas Judicial Retirement System; or
 - 15 (v) An alternate retirement plan of a qualifying
 - 16 institution under § 24-7-801; and

17 (B) Retired and drawing benefits under one (1) or more of
18 the retirement systems listed under subdivision (a)(1)(A) of this section.

19 (2)(A)(i) ~~If members of these retirement systems receive a state~~
20 employee retiree or a public school employee retiree who is a member of a
21 retirement system listed under subdivision (a)(1)(A) of this section receives
22 retirement benefits, thereby becoming an active retiree ~~retiree~~, the active
23 ~~retirees shall~~ retiree may elect to enroll in the ~~health benefit~~ program
24 ~~sponsored by the State and Public School Life and Health Insurance Board.~~

25 (ii) The election to enroll in the ~~retiree insurance~~
26 program shall be made within thirty-one (31) days of the ~~member's~~ state
27 employee retiree or public school employee retiree becoming an active retiree
28 and shall be made in writing to the Employee Benefits Division of the
29 Department of Finance and Administration on forms required by the ~~Employee~~
30 ~~Benefits Division~~ division.

31 (B)(i) To be eligible to continue coverage or to qualify
32 for coverage after electing to decline participation in the program, the
33 ~~member~~ retiree must have been eligible for coverage on the last day of the
34 ~~member's~~ retiree's employment.

35 (ii) If a retiree declines ~~coverage to participate~~
36 in the program at the time of retirement due to other health insurance

1 coverage that is not an accident only, ~~specific~~ specified disease, or other
2 limited benefit policy, the retiree may make a one-time election to ~~return to~~
3 participate in the ~~retiree insurance~~ program with proof of continued
4 insurance coverage if the retiree experiences a qualifying event or at the
5 time of open enrollment.

6 (iii) The ~~board~~ State and Public School Life and
7 Health Insurance Board may allocate available subsidies to cover the retirees
8 ~~making an election~~ participating in the program.

9 (C)(i) Except as provided in subdivision (a)(2)(C)(ii) of
10 this section, an active retiree's failure to make an election to participate
11 in the program during the thirty-one-day election period or an active
12 retiree's election to decline participation in the ~~health~~ program is final.

13 (ii)(a) If an active retiree declining ~~coverage to~~ to
14 participate in the program specifies in writing and provides a letter of
15 creditable employer group coverage to show that the reason for the
16 declination is ~~because that~~ the active retiree ~~has had~~ coverage through
17 another employer group health plan and the active retiree's coverage ~~is was~~
18 subsequently terminated because of a loss of eligibility, as defined by
19 Internal Revenue Service regulations, and provides information from the
20 former insurance company of the loss of eligibility, then the active retiree
21 and any dependents shall qualify for ~~coverage~~ participation in the ~~health~~
22 ~~benefit~~ program ~~under this subsection~~ upon payment of the appropriate premium
23 as established by the board, ~~provided the~~ if the active retiree applies for
24 ~~coverage~~ participation in the program within thirty (30) days of the loss of
25 eligibility.

26 (a) ~~Loss of coverage is defined~~ As used in
27 this subdivision (a)(2)(C)(ii), "loss of coverage" has the meaning provided
28 by Internal Revenue Service and Health Insurance Portability and
29 Accountability Act ~~(HIPPA)~~ guidelines for special enrollment periods.

30 (3)(A) Notwithstanding any other provision to the contrary in
31 this section, ~~an~~ a state employee or public school employee with ten (10) or
32 more years of creditable service under the terms of a retirement plan listed
33 in this section shall qualify for ~~continuation of health insurance coverage~~
34 ~~offered by the board if that~~ continued participation in the program if the
35 state employee or public school employee is separated from employment because
36 of the expiration of a fixed period of employment.

1 (B)(i) ~~An~~ A state employee or public school employee
2 qualifying for ~~continuation of coverage~~ continued participation in the
3 program under this subsection shall be considered an "inactive retiree" and
4 shall have thirty-one (31) days from the effective date of termination to
5 elect to continue ~~health insurance coverage~~ participation in the program
6 under this section by notifying the ~~Employee Benefits Division~~ division.

7 (ii) The election to continue participation in the
8 program shall be made in writing on forms required by the ~~Employee Benefits~~
9 ~~Division~~ division.

