

Interim Report

**State and Public School Life and  
Health Insurance Program  
Legislative Task Force**



Filed Pursuant to  
Act 6 of the First Extraordinary  
Session of 2013  
and  
Act 912 of 2015

June 29, 2015

# ARKANSAS GENERAL ASSEMBLY

## State and Public School Life and Health Insurance Program Legislative Task Force

Senator Jim Hendren  
Chair

Representative Harold Copenhaver  
Vice Chair

### MEMORANDUM

TO: Senator Jonathan Dismang, President Pro Tempore, Arkansas Senate  
Representative Jeremy Gillam, Speaker, Arkansas House of Representatives

FROM: Senator Jim Hendren, Chair  
Representative Bill Gossage, Vice Chair  
State and Public School Life and Health Insurance Program Legislative Task Force

SUBJECT: Interim Report of the State and Public School Life and Health Insurance Program Legislative Task Force

DATE: June 29, 2015

---

Pursuant to the provisions of Act 6 of the First Extraordinary Session of 2013 and Act 912 of 2015, we are submitting the Interim Report of the State and Public School Life and Health Insurance Program Legislative Task Force. Since its inception, the Task Force has worked diligently towards completion of the responsibilities assigned to it by Act 6 and Act 912. These include:

- Developing an implementation plan for the State and Public School Life and Health Insurance Program that will allow the program to operate on an actuarially sound basis while ensuring a high-quality, low-cost program of insurance for state employees, state employee retirees, public school employees, and public school employee retirees;
- Increasing public awareness and transparency of the Program, including plan options available under the program and governance and operation of the program; and
- Developing a legislative framework that will promote the actuarial soundness and stability of the program.

We hope you will find this information useful. Please do not hesitate to contact either of us or the staff person assigned to the Task Force, Mr. Mark Hudson, if you have any questions or need additional information. Mark's telephone number is 501-537-9173.

# 2015 Interim Report

## State and Public School Life and Health Insurance Program Legislative Task Force

### Table of Contents

Members of the Task Force.....	2
Charge to the Task Force.....	3
Presentations to the Task Force.....	4
Legislative Actions.....	11

#### Appendices:

- A. Act 6 of the First Extraordinary Session of 2013
- B. Act 912 of 2015
- C. Minutes of July 15, 2014 Meeting
- D. Minutes of August 26, 2014 Meeting
- E. Minutes of September 23, 2014 Meeting
- F. Minutes of November 13, 2014 Meeting
- G. Minutes of December 16, 2014 Meeting
- H. Minutes of January 26, 2015 Meeting
- I. Minutes of February 23, 2015 Meeting
- J. Minutes of March 16, 2015 Meeting
- K. Minutes of March 23, 2015 Meeting
- L. Minutes of April 21, 2015 Meeting
- M. Acts from Second Extraordinary Session of 2014
- N. Acts from Regular Session of 2015

## Members of the Task Force

The Chair of the Senate Committee on Education or the chair's designee

**Senator Jim Hendren, Chair**

The Chair of the House Committee on Education or the chair's designee

**Representative James McLean** (*July 2014 to December 2014*)

**Representative Bruce Cozart** (*January 2015 to present*)

The Chair of the Senate Committee on Insurance and Commerce or the chair's designee

**Senator Jason Rapert**

The Chair of the House Committee on Insurance and Commerce or the chair's designee

**Representative Tommy Wren** (*July 2014 to December 2014*)

**Representative Charlie Collins** (*January 2015 to present*)

Four (4) Senators appointed by the President Pro Tempore of the Senate

**Senator Cecile Bledsoe**

**Senator Eddie Cheatham**

**Senator Linda Chesterfield**

**Senator David Sanders**

Four (4) Representatives appointed by the Speaker of the House of Representatives

*July 2014 to December 2014*

**Representative Harold Copenhaver, Vice Chair**

**Representative Allen Kerr**

**Representative George B. McGill**

**Representative Bill Gossage**

*January 2015 to Present*

**Representative Bill Gossage, Vice Chair**

**Representative Charlene Fite**

**Representative George McGill**

**Representative Laurie Rushing**

## **Charge to the Task Force**

The State and Public School Life and Health Insurance Program Legislative Task Force was established pursuant to Act 6 of the First Extraordinary Session of 2013 and Act 912 of 2015. The General Assembly sought to address specific issues concerning the Life and Health Insurance Program for state and public school employees, engaging all concerned stakeholders as full and valued partners in the process. The Task Force was explicitly charged with:

- Developing an implementation plan for the State and Public School Life and Health Insurance Program that will allow the program to operate on an actuarially sound basis while ensuring a high-quality, low-cost program of insurance for state employees, state employee retirees, public school employees, and public school employee retirees;
- Increasing public awareness and transparency of the Program, including plan options available under the program and governance and operation of the program; and
- Developing a legislative framework that will promote the actuarial soundness and stability of the program.

## Presentations to the Task Force

Presenter/Organization	Topics
<b>JULY 15, 2014</b>	
<p><b>Mr. Bob Alexander</b>, Director, Employee Benefits Division, Arkansas Department of Finance and Administration</p>	<p>Update on the Financial Status of Funds Administered by the Employee Benefits Division (EBD)</p> <p>Update on Rates for the 2015 Plan Year for Arkansas State Employees (ASE) and Public School Employees (PSE)</p> <p>Preliminary Discussion of Plan Structure and Pricing for Plan Year 2016 and Beyond</p> <p>Preliminary Discussion of Implementation of Health Savings Accounts and FICA Savings</p> <p>Preliminary Discussion of the Transition of Part-time Employees off of the Public School Employees (PSE) Health Insurance Plan</p> <p>Preliminary Discussion of Current and Proposed Wellness Initiatives</p> <p>Link to Meeting Materials:  <a href="http://www.arkleg.state.ar.us/assembly/2015/2015R/Pages/MeetingDetails.aspx?committee=461&amp;meetingID=21783">http://www.arkleg.state.ar.us/assembly/2015/2015R/Pages/MeetingDetails.aspx?committee=461&amp;meetingID=21783</a></p>

**AUGUST 26, 2014**

Preliminary Discussion of Long-Term Options for Ensuring the Fiscal and Programmatic Stability of the Arkansas State Employee (ASE) Health Insurance Plan and the Public School Employee (PSE) Health Insurance Plan

*Option 1 – Combining Both Plans into a Single Plan*

**Mr. Tony Robinson**, Administrator, Personnel Review Section, Fiscal Division, Bureau of Legislative Research

Overview and Background

**Ms. Alix Stephens**, Staff Attorney, Bureau of Legislative Research

Discussion of Legal Issues

**Mr. Bob Alexander**, Executive Director, Employee Benefits Division, Department of Finance and Administration

Discussion of Financial Issues

**Mr. George Hopkins**, Executive Director, Arkansas Teacher Retirement System

Discussion of Potential Combination of Retirement Systems

**Ms. Gail Stone**, Executive Director, Arkansas Public Employee Retirement System

**Dr. Richard Abernathy**, Executive Director, Arkansas Association of Educational Administrators

Comments from Stakeholders

**Ms. Brenda Robinson**, President, Arkansas Education Association

**Mr. Tom Doohar**, Executive Director, Arkansas Education Association

**Mr. Ron Harder**, Policy Services and Advocacy Director, Arkansas School Boards Association

**Dr. Michele Ballentine-Linch**, Executive Director, Arkansas State Teachers Association

**Mr. Danny James**, Executive Director, Arkansas State Employees Association

**Ms. Donna Morey**, Executive Director, Arkansas Retired Teachers Association

Discussion of Employee Benefits Division (EBD) Correspondence with School Districts

Link to Meeting Materials:

<http://www.arkleg.state.ar.us/assembly/2015/2015R/Pages/MeetingDetails.aspx?committee=461&meetingID=22505>

**SEPTEMBER 23, 2014**

Preliminary Discussion of Long-Term Options for Ensuring the Fiscal and Programmatic Stability of the Arkansas State Employee (ASE) Health Insurance Plan and the Public School Employee (PSE) Health Insurance Plan

*Option 2 – Allowing School Districts to Operate Their Own Health Insurance Plans*

**Ms. Alix Stephens**, Staff Attorney, Bureau of Legislative Research

Discussion of Legal Issues

**Mr. Bob Alexander**, Executive Director, Employee Benefits Division, Department of Finance and Administration

Discussion of Financial Issues

**Dr. Richard Abernathy**, Executive Director, Arkansas Association of Educational Administrators

Comments from Stakeholders

**Ms. Brenda Robinson**, President, Arkansas Education Association

**Mr. Tom Doohar**, Executive Director, Arkansas Education Association

**Mr. Ron Harder**, Policy Services and Advocacy Director, Arkansas School Boards Association

**Dr. Michele Ballentine-Linch**, Executive Director, Arkansas State Teachers Association

**Mr. Danny James**, Executive Director, Arkansas State Employees Association

**Ms. Donna Morey**, Executive Director, Arkansas Retired Teachers Association

**Mr. Bill Abernathy**, Executive Director, Arkansas Rural Education Association

Link to Meeting Materials:

<http://www.arkleg.state.ar.us/assembly/2015/2015R/Pages/MeetingDetails.aspx?committeecode=461&meetingID=22517>



