

State of Arkansas
95th General Assembly
Regular Session, 2025

As Engrossed: H2/11/25

A Bill

HOUSE BILL 1298

By: Representative L. Johnson

By: Senator Irvin

For An Act To Be Entitled

AN ACT TO MODIFY PAYMENT OF BENEFITS FOR CERTAIN
HEALTHCARE PROVIDERS UNDER A HEALTH BENEFIT PLAN; AND
FOR OTHER PURPOSES.

Subtitle

TO MODIFY PAYMENT OF BENEFITS FOR
CERTAIN HEALTHCARE PROVIDERS UNDER A
HEALTH BENEFIT PLAN.

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

SECTION 1. Arkansas Code § 23-85-114 is amended to read as follows:

23-85-114. ~~Payment of claims~~ Payment-of-claims provision.

(a) ~~There~~ Except as provided under subsection (c) of this section,
there shall be a provision as follows:

“Payment of Claims: Indemnity for loss of life will be payable in accordance with the beneficiary designation and the provisions respecting such payment which may be prescribed herein and effective at the time of payment. If no such designation or provision is then effective, such indemnity shall be payable to the estate of the insured. Any other accrued indemnities unpaid at the insured’s death may, at the option of the insurer, be paid either to such beneficiary or to such estate. All other indemnities will be payable to the insured.”

(b) ~~The~~ Except as provided under subsection (c) of this section,
either of the following provisions, ~~or either of them,~~ may be included with
~~the foregoing provision~~ subsection (a) of this section at the option of the
healthcare insurer:



(1) "If any indemnity of this policy shall be payable to the estate of the insured, or to an insured or beneficiary who is a minor or otherwise not competent to give a valid release, the insurer may pay such indemnity, up to an amount not exceeding \$..... (insert an amount which shall not exceed one thousand dollars (\$1,000)), to any relative by blood or connection by marriage of the insured or beneficiary who is deemed by the insurer to be equitably entitled thereto. Any payment made by the insurer in good faith pursuant to this provision shall fully discharge the insurer to the extent of payment."

(2) "Subject to any written direction of the insured in the application or otherwise, all or a portion of any indemnities provided by this policy on account of hospital, nursing, medical, or surgical services may be paid, at the insurer's option and unless the insured requests otherwise in writing not later than the time of filing proofs of such loss, directly to the hospital or person rendering such services, but it is not required that the service be rendered by a particular hospital or person."

(c) A healthcare insurer shall pay a claim for any indemnity provided by a health benefit plan on account of hospital, nursing, medical, or surgical services directly to the healthcare provider that provided the service for an out-of-network claim.

(d) As used in this section:

(1)(A) "Health benefit plan" means:

(i) An individual, blanket, or group plan or a policy or contract for healthcare services offered, issued, renewed, delivered, or extended in this state by a healthcare insurer; and

(ii) A health benefit program receiving state or federal appropriations from the State of Arkansas, including the Arkansas Medicaid Program and the Arkansas Health and Opportunity for Me Program established by the Arkansas Health and Opportunity for Me Act of 2021, § 23-61-1001 et seq., or any successor program.

(B) "Health benefit plan" includes:

(i) Indemnity and managed care plans; and

(ii) Nonfederal governmental plans as defined in 29 U.S.C. § 1002(32), as it existed on January 1, 2025.

(C) "Health benefit plan" does not include:

(i) A plan that provides only dental benefits or eye

and vision care benefits;

(ii) A disability income plan;

(iii) A credit insurance plan;

(iv) Insurance coverage issued as a supplement to liability insurance;

(v) A medical payment under an automobile or homeowners insurance plan;

(vi) A health benefit plan provided under Arkansas Constitution, Article 5, § 32, the Workers' Compensation Law, § 11-9-101 et seq., or the Public Employee Workers' Compensation Act, § 21-5-601 et seq.;

(vii) A plan that provides only indemnity for hospital confinement;

(viii) An accident-only plan;

(ix) A specified disease plan; or

(x) A long-term-care-only plan; and

(2)(A) "Healthcare insurer" means an entity subject to the insurance laws of this state or the jurisdiction of the Insurance Commissioner that contracts or offers to contract to provide health insurance coverage, including without limitation an insurance company, a hospital and medical service corporation, a health maintenance organization, a self-insured governmental or church plan in this state, or the Arkansas Medicaid Program.

(B) "Healthcare insurer" does not include an entity that provides only dental benefits or eye and vision care benefits.

SECTION 2. Arkansas Code § 23-86-104 is amended to read as follows:

23-86-104. Blanket accident and health insurance – Payment of benefits.

(a)(1) ~~All~~ Except as provided under subsection (c) of this section, all benefits under any blanket accident and health insurance policy or health benefit plan shall be payable to the person insured, to the designated beneficiaries, or to his or her estate.

(2) However, if the person insured is a minor or mental incompetent, the benefits may be made payable to the parent, guardian, or other person actually supporting the minor or mental incompetent. If the

entire cost of the insurance has been borne by the employer, the benefits may be made payable to the employer.