10 (C)(i) Except as provided in subdivision (a)(3)(C)(ii) of
11 this section, an inactive retiree's failure to ~~make an election~~ elect to
12 continue participation in the program during the thirty-one-day election
13 period or an inactive retiree's election to decline participation in the
14 health program is final.

15 (ii) If an inactive retiree as ~~defined~~ described in
16 ~~§ 21-5-407~~ subdivision (a)(3)(B) of this section declining ~~coverage~~
17 participation in the program specifies in writing that the reason for the
18 declination is ~~because that~~ the inactive retiree has coverage through another
19 group health plan and the inactive retiree's coverage is subsequently
20 terminated because of a loss of eligibility, then the inactive retiree and
21 any dependents shall qualify for ~~coverage~~ participation in a ~~board-sponsored~~
22 ~~health benefit~~ the program upon payment of the appropriate premium as
23 established by the board, provided the inactive retiree applies for ~~coverage~~
24 program participation within thirty-one (31) days of the loss of eligibility.

25 (D) An eligible inactive retiree shall be reclassified as
26 an "active retiree" upon electing to receive a retirement benefit by a
27 retirement system listed ~~within~~ under subdivision (a)(1)(A) of this section
28 and shall be charged the premium rate appropriate for his or her rating
29 category as an active retiree.

30 (4)(A) As used in this subsection, "loss of eligibility" means a
31 loss of coverage as a result of:

- 32 (i) ~~a~~ A legal separation;~~;~~
- 33 (ii) ~~divorce,~~ Divorce;
- 34 (iii) ~~death~~ Death of the insured;~~;~~
- 35 (iv) ~~termination~~ Termination of employment;~~;~~ or
- 36 (v) ~~a~~ A reduction in the number of hours of

1 employment.

2 (B) "Loss of eligibility" ~~shall~~ does not include:

3 (i) a A loss of coverage from a failure to pay
4 premiums on a timely basis;

5 (ii) ~~voluntary~~ Voluntary termination of coverage;
6 or

7 (iii) a A termination of coverage for cause, such as
8 making a fraudulent claim.

9 (b)(1) ~~Persons~~ Retirees who draw retirement benefits under the
10 Arkansas Public Employees' Retirement System, the Arkansas Teacher Retirement
11 System, or the Arkansas State Highway Employees' Retirement System, and
12 retired contract employees of the Arkansas National Guard who wish to
13 participate in the ~~group insurance~~ program ~~provided for in this subchapter~~
14 shall pay the retiree amount of the premium or the cost of the policy issued
15 to the retired participant.

16 (2)(A) The retiree portion of the premium ~~or cost~~ shall be
17 deducted from:

18 (i) The retirement benefit check of the retired
19 ~~participants~~ participant; or

20 (ii) A bank account of the retired participant to be
21 paid by a monthly bank draft on the date designated by the ~~Employee Benefits~~
22 ~~Division~~ division.

23 (B) If the retirement benefit is to be withheld from a
24 retirement benefit check and the retirement benefit check is not large enough
25 for the premium deduction, the premium shall be paid by monthly bank draft on
26 a designated date prescribed by the ~~Employee Benefits Division~~ division.

27 (c) Members of the Arkansas Public Employees' Retirement System and
28 the Arkansas State Highway Employees' Retirement System who retire before
29 January 2, 1988, under ~~the provisions of~~ the Incentives for Early Retirement
30 Act, §§ 24-4-732, 24-5-122, and 24-6-102, shall not ~~have to~~ pay the full
31 amount of the premium ~~and~~ but shall pay a portion of the cost of the policy
32 as set forth by the Incentives for Early Retirement Act, §§ 24-4-732, 24-5-
33 122, and 24-6-102.

34 (d) Any future change in ~~coverage~~ program participation other than
35 cancellation shall be extended only to newly acquired dependents, except that
36 if an active or inactive retiree declined dependent coverage at the time of

1 election to be an active or inactive retiree and specified in writing that
2 the reason for the declination was that the dependent had other coverage, and
3 if subsequently the dependent involuntarily loses such coverage, except for
4 fraud or voluntary cessation of premium payment while the active or inactive
5 retiree is covered by ~~the plan~~ a plan option offered under the program, then
6 the dependent may be added within thirty-one (31) days of the involuntary
7 termination to the active or inactive retiree's health insurance coverage for
8 payment of the appropriate premium as established by the board.