**NOVEMBER 13, 2014**

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration

Update on the Fiscal Status of the Employee Benefits Division (EBD)

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration

Preliminary Discussion of Current and Proposed Wellness Initiatives

**Mr. Todd Hudnall**, Strategic Sales Executive, WebMD Health Services

**Mr. Richard Kersh**, Human Factor Analytics, Inc., Russellville, Arkansas

Preliminary Discussion of Issues Related to Population Health Management and Health Data Analytics

**Ms. Shelly Smith**, Educator, Mountain View School District

Update on Public School Employee Health Insurance Concerns

Link to Meeting Materials:

<http://www.arkleg.state.ar.us/assembly/2015/2015R/Pages/MeetingDetails.aspx?committeecode=461&meetingID=21787>

**DECEMBER 16, 2014**

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration

Update on the Fiscal Status of the Employee Benefits Division (EBD)

**Ms. Alix Stephens**, Staff Attorney, Bureau of Legislative Research

Review of Proposed Legislation Related to State and Public School Employee Health Insurance

**Mr. Richard Kersh**, Human Factor Analytics, Inc., Russellville, Arkansas

Continued Discussion of Issues Related to Population Health Management and Health Data Analytics

**Mr. David Toomey**, President, Compass Care Engineering, Dallas, Texas

Discussion of Data Driven Health Care Concierge Services

Discussion of Representative Gossage's Proposal Regarding the Public School Employee (PSE) Health Insurance Program

Discussion of Customer Satisfaction Survey of Arkansas State Employee (ASE) and Public School Employee (PSE) Members

Link to Meeting Materials:

<http://www.arkleg.state.ar.us/assembly/2015/2015R/Pages/MeetingDetails.aspx?committeecode=461&meetingID=22772>

**JANUARY 26, 2015**

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration

Update on the Fiscal Status of the Employee Benefits Division (EBD)

Discussion of Possible Funding Options for Representative Gossage's Proposal for the Provision of Health Insurance to New Certified Public School Employees

Discussion of Possible Legislation Mandating that any School District Proposal for an Employee Salary Increase Must Contain a Proportional Increase in a School District's Contribution Toward Public School Employee Health Insurance

Discussion of Possible Client Survey by the Employee Benefits Division (EBD)

Link to Meeting Materials:

<http://www.arkleg.state.ar.us/assembly/2015/2015R/Pages/MeetingDetails.aspx?committee=461&meetingID=23049>

**FEBRUARY 23, 2015**

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration

**Mr. Richard Kersh**, President, Human Factor Analytics, Inc.

**Mr. Town Travis**, Vice President of Operations, Human Factor Analytics, Inc.

Update on the Fiscal Status of the Employee Benefits Division (EBD)

Presentation of the Population Health Management Report Commissioned by the Task Force

Review of Draft Legislation Pertaining to the State and Public School Life and Health Insurance Program

Link to Meeting Materials:

<http://www.arkleg.state.ar.us/assembly/2015/2015R/Pages/MeetingDetails.aspx?committee=461&meetingID=23293>

**MARCH 16, 2015**

Discussion of Possible Legislation to Continue the Task Force

Link to Meeting Materials:

<http://www.arkleg.state.ar.us/assembly/2015/2015R/Pages/MeetingDetails.aspx?committeeCode=461&meetingID=24600>

**MARCH 23, 2015**

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration

Update on the Fiscal Status of the Employee Benefits Division (EBD)

Discussion of Calculation Methodology Used in the Development of the Employee Benefits Division (EBD)'s Employee Premium Estimates

Discussion of Coverage Policy Developed by the Employee Benefits Division (EBD) Regarding Hepatitis-C Drugs

Response of the Employee Benefits Division (EBD) to the Population Health Management Report by Human Factor Analytics, Inc.

Update on the Development of a Member Satisfaction Survey by the Employee Benefits Division (EBD)

Link to Meeting Materials:

<http://www.arkleg.state.ar.us/assembly/2015/2015R/Pages/MeetingDetails.aspx?committeeCode=461&meetingID=24249>

**APRIL 21, 2015**

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration

Update on the Fiscal Status of the Employee Benefits Division (EBD)

Review of Calculation Methodology Used in the Development of the Employee Benefits Division (EBD)'s Employee Premium Estimates and Discussion of Preliminary Estimates for 2016 Premiums

Discussion of Coverage Policy Developed by the Employee Benefits Division (EBD) Regarding Hepatitis-C Drugs

Discussion of the Process Used by the Employee Benefits Division (EBD) to Determine What

Supplemental Products will be Offered by EBD

Response of the Employee Benefits Division (EBD) to the Population Health Management Report by Human Factor Analytics, Inc.

Update on the Development of a Member Satisfaction Survey by the Employee Benefits Division (EBD)

Link to Meeting Materials:

<http://www.arkleg.state.ar.us/assembly/2015/2015R/Pages/MeetingDetails.aspx?committee=461&meetingID=25881>

## Legislative Actions

### 89<sup>th</sup> General Assembly - Second Extraordinary Session of 2014

**Act2 (HB1003) and Act 7 (SB4)** are identical and require a public school employee to perform his or her duties at least thirty (30) hours per week to be eligible for participation in the State and Public School Life and Health Insurance Program beginning in the 2015 plan year. The act declares an emergency and is effective on and after July 3, 2014.

**Act 3 (HB1004) and Act 6 (SB3)** are identical and (1) modify the membership of the State and Public School Life and Health Insurance Board and the board's Benefits Subcommittee and Drug Utilization and Evaluation Subcommittee; (2) require a participant in a consumer-driven health insurance plan option to establish a health savings account; (3) require verification of dependent eligibility; (4) provide for implementation of a policy to identify funds not required for federal taxes under the Federal Insurance Contributions Act and to use the funds for premium assistance; (5) remove the requirement that a school district use funds allocated for public school employee health insurance through the matrix to support public school employee health insurance premiums; (6) define "dependent" to exclude a participant's spouse if the spouse has access to healthcare coverage through the spouse's employer or if the spouses are legally separated or divorced; (7) define "participant" as an individual or an individual's dependent who is enrolled in the State and Public School Life and Health Insurance Program and who continues to be eligible to participate in the program; (8) define "rural school district"; (9) limit the annual cost of coverage for the Pilot Program for morbid obesity diagnosis and treatment to three million dollars (\$3,000,000) for each state and public school employee health benefit plan; and (10) allow the board to suspend the Pilot Program for morbid obesity diagnosis and treatment to ensure financial soundness of the State and Public School Life and Health Insurance Program.

### 90<sup>th</sup> General Assembly – Regular Session of 2015

**Act 910 (SB821) - An Act to Clarify the Health Insurance Benefits for State and Public School Employees; To Modify the Eligibility Requirements for Participation in the State and Public School Life and Health Insurance Program; and For Other Purposes.**

The act includes the recommendations that were considered noncontroversial by the State and Public School Life and Health Insurance Program Legislative Task Force, including:

- (a) Clarifying that a participant in a consumer-driven health insurance plan option under the State and Public School Life and Health Insurance Program is required to establish a health savings account if the participant is able to do so under federal law and is an active employee who has not yet reached retirement age (exclude retirees);
- (b) Defining an active employee;
- (c) Revising the plan year from 2014 to 2015; and
- (d) Correcting language concerning the use of funds by the Executive Director of the Employee Benefits Division to pay benefits and expenses and substituting "funds" for "premiums".

**Act 911 (SB822) - An Act to Modify the Definition of "Dependent" Under the State and Public School Life and Health Insurance Program; and For Other Purposes.**

The act revises the definition of "dependent" to clarify that a dependent includes a natural child, stepchild, or adopted child.

**Act 912 (SB824) - An Act to Clarify the Procedure for State Contributions to the State and Public School Life and Health Insurance Program on Behalf of State Employees; To Extend the State and Public School Life and Health Insurance Program Legislative Task Force; and For Other Purposes.**

The act clarifies that a participating entity (and not the State of Arkansas) submits a monthly contribution to the State and Public School Life and Health Insurance Program for state employees.

The act also modifies the expiration date of the State and Public School Life and Health Insurance Program Legislative Task Force to June 30, 2016, or if the task force meets the goals under the identical uncodified Acts 2013 (1st Ex. Sess.), Nos. 3 and 6, § 3, the task force may decide to discontinue.

**Act 913 (SB826) - An Act Concerning the Requirements Under the State and Public School Life and Health Insurance Program for a State Employee Retiree and Public School Employee Retiree; To Clarify the Eligibility of Certain Retirees to Continue Coverage in the State and Public School Life and Health Insurance Program; and For Other Purposes.**

The act corrects conflicting language caused by Act 331 of 2011 and modifies provisions that simplify administrative concerns, including:

- (a) Combining provisions concerning the enrollment by a retiree in the State and Public School Life and Health Insurance Program;
- (b) Eliminating the requirement that a retiree provide a Letter of Creditable Coverage to the Employee Benefits Division because beginning January 1, 2015, the Employee Benefits Division no longer provides this type of information to a member who loses coverage;; and
- (c) No longer requiring a retiree to specify in writing why he or she is declining coverage..