(b)(1) However, except as provided under subsection (c) of this section, the policy or health benefit plan may provide that all or any portion of any indemnities provided by the policy or health benefit plan on account of hospital, nursing, medical, or surgical services, at the healthcare insurer's option, may be paid directly to the hospital or person rendering the services, but the policy or health benefit plan may not shall not require that the service be rendered by a particular hospital or person.

(2) Payment so made shall discharge made under subdivision (b)(1) of this section discharges the healthcare insurer's obligation with respect to the amount of insurance paid.

(c) A healthcare insurer shall pay a claim for any indemnity provided by a health benefit plan on account of hospital, nursing, medical, or surgical services directly to the healthcare provider that provided the service for an out-of-network claim.

(d) As used in this section:

(1)(A) "Health benefit plan" means:

(i) An individual, blanket, or group plan or a policy or contract for healthcare services offered, issued, renewed, delivered, or extended in this state by a healthcare insurer; and

(ii) A health benefit program receiving state or federal appropriations from the State of Arkansas, including the Arkansas Medicaid Program and the Arkansas Health and Opportunity for Me Program established by the Arkansas Health and Opportunity for Me Act of 2021, § 23-61-1001 et seq., or any successor program.

(B) "Health benefit plan" includes:

(i) Indemnity and managed care plans; and

(ii) Nonfederal governmental plans as defined in 29 U.S.C. § 1002(32), as it existed on January 1, 2025.

(C) "Health benefit plan" does not include:

(i) A plan that provides only dental benefits or eye and vision care benefits;

(ii) A disability income plan;

(iii) A credit insurance plan;

(iv) Insurance coverage issued as a supplement to

liability insurance;

(v) A medical payment under an automobile or homeowners insurance plan;

(vi) A health benefit plan provided under Arkansas Constitution, Article 5, § 32, the Workers' Compensation Law, § 11-9-101 et seq., or the Public Employee Workers' Compensation Act, § 21-5-601 et seq.;

(vii) A plan that provides only indemnity for hospital confinement;

(viii) An accident-only plan;

(ix) A specified disease plan; or

(x) A long-term-care-only plan; and

(2)(A) "Healthcare insurer" means an entity subject to the insurance laws of this state or the jurisdiction of the Insurance Commissioner that contracts or offers to contract to provide health insurance coverage, including without limitation an insurance company, a hospital and medical service corporation, a health maintenance organization, a self-insured governmental or church plan in this state, or the Arkansas Medicaid Program.

(B) "Healthcare insurer" does not include an entity that provides only dental benefits or eye and vision care benefits.

SECTION 3. Arkansas Code § 23-86-112 is amended to read as follows:

23-86-112. Group accident and health insurance – Direct payment of hospital or medical services.

(a) ~~On~~ Except as provided under subsection (c) of this section, on request by the group policyholder, any group accident and health insurance policy or health benefit plan may provide that all or any portion of any indemnities provided by any policy or health benefit plan on account of hospital, nursing, medical, or surgical services may be paid, at the healthcare insurer's option, directly to the hospital or person rendering such services, but the policy or health benefit plan ~~may not~~ shall not require that the service be rendered by a particular hospital or person.

(b) Payment ~~so made~~ made under subsection (a) of this section shall discharge the healthcare insurer's obligation with respect to the amount of insurance paid.

(c) A healthcare insurer shall pay a claim for any indemnity provided

by a health benefit plan on account of hospital, nursing, medical, or surgical services directly to the healthcare provider that provided the service for an out-of-network claim.

(d) As used in this section:

(1)(A) "Health benefit plan" means:

(i) An individual, blanket, or group plan or a policy or contract for healthcare services offered, issued, renewed, delivered, or extended in this state by a healthcare insurer; and

(ii) A health benefit program receiving state or federal appropriations from the State of Arkansas, including the Arkansas Medicaid Program and the Arkansas Health and Opportunity for Me Program established by the Arkansas Health and Opportunity for Me Act of 2021, § 23-61-1001 et seq., or any successor program.

(B) "Health benefit plan" includes:

(i) Indemnity and managed care plans; and

(ii) Nonfederal governmental plans as defined in 29 U.S.C. § 1002(32), as it existed on January 1, 2025.

(C) "Health benefit plan" does not include:

(i) A plan that provides only dental benefits or eye and vision care benefits;

(ii) A disability income plan;

(iii) A credit insurance plan;

(iv) Insurance coverage issued as a supplement to liability insurance;

(v) A medical payment under an automobile or homeowners insurance plan;

(vi) A health benefit plan provided under Arkansas Constitution, Article 5, § 32, the Workers' Compensation Law, § 11-9-101 et seq., or the Public Employee Workers' Compensation Act, § 21-5-601 et seq.;

(vii) A plan that provides only indemnity for hospital confinement;

(viii) An accident-only plan;

(ix) A specified disease plan; or

(x) A long-term-care-only plan; and

(2)(A) "Healthcare insurer" means an entity subject to the insurance laws of this state or the jurisdiction of the Insurance

Commissioner that contracts or offers to contract to provide health insurance coverage, including without limitation an insurance company, a hospital and medical service corporation, a health maintenance organization, a self-insured governmental or church plan in this state, or the Arkansas Medicaid Program.

(B) "Healthcare insurer" does not include an entity that provides only dental benefits or eye and vision care benefits.

/s/L. Johnson

APPROVED: 3/18/25