9 (e)(1) If a retiree dies and has covered dependents at the time of
10 death, the dependents have the right to continue ~~coverage under the plan~~
11 participation in the program.

12 (2) Dependent children may ~~be covered~~ continue to participate in
13 the program until marriage or until the maximum age limit for a dependent
14 child has been reached.

15 (3) A surviving spouse may continue ~~coverage under the plan~~
16 participation in the program.

17 (4) If a surviving spouse or dependent declines ~~coverage~~
18 participation in the program or cancels existing ~~coverage~~ participation, then
19 the surviving spouse or dependent has no further privileges under the ~~plan~~
20 program.

21
22 21-5-412. Eligibility of certain elected ~~officers~~ officials.

23 (a) Members of the General Assembly and the state-elected
24 constitutional officers who have served a sufficient number of years of
25 credited service to be eligible for retirement benefits upon attainment of
26 retirement age, but who have not yet reached retirement age, shall be
27 eligible to continue to participate in ~~state employees', life and health~~
28 programs the State and Public School Life and Health Insurance Program upon
29 leaving elective service.

30 (b)(1) ~~Any~~ A person who is leaving the General Assembly or any state-
31 elected constitutional ~~officer~~ office who wishes to participate in the ~~state~~
32 ~~employees' life and disability~~ program ~~provided for in this subchapter~~ shall
33 be offered continuation of coverage under the Consolidated Omnibus Budget
34 Reconciliation Act of 1985, Pub. L. No. 99-272.

35 (2)(A) An ~~employee~~ elected official with ten (10) or more years
36 of creditable service under the terms of a retirement plan listed ~~in this~~

1 ~~section under § 21-5-411(a)(1)(A)~~ shall qualify for continuation of ~~health~~
2 ~~insurance coverage offered by the board~~ participation in the program if ~~that~~
3 ~~employee~~ the elected official is separated from employment because of the
4 expiration of a fixed period of employment.

5 (B)(i) An elected ~~officer~~ official qualifying for
6 continuation of ~~coverage~~ participation in the program under this subsection
7 shall be considered an eligible inactive retiree and shall have thirty-one
8 (31) days from the effective date of termination to elect to continue ~~health~~
9 ~~insurance coverage under this section~~ program participation by notifying the
10 Employee Benefits Division of the Department of Finance and Administration in
11 writing on forms required by the ~~Employee Benefits Division~~ division.

12 (ii) The eligible inactive retiree shall pay the
13 full amount of the insurance premium.

14 (C)(i) Except as provided in subdivision (b)(2)(C)(ii) of
15 this section, an eligible inactive retiree's failure to ~~make an election~~
16 elect to participate in the program during the ~~thirty-one day~~ thirty-one-day
17 election period or an eligible inactive retiree's election to decline
18 participation in the ~~health~~ program is final.

19 (ii) An eligible inactive retiree who declined
20 ~~coverage to participate in the program~~ and any dependents of the eligible
21 inactive retiree shall qualify for ~~coverage~~ participation in the board-
22 ~~sponsored health benefit~~ program upon payment of the appropriate premium as
23 established by the ~~board~~ State and Public School Life and Health Insurance
24 Board, provided the eligible inactive retiree ~~applied~~ applies for ~~coverage~~
25 program participation within thirty-one (31) days of the loss of eligibility
26 if:

27 (a) The eligible inactive retiree who declined
28 ~~coverage to participate in the program~~ specifies in writing that the reason
29 for the declination is ~~because that~~ the eligible inactive retiree ~~has had~~
30 coverage through another group health plan;

31 (b) The eligible inactive retiree's coverage
32 ~~is was~~ subsequently terminated because of a loss of eligibility; and

33 (c) The eligible inactive retiree provides
34 information from the former insurance company confirming the loss of
35 coverage.

36 (D)(i) An eligible inactive retiree shall be charged the

1 premium under the Consolidated Omnibus Budget Reconciliation Act of 1985,
2 Pub. L. No. 99-272, ~~premium~~ as determined by the board to be actuarially
3 sound with administrative fees deemed appropriate.