**Act 995 (SB535) An Act to Require a School District to Increase the School District Contribution to Employee Health Insurance By the Same Amount the School District Increases an Employee's Salary; and For Other Purposes.**

The act requires a school district to increase the school district contribution to employee health insurance by the same amount an employee's salary is increased.

**Act 1053 (SB823) - An Act to Clarify the Payroll Deductions of a State Employee; and For Other Purposes.**

The act clarifies a state employee's payroll deductions may be for group or individual hospital, medical, and life insurance deductions.

**Act 1135 (SB949) - An Act to Modify the Health Insurance Benefits for State Employees and Public School Employees; To Regulate the State and Public School Life and Health Insurance Program; and For Other Purposes.**

The act modifies the powers, functions, and duties of the State and Public School Life and Health Insurance Board to require the board to recommend but no longer require an active employee in a consumer-driven health insurance plan option under the State and Public School Life and Health Insurance Program to establish a health savings account if the active employee is eligible under federal law.

The act provides that beginning in the 2015 plan year, a participating entity shall identify funds that are not paid for federal taxes under the Federal Insurance Contributions Act (FICA) and generated only from health insurance pretaxed premiums, to use for premium assistance. The act clarifies that funds that are collected for the program are no longer required to be collected one (1) month in advance and the funds are to pay medical claims, drug claims, premiums, benefits, and direct administrative expenses of the program.

# APPENDIX A

Act 6 of the First Extraordinary Session of 2013



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

# A Bill

Call Item 5

HOUSE BILL 1011

5 By: Representatives Wren, Alexander, Baltz, Bragg, Broadway, Carmine, Copenhaver, Dale, J. Edwards,  
6 Gillam, Hillman, Hodges, House, Jett, Kizzia, Lampkin, Leding, Love, Magie, McCrary, B. Overbey,  
7 Ratliff, Richey, Sabin, Scott, T. Thompson, W. Wagner  
8 By: Senators J. Key, Rapert, Bledsoe, Caldwell, E. Cheatham, L. Chesterfield, J. Dismang, Elliott, J.  
9 English, S. Flowers, J. Hendren, Hickey, Holland, J. Hutchinson, K. Ingram, U. Lindsey, B. Pierce, D.  
10 Sanders

## For An Act To Be Entitled

11  
12 AN ACT TO CREATE A MORE SUSTAINABLE SYSTEM OF HEALTH  
13 INSURANCE BENEFITS FOR PUBLIC SCHOOL EMPLOYEES; TO  
14 CLARIFY THE DUTIES AND RESPONSIBILITIES OF THE STATE  
15 AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE BOARD; TO  
16 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.  
17  
18

## Subtitle

19  
20 TO CREATE A MORE SUSTAINABLE SYSTEM OF  
21 HEALTH INSURANCE BENEFITS FOR PUBLIC  
22 SCHOOL EMPLOYEES AND TO DECLARE AN  
23 EMERGENCY.  
24  
25  
26

27 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
28

### SECTION 1. Legislative findings and intent.

#### (a) The General Assembly finds that:

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

34 (2) Since 2005 the General Assembly has authorized supplemental  
35 funding for the Department of Education to send to the Employee Benefits  
36 Division of the Department of Finance and Administration for the purpose of

1 offsetting premium increases for public school employees without implementing  
2 long term systemic and structural reforms;

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

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

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

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

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

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

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

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

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

35 (3) The General Assembly, through the State and Public School  
36 Life and Health Insurance Program Legislative Task Force, study, develop, and

1 recommend fundamental restructuring of the program, including without  
 2 limitation the:

- 3 (A) Governance of the program;
- 4 (B) Management of the program; and
- 5 (C) Goals of the program; and

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

11

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

14 21-5-401. State and Public School Life and Health Insurance Program  
 15 established – Legislative intent.

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

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

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

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

28 (3) Enable a single board to:

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

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

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

35 (D) Increase participants' understanding of program  
 36 features by educating state employees, state employee retirees, public school

1 employees, and public school employee retirees on the program and plan  
2 options available under the program, including the advantages and  
3 disadvantages of each available plan option; and

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

6  
7 21-5-402. Creation of board – Members.

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

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

13 (B) A certified classroom teacher ~~to be~~ appointed by the  
14 Governor;

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

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

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

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

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

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

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

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

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

33 (2) All appointments made by the Governor are subject to  
34 confirmation by the Senate.

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

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

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

7 (B) Members appointed by the Governor shall serve at the  
 8 will of the Governor.

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

12  
 13 21-5-403. Policy-making body only – Reports.

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

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

22  
 23 21-5-404. Powers—~~Functions—Duties~~, functions, and duties of board.

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

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

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

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

36 (3) To prepare a comprehensive analysis of the various health

1 ~~benefit plan options approved by the board to provide coverage to state and~~  
 2 ~~public school employees and retirees offered under the program,~~ including  
 3 cost, quality, and access differentials ~~among the various plans~~ as well as  
 4 any other comparisons of the plans plan options offered under the program;

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

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

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

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

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

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

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

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

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

1 (11)(A) To obtain quality-of-care information from systems,  
 2 networks, hospitals, and clinical providers to inform plan option design,  
 3 plan option management, and consumer decisions.

4 (B) The board shall:

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

8 (ii) Be empowered to:

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

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

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

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

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

22 (a) Three (3) board members;

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

24 (c) Two (2) ~~school district~~ public school  
 25 employees.

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

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

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

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

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

1 (3) A pharmacist selected by the  
2 Arkansas Pharmacists Association;

3 (b) Four (4) physicians as follows:

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

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

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

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

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

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

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

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

26 (a) Three (3) board members;

27 (b) Two (2) state employees;

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

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

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

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

36 (g) One (1) representative from the Arkansas



1 Medical Association;

2 (h) One (1) representative from the Arkansas  
3 Osteopathic Medical Association; and

4 (i) One (1) representative from the Arkansas  
5 Hospital Association.

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

11  
12 21-5-405. Additional duties of board.

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

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

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

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

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

27 (3) Promote access to ~~these~~ vendors who will enhance plan  
28 options availability in rural Arkansas and in bordering states;

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

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

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

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

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

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

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

20 (ii) The Department of Education, with the  
 21 assistance of the Bureau of Legislative Research, shall notify a school  
 22 district of the amount allocated for public school employee health insurance  
 23 through the matrix per-student funding calculation used in the most recent  
 24 adequacy study conducted under the Continuing Adequacy Evaluation Act of  
 25 2004, § 10-3-2101 et seq., when the Department of Education disburses  
 26 foundation funds to a school district;

27 (5) Assure guaranteed issue; and

28 (6) Ensure an annual enrollment period.

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

33  
 34 21-5-406. Executive director – Staff.

35 (a)(1) The State and Public School Life and Health Insurance Board  
 36 shall choose an ~~executive director~~ the Executive Director of the Employee

1 Benefits Division of the Department of Finance and Administration with the  
2 approval of the Director of the Department of Finance and Administration.

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

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

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

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

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

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

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

34 (e)(1) ~~The executive director~~ Executive Director of the Employee  
35 Benefits Division of the Department of Finance and Administration may require  
36 all participating entities to appoint health insurance representatives, who

1 ~~will be required to~~ shall adhere to the policies adopted by the board and the  
 2 ~~regulations~~ rules and procedures issued by the Executive Director of the  
 3 Employee Benefits Division of the Department of Finance and Administration in  
 4 managing the enrollment and premium payment processes of the state agency or  
 5 school district.

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

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

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

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

30 (C) ~~This authority shall not include~~ The authority granted  
 31 under subdivision (e)(3)(A) of this section does not include supervising the  
 32 State Employees Benefit Corporation benefit plan ~~which is~~ in effect on July  
 33 1, 1995.

34 (D) In addition, the ~~executive director~~ Executive Director  
 35 of the Employee Benefits Division of the Department of Finance and  
 36 Administration and the board may utilize the services of ~~health care~~

1 healthcare consultants and actuaries if necessary as provided for through the  
2 appropriation of the division.

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

5  
6 21-5-407. Definitions.

7 As used in this subchapter:

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

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

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

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

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

34 ~~(5)(4)(A)~~ "Eligible inactive retiree" means a former member of  
35 the General Assembly or a state-elected constitutional officer who has served  
36 a sufficient number of years of credited service to be eligible for

1 retirement benefits but who has not yet reached retirement age.

2 ~~(B) Eligible inactive retirees who enroll~~ An eligible  
3 inactive retiree who enrolls in the plan must program shall pay the entire  
4 premium cost of the plan option selected under the program as set by the  
5 board State and Public School Life and Health Insurance Board;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20            ~~(19)~~(17) "Vendor" means a corporation, partnership, or other  
 21 organization that is:

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

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

30  
 31            21-5-408. Compensation.

32            State and Public School Life and Health Insurance Board members may  
 33 receive from the Department of Finance and Administration expense  
 34 reimbursement ~~as authorized by law and stipends in accordance with~~ as  
 35 allowable under § 25-16-901 et seq.  
 36

1 21-5-410. ~~Employees~~— Eligibility generally.

2 (a) ~~Eligible employees shall~~ Individuals eligible to participate in  
3 the State and Public School Life and Health Insurance Program include:

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

8 (2) Members of the General Assembly;

9 (3) Elected constitutional officers;

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

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

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

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

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

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

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

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

36



1           21-5-411. Eligibility of certain retired employees.