4 (ii) An eligible inactive retiree shall be
5 reclassified as an active retiree upon electing to receive a retirement
6 benefit by a retirement system listed ~~within this section~~ under § 21-5-
7 411(a)(1)(A) and shall be charged the premium rate appropriate for his or her
8 rating category as an active retiree.

9
10 21-5-414. State contributions generally – Partial state contribution
11 of employees’ premiums.

12 (a) The Department of Finance and Administration shall seek the advice
13 of the Legislative Council and the House Committee on Insurance and Commerce
14 and the Senate Committee on Insurance and Commerce before additional state
15 contributions can be made to the State and Public School Life and Health
16 Insurance Program on behalf of state employees.

17 (b)(1) The State of Arkansas, on behalf of state agencies
18 participating in the ~~plans adopted by the state~~ program, is authorized to
19 make a monthly contribution equal to the number of budgeted state employee
20 positions multiplied by the monthly contribution authorized by the Chief
21 Fiscal Officer of the State, not to exceed four hundred twenty-five dollars
22 (\$425) monthly for each state employee budgeted position into a fund
23 designated for state employee health benefits, to partially defray the cost
24 of life and health insurance for state employees ~~of the state~~ participating
25 in the ~~plan program sponsored by the State and Public School Life and Health~~
26 ~~Insurance Board.~~

27 (2) The department may make a monthly contribution to partially
28 defray the cost of health insurance for state employee retirees, utilizing
29 funds made available for that purpose, not to exceed the amount authorized by
30 the Chief Fiscal Officer of the State.

31
32 21-5-415. Nonpayment of premiums and failure to file reports by agency
33 or school district.

34 (a)(1) If any participating state agency or school district does not
35 remit insurance premiums and required monthly reports to the Employee
36 Benefits Division of the Department of Finance and Administration by the last

1 calendar day of each billing month, the division shall impose a penalty of
2 two dollars (\$2.00) per insured member or one hundred dollars (\$100),
3 whichever is greater.

4 (2)(A) Penalties ~~will~~ shall be assessed and invoiced based on
5 the actual number of members included on the monthly billing report that is
6 past due.

7 (B) Invoices ~~will~~ shall be processed at the beginning of
8 the month following the infraction.

9 (3) Penalties ~~shall be~~ are payable to the ~~Employee Benefits~~
10 ~~Division~~ division and ~~must be received by~~ shall be delivered to the division
11 no later than the last calendar day of the month following invoicing.

12 (4) If payment is not ~~received by~~ delivered to the division by
13 the due date, the following collection methods may be used:

14 (A)(i) The Chief Fiscal Officer of the State may cause the
15 amount sought to be transferred to the division from:

16 (a) Funds the state agency or school district
17 has on deposit with the Treasurer of State; or

18 (b) Any funds the state agency or school
19 district is due from the state.

20 (ii) If a transfer ~~must be~~ is made, a transfer
21 penalty of twenty dollars (\$20.00) per transfer shall be assessed each state
22 agency or school district fund and included in the transfer;

23 (B) The state agency director or school district
24 superintendent may be required to appear before the State and Public School
25 Life and Health Insurance Board to report the reasons for nonpayment or
26 incorrect reporting; and

27 (C) The Chief Fiscal Officer of the State may use his or
28 her powers outlined in § 19-4-301 et seq. to aid in collection.

29 (5) Nonpayment of premiums ~~could also~~ by a school district,
30 state agency, or agency assuming the responsibility for paying health and
31 life insurance premiums for its employees may result in a lapse of health and
32 life insurance coverage for participating state employees and public school
33 employees of the school district, ~~or state~~ agency, ~~or the agency assuming~~
34 ~~responsibility for paying health and life claims for its employees.~~

35 (b)(1) If ~~any a~~ participating ~~agency or school district~~ entity or
36 participating institution fails to follow established policy and procedures

1 set by the ~~executive director~~ Executive Director of the Employee Benefits
2 Division of the Department of Finance and Administration, including ~~but not~~
3 ~~limited to~~ without limitation notifying the division of an insured's leave
4 without pay, family medical leave, or military leave status or if any
5 participating ~~agency or school district~~ entity or participating institution
6 provides incorrect benefit information or processes unauthorized benefit
7 changes, including system entries that result in unreimbursed expenses to the
8 State Employees ~~Benefits~~ Benefit Trust Fund or Public School ~~Employees~~
9 Insurance Trust Fund, the division ~~shall have the right to~~ may:

10 (A) Require the ~~agency participating entity or~~
11 participating institution to pay the total amount of the insured's premium;
12 and

13 (B) Impose a penalty of fifty dollars (\$50.00) per
14 insured.