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

9                           (A) Participating members of:

10                                   (i) The Arkansas Public Employees' Retirement  
 11 System, including the members of the legislative division and the contract  
 12 personnel of the Arkansas National Guard;

13                                   (ii) The Arkansas Teacher Retirement System;

14                                   (iii) The Arkansas State Highway Employees'  
 15 Retirement System;

16                                   (iv) The Arkansas Judicial Retirement System; or

17                                   (v) An alternate retirement plan of a qualifying  
 18 institution under § 24-7-801; and

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

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

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

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

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

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

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

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

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

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

1 state employee or public school employee is separated from employment because  
2 of the expiration of a fixed period of employment.

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

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

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

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

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

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

34 (i) ~~a~~ A legal separation;<sub>;</sub>

35 (ii) ~~divorce,~~ Divorce;

36 (iii) ~~death~~ Death of the insured;<sub>;</sub>

1                    ~~(iv) termination~~ Termination of employment,~~;~~ or  
 2                    ~~(v) a~~ A reduction in the number of hours of  
 3 employment.

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

5                    ~~(i) a~~ A loss of coverage from a failure to pay  
 6 premiums on a timely basis~~;~~

7                    ~~(ii) voluntary~~ Voluntary termination of coverage~~;~~  
 8 or

9                    ~~(iii) a~~ A termination of coverage for cause, such as  
 10 making a fraudulent claim.

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

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

20                    (i) The retirement benefit check of the retired  
 21 ~~participants~~ participant; or

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

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

29                    (c) Members of the Arkansas Public Employees' Retirement System and  
 30 the Arkansas State Highway Employees' Retirement System who retire before  
 31 January 2, 1988, under ~~the provisions of~~ the Incentives for Early Retirement  
 32 Act, §§ 24-4-732, 24-5-122, and 24-6-102, shall not ~~have to~~ pay the full  
 33 amount of the premium ~~and~~ but shall pay a portion of the cost of the policy  
 34 as set forth by the Incentives for Early Retirement Act, §§ 24-4-732, 24-5-  
 35 122, and 24-6-102.

36                    (d) Any future change in ~~coverage~~ program participation other than

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

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

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

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

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

23  
 24 21-5-412. Eligibility of certain elected ~~officers~~ officials.

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

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

1           (2)(A) An employee elected official with ten (10) or more years  
 2 of creditable service under the terms of a retirement plan listed ~~in this~~  
 3 ~~section under § 21-5-411(a)(1)(A)~~ shall qualify for continuation of health  
 4 ~~insurance coverage offered by the board~~ participation in the program if that  
 5 ~~employee~~ the elected official is separated from employment because of the  
 6 expiration of a fixed period of employment.

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

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

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

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

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

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

35           (c) The eligible inactive retiree provides  
 36 information from the former insurance company confirming the loss of

1 coverage.

2 (D)(i) An eligible inactive retiree shall be charged the  
3 premium under the Consolidated Omnibus Budget Reconciliation Act of 1985,  
4 Pub. L. No. 99-272, ~~premium~~ as determined by the board to be actuarially  
5 sound with administrative fees deemed appropriate.

6 (ii) An eligible inactive retiree shall be  
7 reclassified as an active retiree upon electing to receive a retirement  
8 benefit by a retirement system listed ~~within this section~~ under § 21-5-  
9 411(a)(1)(A) and shall be charged the premium rate appropriate for his or her  
10 rating category as an active retiree.

11

12 21-5-414. State contributions generally – Partial state contribution  
13 of employees' premiums.

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

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

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

33

34 21-5-415. Nonpayment of premiums and failure to file reports by agency  
35 or school district.

36 (a)(1) If any participating state agency or school district does not

1 remit insurance premiums and required monthly reports to the Employee  
 2 Benefits Division of the Department of Finance and Administration by the last  
 3 calendar day of each billing month, the division shall impose a penalty of  
 4 two dollars (\$2.00) per insured member or one hundred dollars (\$100),  
 5 whichever is greater.

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

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

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

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

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

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

20 (b) Any funds the state agency or school  
 21 district is due from the state.

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

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

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

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



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

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

15 (B) Impose a penalty of fifty dollars (\$50.00) per  
 16 insured.

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

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

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

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

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

28 (B) Any funds the state agency or school district is due  
 29 from the state.

30 (5) If a transfer is made, a transfer penalty of twenty dollars  
 31 (\$20.00) per transfer shall be assessed each state agency or school district  
 32 fund and included in the transfer.

33 (c) The division may correct any error regarding an insured's benefits  
 34 according to existing documentation without authorization or prior  
 35 notification to the state agency or school district.  
 36

1 21-5-416. Annual performance audits.

2 The Legislative Joint Auditing Committee shall annually conduct a  
3 performance audit of the:

4 (1) entity Entity administering claims; and

5 (2) of the Employee Benefits Division of the Department of  
6 Finance and Administration.

7  
8 21-5-417. State contribution for employee receiving workers'  
9 compensation.

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

15 (1) ~~in~~ In a leave-without-pay status because of a work-related  
16 injury; and

17 (2) ~~is receiving~~ Receiving benefits from workers' compensation.  
18

19 21-5-418. Health savings account.

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

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

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

30 (1) Advantages and disadvantages of a consumer-driven health  
31 plan option; and

32 (2) Effective strategies for using a health savings account.  
33

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

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

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

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

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

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

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

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

15               (F) Four (4) Representatives appointed by the Speaker of  
16 the House of Representatives.

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

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

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

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

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

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

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

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

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

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

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

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

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

14           (A) Program, including plan options available under the  
 15 program; and

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

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

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

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

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

28           (B) Exploring:

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

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

35           (iii) The role that current structure of the  
 36 program, and plan options under the program, have historically contributed to

1 the volatility of the system;

2 (B) Reviewing state statutes that may be barriers to the  
3 overall actuarial soundness and stability of the program;

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

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

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

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

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

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

19  
20 SECTION 4. TEMPORARY LANGUAGE. DO NOT CODIFY.

21 (a) The term of a member who is on the State and Public School Life  
22 and Health Insurance Board on October 16, 2013 shall expire on November 30,  
23 2013.

24 (b) New board membership under § 21-5-402 shall be seated on December  
25 1, 2013.

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

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

1 immediately necessary to provide affordable health insurance options to the  
2 state's public school employees in a timely fashion. Therefore, an emergency  
3 is declared to exist, and this act is immediately necessary for the  
4 preservation of the public peace, health, and safety, shall become effective  
5 on:

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

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

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

12  
13  
14 **APPROVED: 10/21/2013**  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36

# APPENDIX B

Act 912 of 2015

1 State of Arkansas  
2 90th General Assembly  
3 Regular Session, 2015  
4

*As Engrossed: S3/18/15*  
**A Bill**

SENATE BILL 824

5 By: Senator J. Hendren  
6

7 **For An Act To Be Entitled**

8 *AN ACT TO CLARIFY THE PROCEDURE FOR STATE*  
9 *CONTRIBUTIONS TO THE STATE AND PUBLIC SCHOOL LIFE AND*  
10 *HEALTH INSURANCE PROGRAM ON BEHALF OF STATE*  
11 *EMPLOYEES; TO EXTEND THE STATE AND PUBLIC SCHOOL LIFE*  
12 *AND HEALTH INSURANCE PROGRAM LEGISLATIVE TASK FORCE;*  
13 *AND FOR OTHER PURPOSES.*  
14

15  
16 **Subtitle**

17 *TO CLARIFY THE PROCEDURE FOR STATE*  
18 *CONTRIBUTIONS TO THE STATE AND PUBLIC*  
19 *SCHOOL LIFE AND HEALTH INSURANCE PROGRAM;*  
20 *AND TO EXTEND THE STATE AND PUBLIC SCHOOL*  
21 *LIFE AND HEALTH INSURANCE PROGRAM*  
22 *LEGISLATIVE TASK FORCE.*  
23

24  
25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
26

27 SECTION 1. Arkansas Code § 21-5-414(b), concerning the state  
28 contributions to the State and Public School Life and Health Insurance  
29 Program, is amended to read as follows:

30 ~~(b)(1) The State of Arkansas, on behalf of state agencies~~  
31 ~~participating in the program, is authorized to~~ Participating entities shall  
32 make a monthly contribution equal to the number of budgeted state employee  
33 positions multiplied by the monthly contribution authorized by the Chief  
34 Fiscal Officer of the State, not to exceed four hundred twenty-five dollars  
35 (\$425) monthly for each state employee budgeted position into a fund  
36 designated for state employee health benefits to partially defray the cost of





1 *life and health insurance benefits for state employees and retirees*  
2 *participating in the program.*

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

7  
8 *SECTION 2. Identical uncodified Acts 2013 (1st Ex. Sess.), Nos. 3 and*  
9 *6, § 3, is amended to read as follows:*

10 *SECTION 3. TEMPORARY LANGUAGE. DO NOT CODIFY. State and Public*  
11 *School Life and Health Insurance Program Legislative Task Force – Creation –*  
12 *Membership – Duties.*

13 *(a) There is created the State and Public School Life and Health*  
14 *Insurance Program Legislative Task Force.*

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

17 *(A) The Chair of the House Committee on Education or the*  
18 *chair's designee;*

19 *(B) The Chair of the Senate Committee on Education or the*  
20 *chair's designee;*

21 *(C) The Chair of the House Committee on Insurance and*  
22 *Commerce or the chair's designee;*

23 *(D) The Chair of the Senate Committee on Insurance and*  
24 *Commerce or the chair's designee;*

25 *(E) Four (4) ~~Senators~~ senators appointed by the President*  
26 *Pro Tempore of the Senate; and*

27 *(F) Four (4) Representatives members of the House of*  
28 *Representatives appointed by the Speaker of the House of Representatives.*

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

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

34 *(c)(1) The Chair of the Senate Committee on Education or the chair's*  
35 *designee shall call the first meeting of the task force within thirty (30)*  
36 *days of the effective date of this act and shall serve as chair of the task*

1 *force at the first meeting.*

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

5 *(3)(A) The task force shall conduct its meetings in Pulaski*  
6 *County at the State Capitol Building or another site with teleconferencing*  
7 *capabilities.*

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

11 *(4) The task force shall establish rules and procedures for*  
12 *conducting its business.*

13 *(5)(A) A majority of the members of the task force shall*  
14 *constitute a quorum for transacting business of the task force.*

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

17 *(6) The Bureau of Legislative Research shall provide staff for*  
18 *the task force.*

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

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

25 *(2) Increase public awareness and transparency of the:*

26 *(A) Program, including plan options available under the*  
27 *program; and*

28 *(B) Governance and operation of the program; and*

29 *(3) Develop a legislative framework that will promote the*  
30 *actuarial soundness and stability of the program.*

31 *(e) To meet the goals of the task force, the task force shall:*

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

36 *(A) Researching current insurance concepts, market*

1 conditions, regulatory issues, the effects of the Patient Protection and  
2 Affordable Care Act, Pub. L. No. 111-148, and best practices from other  
3 states;

4 (B) Exploring:

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

7 (ii) Ways to promote competition among vendors and  
8 the offering of competitive health insurance plan options that include  
9 quality-of-care delivery, portability, and accessible and affordable  
10 ~~healthcare~~ health care; and

11 (iii) The role that the current structure of the  
12 program, and plan options under the program, have historically contributed to  
13 the volatility of the system;

14 ~~(B)(C)~~ Reviewing state statutes that may be barriers to  
15 the overall actuarial soundness and stability of the program;

16 ~~(G)(D)~~ Preparing a comprehensive analysis of recommended  
17 health insurance plan options to be offered under the program; and

18 ~~(D)(E)~~ Evaluating the governance and structure of the  
19 State and Public School Life and Health Insurance Board;

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

22 (3) On or before June 30, 2014, file with the Speaker of the  
23 House of Representatives and the President Pro Tempore of the Senate a  
24 written, preliminary report of the task force's activities, findings, and  
25 recommendations; and

26 (4) On or before June 29, 2015, file with the Speaker of the  
27 House of Representatives and the President Pro Tempore of the Senate a  
28 written, final report of the task force's activities, findings, and  
29 recommendations.

30 (f) The task force expires ~~June 30, 2015~~ June 30, 2016, or before if  
31 the task force decides it has met the goals of the task force under  
32 subsection (e) of this section.

33  
34 /s/J. Hendren

35 APPROVED: 04/01/2015

36

# APPENDIX C

Minutes of July 15, 2014 Meeting

**MEETING SUMMARY****STATE AND PUBLIC SCHOOL  
LIFE AND HEALTH INSURANCE PROGRAM  
LEGISLATIVE TASK FORCE****Tuesday, July 15, 2014****1:30 P.M.****Room 149, State Capitol  
Little Rock, Arkansas**

Senator Jim Hendren, the Chair of the State and Public School Life and Health Insurance Program Legislative Task Force, called the meeting to order at 1:30 p.m.

**MEMBERS OF THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM**

**LEGISLATIVE TASK FORCE IN ATTENDANCE:** Senator Jim Hendren, Chair; Representative Harold Copenhaver, Vice Chair; Senator Cecile Bledsoe; Senator Eddie Cheatham; Senator Linda Chesterfield; Senator Jason Rapert; Senator David Sanders; and Representative George McGill.

**OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE:** Senator Joyce Elliott; Senator Jane English; Senator Johnny Key; Senator Bill Sample; Representative Charles L. Armstrong; Representative Charlotte Vining Douglas; Representative Debra Hobbs; Representative Douglas House; Representative Sheilla Lampkin; Representative Homer Lenderman; Representative Betty Overbey; Representative John Payton; Representative James Ratliff; and Representative Mary Slinkard.

**Remarks by the Chair and Vice Chair**

Senator Hendren thanked the staff of the Bureau of Legislative Research (BLR) for their hard work which has enabled the Task Force to make progress. He remarked on the recently completed Special Session and on changes to health insurance plans put into statute as a result of the work of the Task Force. He commented that the changes were a fix to the immediate problem of the pending 35% rate increase for the Public School Employee (PSE) Plan. However, this did not address the long term issues associated with the PSE Plan and the Arkansas State Employee (ASE) Plan, to which the Task Force will begin to review. He said two possible long-term structural changes have been discussed thus far and now the process of investigating those two possible solutions, as well as looking for other solutions, will begin. He stated the focus of the next Task Force meeting will be on one of the solutions, that of combining the PSE Plan and the ASE Plan. He said research will be undertaken to see if combining the plans is a viable option. He stated the other part of that meeting will be about evaluating differences in parity in benefits, in funding, and the path forward as far as intent. Senator Hendren said the second potential solution that will be investigated as a long-term option is school districts having the flexibility to contract and to take care of their own health insurance at the local level. He said if the data is ready, that option will be investigated at the September meeting. He said the Task Force is working with the Arkansas Department of Education (ADE) on cost, on structure, and on legal ramifications to stay in compliance with the court. Senator Hendren said that on future agendas, the Task Force would be looking into wellness programs to improve the health of both state and public school employees, as well as marketing and messaging to employees about what is taking place. Senator Hendren said he appreciates the hard work of the Task Force and the entire legislature for addressing this issue.

**The Honorable Harold Copenhaver**, State Representative, District 58, and Vice Chair of the Task Force, was recognized. Representative Copenhaver stated he appreciated the efforts put forth by the BLR and colleagues in the House of Representatives and Senate to create more opportunities for PSE employees. He said he concurred wholeheartedly with the long-term recommendations made in the Special Session.

Minutes:

Without objection, the minutes of April 30, 2014, May 14, 2014, and June 10, 2014, were approved as written.

Exhibits:

Exhibit C1 – 04/30/14 Minutes  
Exhibit C2 – 05/14/14 Minutes  
Exhibit C3 – 06/10/14 Minutes

Senator Hendren noted that **Mr. Jeff Altemus**, Deputy Superintendent, Marion School District, would be allowed to address the Task Force after completion of agenda items.

Senator Hendren announced that there would be a deviation from the agenda, and the Task Force would first take up Item H.

Presenter:

**Mr. Bob Alexander**, Director, Employee Benefits Division (EBD), Arkansas Department of Finance and Administration, was recognized. Mr. Alexander made presentations on all agenda items in the meeting. He participated in question and answer sessions and in-depth discussions of each topic.

**Preliminary Discussion of the Transition of Part-time Employees off of the Public School Employees (PSE) Health Insurance Plan**

Mr. Alexander discussed EBD plans for making part-time employees aware of their options and helping them during the transition process. He said that the EBD has had regional meetings with school district insurance representatives to disseminate information, and will continue to educate individuals at each school district through email blasts and on-site meetings. He stated that information will be given to part-time employees who are going to lose coverage so they can contact certified insurance agents who have gone through training about options in the open market, through the Exchange, or outside the Exchange.

Issues Included in the Discussion:

- communicating information in a more timely manner,
- communicating to affected part-time employees who don't have access to the Internet,
- developing information packets specific to this issue, and
- concern that half of school districts do not attend EBD meetings.

Senator Hendren announced that the Task Force would return to the regular agenda and pick up Item D.

**Update on the Financial Status of Funds Administered by the Employee Benefits Division (EBD)**

Mr. Alexander summarized financial statements for the ASE Plan and the PSE Plan. He first reviewed financials for the PSE Plan. He said the Plan had close to a \$6 million deficit in June 2014; but has a surplus of \$17 million for the year. He said in 2013, the Plan had a \$10 million deficit in June with an \$18 million deficit for the year. He stated the Plan is \$35 million to the better for 2014. He explained that June is always a bad month because no state revenue is allocated; and, if there are any liabilities, those liabilities are booked in June because it is the end of the fiscal year. He said this June a \$2.8 million liability to pay reinsurance tax under the Affordable Care Act (ACA) was booked.

Senator Hendren advised Task Force members to use the handout and compare differences between June 2013 and June 2014 figures side by side. He said funding is up Year to Date (YTD) and is \$157 million for 2014 vs. \$144 million for 2013. He said the other outstanding thing is that expenses are down by \$22 million YTD for 2014, of which \$10 million has been generated by prescription and pharmacy reform.

Mr. Alexander confirmed that medical and pharmacy claims are down, and drug claims, overall, are significantly down because of reference pricing.