15 (2)(A) Penalties ~~will~~ shall be assessed and invoiced based on
16 the actual number of violations.

17 (B) Invoices ~~will~~ shall be processed at the beginning of
18 the month following discovery of the infraction.

19 (3) Penalties ~~shall be~~ are payable to the ~~Employee Benefits~~
20 ~~Division~~ division and ~~must be received~~ shall be delivered to the division by
21 the last calendar day of the month following invoicing.

22 (4) The Chief Fiscal Officer of the State may cause the amount
23 sought to be transferred from:

24 (A) Funds the state agency or school district has on
25 deposit with the Treasurer of State; or

26 (B) Any funds the state agency or school district is due
27 from the state.

28 (5) If a transfer is made, a transfer penalty of twenty dollars
29 (\$20.00) per transfer shall be assessed each state agency or school district
30 fund and included in the transfer.

31 (c) The division may correct any error regarding an insured's benefits
32 according to existing documentation without authorization or prior
33 notification to the state agency or school district.

34
35 21-5-416. Annual performance audits.

36 The Legislative Joint Auditing Committee shall annually conduct a

1 performance audit of the:

2 (1) entity Entity administering claims; and

3 (2) of the Employee Benefits Division of the Department of
4 Finance and Administration.

5

6 21-5-417. State contribution for employee receiving workers'
7 compensation.

8 Notwithstanding any other provisions of the law, a state agency shall
9 remit the employer's contribution for a state employee participating in the
10 State and Public School Life and Health Insurance Program to the Employee
11 Benefits Division of the Department of Finance and Administration ~~for state~~
12 ~~employees~~ when the state employee is:

13 (1) in In a leave-without-pay status because of a work-related
14 injury; and

15 (2) is receiving Receiving benefits from workers' compensation.

16

17 21-5-418. Health savings account.

18 (a) A health savings account shall be a component of a consumer-driven
19 health insurance plan option adopted by the State and Public School Life and
20 Health Insurance Board.

21 (b) A school district may make an employer contribution into a
22 participating public school employee's health savings account up to the
23 maximum amount allowed by the Internal Revenue Service.

24 (c) A school district shall ensure that any vendor the school district
25 contracts with to provide health savings account management for the school
26 district provides annual education to the school district's public school
27 employees concerning the:

28 (1) Advantages and disadvantages of a consumer-driven health
29 plan option; and

30 (2) Effective strategies for using a health savings account.

31

32 SECTION 3. TEMPORARY LANGUAGE. DO NOT CODIFY. State and Public
33 School Life and Health Insurance Program Legislative Task Force - Creation -
34 Membership - Duties.

35 (a) There is created the State and Public School Life and Health
36 Insurance Program Legislative Task Force.

1 (b)(1) The task force shall consist of the following twelve (12)
2 members:

3 (A) The Chair of the House Committee on Education or the
4 chair's designee;

5 (B) The Chair of the Senate Committee on Education or the
6 chair's designee;

7 (C) The Chair of the House Committee on Insurance and
8 Commerce or the chair's designee;

9 (D) The Chair of the Senate Committee on Insurance and
10 Commerce or the chair's designee;

11 (E) Four (4) Senators appointed by the President Pro
12 Tempore of the Senate; and

13 (F) Four (4) Representatives appointed by the Speaker of
14 the House of Representatives.

15 (2) If a vacancy occurs on the task force, the vacancy shall be
16 filled by the same process as the original appointment.

17 (3) Legislative members of the task force shall be paid per diem
18 and mileage as authorized by law for attendance at meetings of interim
19 committees of the General Assembly.

20 (c)(1) The Chair of the Senate Committee on Education or the chair's
21 designee shall call the first meeting of the task force within thirty (30)
22 days of the effective date of this act and shall serve as chair of the task
23 force at the first meeting.

24 (2) At the first meeting of the task force, the members of the
25 task force shall elect from its membership a chair and other officers as
26 needed for the transaction of its business.