Senator Hendren said it is important to note that net assets available in 2013 were minus \$7.8 million; in 2014 there are net assets of \$3.5 million. He said things are going in the right direction, but the reserves are not there. He said it is important that the EBD makes sure there are adequate reserves, and that any savings and build-up of funds be immediately transferred in the form of premium decreases back to public school employees.

Mr. Alexander commented that actuarial projections are for the PSE Plan to have between \$8 million and \$9 million in reserves by the end of December 2014.

Mr. Alexander next reviewed statements for the ASE Plan. He said June is a little different on the state side because it has continuous funding from the employer side. He noted a gain of \$3 million in June 2014, and \$12 million for the year vs. a negative \$8 million this time last year, and said it is about \$20 million to the better. He said claims did not go up and expenses actually went down. He said a decrease in drug claims can be attributed purely to reference pricing and other measures that have been taken.

Issues Included in the Discussion:

- clarification of the reinsurance tax under ACA and other taxes, and
- paying ACA tax only on participants, and not on ghost employees, in the state plan.

**Update on Rates for the 2015 Plan Year for Arkansas State Employees (ASE) and Public School Employees (PSE)**  
**and**  
**Preliminary Discussion of Plan Structure and Pricing for Plan Year 2016 and Beyond**

Mr. Alexander discussed projections and expectations with regard to rates and benefits. He said rates and benefits for the ASE Plan have been published and distributed. He stated that rates and benefits for the PSE Plan have not as yet been set. He said the Benefits Subcommittee will meet and make a recommendation to the State and Public School Life and Health Insurance Board on July 28; then the Board will meet on July 29 and set the rates and benefits for the PSE Plan. Mr. Alexander next discussed the three (3) new ASE Plan options: the Premium Plan, the Classic Plan, and the Basic Plan. He noted that discussions have taken place about using the same structure for the PSE Plan.

Contributor to the Discussion:

**Mr. Tony Wood**, Commissioner, Arkansas Department of Education

Issues Included in the Discussion:

- ◆ benefits of having a high deductible plan,
- ◆ managing health care dollars in a health savings account (HSA),
- ◆ cost of each ASE Plan option,
- ◆ employer contributions to HSAs,
- ◆ striving for parity in plan benefits vs. having an alternative where benefits are different,
- ◆ establishing a minimum amount that an employee must set aside each month into an HSA to be eligible for the consumer-driven health plan,

- ◆ HSA plan vs. a cafeteria plan,
- ◆ understanding changes to the plans,
- ◆ using professional development (PD) to educate teachers about health insurance reform,
- ◆ training insurance agents and developing information packets specific to this issue, and
- ◆ educating employees about disease management.

Senator Hendren remarked that since the previous discussion covered both Items E and F on the agenda, the Committees would proceed with Item G.

### **Preliminary Discussion of Implementation of Health Savings Accounts and FICA Savings**

Mr. Alexander discussed the FICA savings implementation that would take place on January 1, 2015. He said it would potentially generate \$4 million to \$5 million in savings, but that it was hard to project savings prior to going through an open enrollment. He also explained that the statute requiring those with a consumer-driven health plan to open an HSA is in conflict with federal law. He said federal law states certain people are not eligible for an HSA. He discussed how the EBD plans to administer the state law in conjunction with the federal law. He noted a list of technical corrections regarding implementation of the HSA requirement will be prepared for the next General Session. Mr. Alexander also discussed spousal exclusion.

#### *Issue Included in the Discussion:*

- schedule of regional meetings with school districts.

### **Preliminary Discussion of Current and Proposed Wellness Initiatives**

Senator Hendren commented in his opening remarks that the Task Force would be looking into wellness programs to improve the health of both state and public school employees in future meetings.

#### *Handouts:*

Act 6 of the Second Extraordinary Session, 2014  
Act 7 of the Second Extraordinary Session, 2014  
ASE PSE Financial Reports 2013 2014

Senator Hendren, noting that all agenda items had been completed, invited Mr. Jeff Altemus to address the Task Force.

**Mr. Jeff Altemus**, Deputy Superintendent, Marion School District, was recognized, and presented his credentials. He commented that health insurance became an issue for public school employees in about 1985. He said most of the recent articles written on the subject tend to agree that the core problem being faced with health insurance in Arkansas is a lack of funding from the employer side. He added that, for many years, most of the rate increases have been borne on the backs of employees. He noted while the rates in Arkansas are very similar to those in surrounding states, public school employees in Arkansas pay more out-of-pocket than those in the other states. He said there are 23,000 public school employees who will see a rate increase of between 37% and 355% depending on where they choose to go in the plan to maintain the level of coverage they had last year. Mr. Altemus commented on deductibles and rate structures and discussed effects on public school employees. He stressed that significant changes have to be made in the future to make health insurance work for public school employees.



Contributor to the Discussion:

**Mr. Bob Alexander**, Director, Employee Benefits Division (EBD), Arkansas Department of Finance and Administration

Issues Included in the Discussion:

- ≈ fundamental reform to the program in addition to looking at the overall funding structure,
- ≈ rate structures for the new plans,
- ≈ creating economies of scale in the plans,
- ≈ making starting salary schedules part of the conversation,
- ≈ clarification of the total state contribution to the health insurance program,
- ≈ services of Insurance Advantage for teachers and retired teachers,
- ≈ state efforts to help employees understand changes to plans and to help them choose the most advantageous plan,
- ≈ school districts participating in contributions to health insurance for public school employees,
- ≈ school districts' unrestricted fund balances, and
- ≈ responsibility of leadership at the local level to commit/contribute to the funding of health insurance.

Senator Hendren stated that parity issues regarding funding and benefits, and dollars sent to school districts going for the intended purpose, would be discussed at the next Task Force meeting.

Next Scheduled Meeting:

Tuesday, August 26, 2014, at 1:30 p.m. in Room 171 of the State Capitol in Little Rock

Adjournment:

The meeting adjourned at 3:30 p.m.

Approved: 08/26/14

# APPENDIX D

Minutes of August 26, 2014 Meeting

**MEETING SUMMARY**

**STATE AND PUBLIC SCHOOL  
LIFE AND HEALTH INSURANCE PROGRAM  
LEGISLATIVE TASK FORCE**

**Tuesday, August 26, 2014  
10:00 A.M.  
Committee Room A, MAC Building  
Little Rock, Arkansas**

Senator Jim Hendren, the Chair of the State and Public School Life and Health Insurance Program Legislative Task Force, called the meeting to order at 10:00 a.m.

**MEMBERS OF THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM LEGISLATIVE TASK FORCE IN ATTENDANCE:** Senator Jim Hendren, Chair; Representative Harold Copenhaver, Vice Chair; Senator Cecile Bledsoe; Senator Linda Chesterfield; Senator Jason Rapert; Senator David Sanders; Representative Bill Gossage; Representative Allen Kerr; Representative George McGill; and Representative Tommy Wren.

**OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE:** Senator John Cooper; Senator Jonathan Dismang; Senator Joyce Elliott; Senator Stephanie Flowers; Senator Jimmy Hickey; Senator Bruce Holland; Senator Eddie Joe Williams; Representative Nate Bell; Representative Ken Bragg; Representative Ann Clemmer; Representative Bruce Cozart; Representative Andy Davis; Representative Gary Deffenbaugh; Representative Joe Farrer; Representative Jeremy Gillam; Representative Kim Hammer; Representative Mary P. Hickerson; Representative David Hillman; Representative Mike Holcomb; Representative Douglas House; Representative John K. Hutchison; Representative Joe Jett; Representative David Kizzia; Representative Sheilla Lampkin; Representative Homer Lenderman; Representative Kelley Linck; Representative Mark McElroy; Representative David Meeks; Representative Jim Nickels; Representative Betty Overbey; Representative James Ratliff; Representative Chris Richey; Representative John Vines; and Representative Marshall Wright.

Remarks by the Chair

Senator Hendren stated the purpose of today's meeting is to discuss combining the Arkansas Public School Employee (PSE) Plan and the Arkansas State Employee (ASE) Plan into a single system. He said the impact of consolidating the retirement benefits of public school employees and state employees would also be discussed. He stated that once all cost analyses and data are collected over the next several months, the Task Force will meet to individually review each recommendation. He said the Task Force will not take action on any recommendation until all the facts have been collected. Senator Hendren noted that the option of returning the responsibility for providing health insurance to employees to local school districts would be discussed at the September meeting. He said issues including improvements to wellness programs for state and public school employees, management of health savings accounts (HSAs), and delivering the best product at the most affordable price would be discussed at the Task Force's October meeting.

Minutes:

Without objection, the minutes of July 15, 2014, were approved as written.

Exhibit:

Exhibit C – 07/15/14 Minutes

Preliminary Discussion of Long-Term Options for Ensuring the Fiscal and Programmatic Stability of the Arkansas State Employee (ASE) Health Insurance Plan and the Public School Employee (PSE) Health Insurance Plan

**Option 1 – Combining Both Plans into a Single Plan**

Overview and Background

Presenter:

**Mr. Tony Robinson**, Administrator, Personnel Review Section, Fiscal Division, Bureau of Legislative Research, was recognized. Mr. Robinson reviewed a chart in which benefits available to state employees and those available to certified public school employees were compared.

**The Honorable Jim Nickels**, State Representative, District 41, was recognized. Representative Nickels requested that the Bureau of Legislative Research (BLR) staff include benefits for the Arkansas Highway and Transportation Department, the Arkansas State Police, institutions of higher education, and the judicial retirement system in the chart.

Discussion of Legal Issues

Presenter:

**Ms. Alix Stephens**, Staff Attorney, Bureau of Legislative Research, was recognized. Ms. Stephens said the ASE and PSE plans are self-funded, government-sponsored, health insurance plans that offer distinctly different plan options. Consequently, she said, the plans are exempt from the Employee Retirement Income Securities Act of 1974 (ERISA). Ms. Stephens advised the Task Force that there were no state or federal laws that would prevent a merger of the two plans. She noted that eighteen (18) states allow public school employees to participate in their states' health benefit plans, and some allowed local government employees to be part of their risk pools. Ms. Stephens cautioned legislators to carefully consider any potential impact on the public school funding matrix.

Senator Hendren directed BLR staff to contact benefits managers from Oklahoma and other surrounding states and request them to make presentations, either in person or via written testimony, on the impact of combining their state employee and public school employee plans.

**The Honorable David Sanders**, State Senator, District 15, was recognized. Senator Sanders suggested looking at the plan structure, minimum benefits, participation, and contribution rates of combined healthcare plans in other states.

Discussion of Financial Issues

Presenter:

**Mr. Bob Alexander**, Executive Director, Employee Benefits Division (EBD), Department of Finance and Administration (DF&A), was recognized. Mr. Alexander responded to the following:

What is the total amount of taxpayer support for ASE and PSE plans?

*Response:* \$171 million for the ASE Plan and \$187.5 million for the PSE Plan for Plan Year 2015.

What would it cost to equalize plan funding, either by reducing support for the ASE Plan or by providing new support for the PSE Plan?

*Response:* For every active state employee, funding is equal to \$427 per participant in the ASE Plan. For an active public school employee, funding is equal to \$310.95 per participating employee. There is a difference of \$116.05. Calculations to reduce ASE funding to the PSE level would result in a

*reduction of funding for the ASE plan of approximately \$39.1 million for active employees. Increasing PSE funding to the ASE level would result in a need for an additional \$59.4 million in new funds to equalize the contributions between the two plans.*

*With respect to funding for retired employee health insurance, \$39 million in state contributions is used to subsidize state retirees, or \$234 per retiree per month. For retired public school employees, \$11.20 from a state minimum contribution of \$153 is used to subsidize retirees' health insurance for a total expenditure of \$5.7 million. The PSE Medicare-eligible retirees do not have drug benefits. We spend \$30 million for state employees and \$5.7 million for public school retirees. If we were to reduce overall ASE funding for retirees to match the PSE level of retiree funding, we would reduce another \$30 million, for a total of \$69.8 million for ASE. To equalize PSE active funding and the subsidy to PSE retirees, we would need an additional \$95 million per year on the PSE Plan.*

What would it cost to equalize benefits structure, and does it make sense to equalize since these are different types of risk pools?

*Response: They are different pools. State employees are older and have higher risk. Public school employees are mostly female and also have a higher risk. Overall, in an active population of employees, there are no differences in claim costs. The only difference in the risk pool is PSE spouses have a considerably higher cost than ASE spouses.*

**The Honorable Kim Hammer**, State Representative, District 28, was recognized, and suggested that the Task Force undertake a comprehensive assessment on cost comparisons between hiring out-of-state contractors and creating a state agency to process health insurance claims. Mr. Alexander responded that EBD had not looked into the cost for processing all claims within EBD.

What would be the effect of combining the overall rates?

*Response: Looking at a handout, Sample Blended ASE & PSE Active Rates for 2015, DRAFT, if the plans were combined, we would go with ASE plan levels. According to the chart, for the employee-only premium plan, state employee cost would increase \$35.34 a month while PSE employee cost would decrease \$39.26 a month. The general percentage increase for the state employee would be 33% and the PSE employee-only would decrease by 22%. If PSE contributions increased \$60 million, PSE and ASE contributions would be equal.*

*Mr. Alexander's second handout compared 2014 ASE and PSE financial reports for the month of July. The net revenues for the ASE Plan totaled \$8 million. The net revenues for the PSE Plan totaled \$11.6 million. PSE projections are for a surplus of \$9 million at the end of 2014 as compared to ASE projections for a surplus of \$16 million for the same time period.*

Handouts:

ASE & PSE Financials – January 1, 2014 through July 31, 2014  
Sample Blended ASE & PSE Active Rates for 2015, DRAFT

Discussion of Potential Combination of Retirement Systems

Presenter:

**Mr. George Hopkins**, Executive Director, Arkansas Teacher Retirement System (ATRS), was recognized. Mr. Hopkins said the annual employer contribution for teacher retirement is approximately \$400 million. Employee contribution is approximately \$105 million. Mr. Hopkins said the goal of ATRS is to ensure that highly qualified teachers and staff receive a benefits package that enables them to continue working in their profession. He said ATRS benefits are a deciding factor in the recruitment of teachers and school staff. Mr. Hopkins discussed various operational issues, consultants, outside legal counsel, investment policies, and strategies pertinent to ATRS.

**The Honorable Jason Rapert**, State Senator, District 35, was recognized, and requested that he be provided with information concerning one of the outside law firms on retainer to ATRS.

Presenter:

**Ms. Gail Stone**, Executive Director, Arkansas Public Employee Retirement System (APERS), was recognized. Ms. Stone reviewed the financial situation of APERS and discussed various aspects of its operations, including employer and employee contribution rates, investment strategies, and rates of return on investments. Ms. Stone also discussed issues associated with combining the ASE and PSE retirement systems. Ms. Stone noted that such a combination would have little short-term or long-term financial benefit. She raised a number of policy and legal issues that would take months, if not years, to resolve.

Representative Hammer was recognized, and discussed the need to have continued legislative oversight to ensure both retirement systems would remain financially sound.

Discussion of Employee Benefits Division (EBD) Correspondence with School Districts

In response to a question from Senator Hendren regarding EBD's correspondence with school districts, Mr. Alexander said that EBD does not have email addresses for all school superintendents. He said that EBD sends an email to the health insurance representative at each school district who then distributes the health insurance information to its members. He noted that every month EBD travels around the five regions of the state to meet with school districts' health insurance representatives.

Senator Hendren requested that EBD send its PowerPoint presentation to the Arkansas Department of Education (ADE) to review and to forward to all superintendents.

Next Scheduled Meeting:

Thursday, September 18, 2014, at 1:30 p.m. in Room 171 of the State Capitol in Little Rock

Adjournment:

The meeting adjourned at 12:35 p.m.

*Approved: 09/23/14*

# APPENDIX E

Minutes of September 23, 2014 Meeting

MEETING SUMMARY

STATE AND PUBLIC SCHOOL  
LIFE AND HEALTH INSURANCE PROGRAM  
LEGISLATIVE TASK FORCE

Tuesday, September 23, 2014

1:30 P.M.

Hot Springs Convention Center, Room 207

134 Convention Boulevard

Hot Springs, Arkansas

**The Honorable Harold Copenhaver**, State Representative, District 58, and Vice Chair of the State and Public School Life and Health Insurance Program Legislative Task Force, called the meeting to order at 1:30 p.m.

**MEMBERS OF THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM**

**LEGISLATIVE TASK FORCE IN ATTENDANCE:** Representative Harold Copenhaver, Vice Chair; Senator Linda Chesterfield; Senator Jason Rapert; and Representative Bill Gossage.

**OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE:** Senator Alan Clark; Senator Joyce Elliott; Representative Scott Baltz; Representative Ann Clemmer; Representative Jim Dotson; Representative Charlotte Vining Douglas; Representative Douglas House; Representative David Kizzia; Representative James Ratliff; Representative Sue Scott; and Representative John Vines.

Remarks by the Vice Chair

Representative Copenhaver welcomed members, and reminded them of the purpose for which the Task Force was created. He stated the Task Force was designed to develop a program that allows the Public School Employee (PSE) Health Insurance Plan to operate on an actuarially sound basis; to help increase public awareness of the program and its governance; and to develop a legislative framework that promotes program stability. He said the failure of the Task Force to act on these directives would mean an ongoing deficit that would impact both educators and youth. Representative Copenhaver said members are here today, not to take any action, but to discuss options.

Minutes:

Without objection, the minutes of August 26, 2014, were approved as written.

Exhibit:

Exhibit C – 08/26/14 Minutes

Preliminary Discussion of Long-Term Options for Ensuring the Fiscal and Programmatic Stability of the Arkansas State Employee (ASE) Health Insurance Plan and the Public School Employee (PSE) Health Insurance Plan

**Option 2 - Allowing School Districts to Operate Their Own Health Insurance Plan**



## Discussion of Legal Issues

### Presenter:

**Ms. Alix Stephens**, Staff Attorney, Bureau of Legislative Research, was recognized. Ms. Stephens reviewed legal issues that could potentially arise under Option 2. She said right now there are no legal impediments to allowing school districts to operate their own health insurance plans. She stated legislative changes would be necessary, however, to give authority to school districts to actually operate the plans and to remove public school employees from eligibility under the state health insurance benefit plan.