27 (3)(A) The task force shall conduct its meetings in Pulaski
28 County at the State Capitol or another site with teleconferencing
29 capabilities.

30 (B) Meetings of the task force shall be held at least one
31 (1) time every two (2) months but may occur more often at the call of the
32 chair.

33 (4) The task force shall establish rules and procedures for
34 conducting its business.

35 (5)(A) A majority of the members of the task force shall
36 constitute a quorum for transacting business of the task force.

1 (B) No action may be taken by the task force except by a
2 majority vote at a meeting at which a quorum is present.

3 (6) The Bureau of Legislative Research shall provide staff for
4 the task force.

5 (d) The purpose of the task force is to:

6 (1) Develop an implementation plan for the State and Public
7 School Life and Health Insurance Program that will allow the program to
8 operate on an actuarially sound basis while ensuring a high-quality, low-cost
9 program of insurance for state employees, state employee retirees, public
10 school employees, and public school employee retirees;

11 (2) Increase public awareness and transparency of the:

12 (A) Program, including plan options available under the
13 program; and

14 (B) Governance and operation of the program; and

15 (3) Develop a legislative framework that will promote the
16 actuarial soundness and stability of the program.

17 (e) To meet the goals of the task force the task force shall:

18 (1) Study all aspects of the state and public school life and
19 health insurance program for the purpose of recommending changes that will
20 ensure the financial stability of the program while offering participants
21 affordable healthcare coverage, including without limitation:

22 (A) Researching current insurance concepts, market
23 conditions, regulatory issues, the effects of the Patient Protection and
24 Affordable Care Act, Pub. L. No. 111-148, and best practices from other
25 states;

26 (B) Exploring:

27 (i) Cost-containment measures and funding options
28 for plan options offered under the program;

29 (ii) Ways to promote competition among vendors and
30 the offering of competitive health insurance plan options that include
31 quality-of-care delivery, portability, and accessible and affordable
32 healthcare; and

33 (iii) The role that current structure of the
34 program, and plan options under the program, have historically contributed to
35 the volatility of the system;

36 (B) Reviewing state statutes that may be barriers to the

1 overall actuarial soundness and stability of the program;

2 (C) Preparing a comprehensive analysis of recommended
3 health insurance plan options to be offered under the program; and

4 (D) Evaluating the governance and structure of the State
5 and Public School Life and Health Insurance Board;

6 (2) If the task force determines necessary, contract with
7 consultants to assist the task force with the study;

8 (3) On or before June 30, 2014, file with the Speaker of the
9 House of Representatives and the President Pro Tempore of the Senate a
10 written, preliminary report of the task force’s activities, findings, and
11 recommendations; and

12 (4) On or before June 29, 2015, file with the Speaker of the
13 House of Representatives and the President Pro Tempore of the Senate a
14 written, final report of the task force’s activities, findings, and
15 recommendations.

16 (f) The task force expires June 30, 2015.

17
18 SECTION 4. TEMPORARY LANGUAGE. DO NOT CODIFY.

19 (a) The term of a member who is on the State and Public School Life
20 and Health Insurance Board on October 16, 2013 shall expire on November 30,
21 2013.

22 (b) New board membership under § 21-5-402 shall be seated on December
23 1, 2013.

24 (c) The Governor shall call the first meeting of the newly seated
25 board on or after December 1, 2013.

26
27 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the
28 General Assembly of the State of Arkansas that the Public School Insurance
29 Trust Fund is inadequate to provide affordable health insurance for public
30 school employees; that an urgent need exists to address the administration
31 and funding of public school employee health insurance plans in order to
32 avoid severe financial hardship to plan participants; that enrollment for the
33 2014 plan year has been delayed as long as feasible to permit more time to
34 develop a proper short-term and long-term solution; and that this act is
35 immediately necessary to provide affordable health insurance options to the
36 state’s public school employees in a timely fashion. Therefore, an emergency

1 is declared to exist, and this act is immediately necessary for the
2 preservation of the public peace, health, and safety, shall become effective
3 on:

4 (1) The date of this act's approval by the Governor;

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

8 (3) If the bill is vetoed by the Governor and the veto is
9 overridden, the date the last house overrides the veto.

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