### Issues Included in the Discussion:

- ≈ specific legal changes that would have to be made, and
- ≈ impact of clusters of school districts operating their own health insurance plans on state contributions, on other districts, and on retirees.

## Discussion of Financial Issues

### Presenter:

**Mr. Bob Alexander**, Executive Director, Employee Benefits Division (EBD), Department of Finance and Administration, was recognized. Mr. Alexander stated that following a request by the Task Force for a comparison of health insurance in the marketplace and in the private sector to a group program, the EBD contacted its carrier, HealthAdvantage, to review claims. He said that since HealthAdvantage only underwrites groups that have 75% participation, the EBD looked at data for three different school districts, one small, one medium, and one large, which met that qualification. He said the three school districts that were chosen had high participation, so their medical claims on a per member per month basis were well below the plan average of \$194 per member per month: claims average \$139 per member per month in the small district; \$136 per member per month in the middle-sized district; and \$151 per member per month in the large district. He said these are “star” plans, and indicative of how increased participation lowers premiums. His overall observation is to set increased participation as a target. Mr. Alexander also discussed statewide participation in Arkansas and that of comparable programs in the State of Kansas and the State of Missouri. He discussed effects on rural school districts, on retirees, and on management of drug claims.

### Issues Included in the Discussion:

- ≡ effect of the wealth index of the area on contributions,
- ≡ cost calculations for claims of spouses,
- ≡ alternative or formula for those who have a spouse that is dropped from the plan and who find themselves in a situation with combined premiums greater than they would be for them as a family, and
- ≡ clarification of Bentonville School District’s monthly contribution amount per employee in the accompanying EBD handout.

### Handouts:

PSE Enrollment Data by Plan and District, EBD  
PSE Premiums Illustration

## Comments from Stakeholders

In today’s discussion of Option 2, presenters, in some cases, included comments on *Option 1 - Combining Both Plans into a Single Plan*, presented at the last meeting of the Task Force.

Presenter:

**Dr. Richard Abernathy**, Executive Director, Arkansas Association of Educational Administrators (AAEA), was recognized. Dr. Abernathy stated the issue of health insurance dramatically impacts schools and school employees. He said something has to be done to ensure the financial stability of the PSE Program and to address the affordability of health care coverage. He commented that merging the two plans would be a positive thing to do, keeping in mind that the ASE plan is possibly on the same course as the PSE plan. He noted risk would be spread over a broader base; however, the concern of funding would remain. Dr. Abernathy said there is need for additional new state revenue to be placed into the system. He warned that moving money from foundation funding to health insurance is not prudent for the long-term benefits of the educational system in Arkansas. He said the last time new state revenue was put into health insurance was 2009, with the exception of one-time money put in a couple of years ago. He stated that the legislation regarding Federal Insurance Contributions Act (FICA) savings generated in the last session needs to be repealed because it is diverting school funds that have already been budgeted over to health insurance. Dr. Abernathy discussed the pros and cons of the Missouri plan with regard to school districts operating their own health insurance plans. He also commented on the need for school districts to have good health insurance benefits to attract and retain quality employees. Dr. Abernathy stated that the AAEA had a good discussion on moving this issue forward with the goal of repairing the current system. He said, at a minimum, keep all school districts in the plan together as there is strength in numbers. He discussed an AAEA survey of member districts. He said of the 205 surveys returned, 45% of districts wanted to keep the system, but make strategic changes and improvements. He said the districts were not interested in taking over the operation of the health insurance program. Dr. Abernathy summarized points that the AAEA feels would make a difference:

- fair representation on the EBD Board,
- pulling money out of the Matrix and sending it directly to EBD,
- applying a cost-of-living adjustment (COLA) to the school contribution and to the state contribution,
- applying new state money to health insurance,
- increasing participation rates,
- mandating all school employees get on the health insurance plan,
- recommending all new hires get on the health insurance plan,
- repealing FICA legislation, and
- continuing the meetings between EBD and the Arkansas Association of Business Officials (AASBO) to discuss the state's system and the school's system.

Dr. Abernathy said that at the last meeting there was discussion of merging the Arkansas Teacher Retirement System (ATRS) and the Arkansas Public Employees Retirement System (APERS), which the AAEA does not support. He said both systems are financially sound and the AAEA does not see where impacting two systems that are working to try to solve a health insurance issue would be a good policy decision for the state.

Presenter:

**Ms. Brenda Robinson**, President, Arkansas Education Association (AEA), was recognized. Ms. Robinson applauded efforts made by legislators towards making sure the PSE health insurance plan is solvent and sound. She stated that having examined testimony from the previous meeting of the Task Force, the AEA believes that there may be major benefits to merging the PSE and ASE health insurance plans. She noted that while the ASE plan may currently be more solvent, it may also be a few claims away from being in the same predicament as the PSE plan. She said combining the two programs would allow each group to have a more informed voice on how health insurance is administered. Ms. Robinson said the AEA firmly believes this idea warrants further exploration. As far as Option 2, she said the AEA has had discussions with many stakeholders in the educational community and has researched other states that have turned over responsibility for health insurance operations to school districts. She said the AEA has repeatedly seen that when states have tried this, several smaller districts have not been able to offer any insurance to their employees at all. Ms. Robinson stressed that this is not an

acceptable outcome for state schools or for educators in Arkansas; and, unless there is a guarantee that such an outcome can be avoided, it is unlikely the AEA would be able to support any effort by the state to disregard administration of public school employees health insurance and to force districts to pick up the slack. With regard to retirement systems, discussed at the last Task Force meeting, she said the AEA is totally against merging ATRS and APERS. In closing, Ms. Robinson said the AEA looks forward to hearing more ideas from the Task Force to help educators solve these long-standing issues.

Contributor to the Discussion:

**Mr. Tom Doohar**, Executive Director, Arkansas Education Association

Issues Included in the Discussion:

- ∴ states in which research and analysis was conducted by the AEA,
- ∴ merging the plans offering the opportunity for better negotiations,
- ∴ getting into the details and the numbers of the options, and
- ∴ methods of funding which can contribute to equitability.

Presenter:

**Dr. Michele Ballentine-Linch**, Executive Director, Arkansas State Teachers Association (ASTA), was recognized. Dr. Ballentine-Linch stated that the PSE insurance liability is one of the greatest challenges faced at the moment. She described how teacher retirement is managed in the hopes of shedding light on the health insurance issue and reaching a solution. She stated that to put the teacher retirement system's strong foundational structure and mission at risk of being diluted with non-school employee stakeholders and objectives could lead to a situation similar to that of the PSE plan. Regarding combining the ASE and PSE plans, she said this option has been losing favor with the ASTA membership over the past few months. She noted that as more information is made available, the ASTA membership would like to provide a more informed opinion. Dr. Ballentine-Linch discussed the lack of representation of school employee stakeholders on the EBD Board, and the Board becoming sidetracked from its original assigned mission. Dr. Ballentine-Linch recommended that:

- the EBD Board be significantly restructured to include more PSE stakeholders and at least one industry expert who represents school employees,
- a trigger mechanism be put in place to raise a red flag when a proposal seems out of line with actuarial recommendations, industry norms, or current best practices,
- the EBD Board minutes reflect conversations, key questions, and thought processes that lead to the decisions made,
- actuaries be required to make proposals based on the legislated, mandated mission, and to keep the EBD Board and public apprised of how plans compare to other public sector plans,
- there be a requirement to provide a side-by-side comparison, as well as a financial summary, that allows participants to see their out-of-pocket expenses had they been on other plans,
- there be education to understand the promises and pitfalls of a Health Savings Account (HSA),
- there be better funding, and
- the state invest in buying down rates in order to attract younger and healthier participants.

Dr. Ballentine-Linch said the ASTA members believe this is a recruitment and retention issue, a quality-of-life issue, and an Adequacy issue that impacts rural districts, charter schools, single parents, two-educator homes, and support staff. She said much more is at stake than health insurance.

Presenter:

**Dr. Tony Prothro**, Executive Director, Arkansas School Boards Association, was recognized. Dr. Prothro stressed the importance of running scenarios for unintended consequences in order to see how people would be affected before moving forward on adopting any option.

Presenter:

**Mr. Danny James**, Executive Director, Arkansas State Employees Association (ASEA), was recognized. Mr. James stated this is not an issue of public school teachers vs. state employees. He said we are all working together to make Arkansas a better place. He stated this is a serious issue and demands serious questions and answers. Mr. James discussed how state employees have been hit hard financially over the last year and that morale is low. He stated the ASEA knows the General Assembly wants to do what's best and what's in the best interest of all state employees. He said we must look up from the numbers on the page and realize what a negative impact the decision will make on state employees and their families and, ultimately, on the state's economy, just as we must be in charge of doing the same thing for public school employees. He said having less money means spending less money in local communities which affects revenues. Mr. James continued, on behalf of the ASEA and the more than 27,000 state employees, we do not support an option that will increase health insurance premiums. He referenced a comment made by Mr. Bob Alexander in the last meeting about the merging of the two entities potentially causing upwards of a 33% increase in state employees' premiums. Mr. James stated the ASEA feels the numbers are not there. He said the ASEA supports the work of the Task Force; but when it comes down to dollars and cents, state employees can't afford the potential negative financial impact of combining both plans into a single plan. Mr. James also commented that the ASEA was not interested in combining the retirement systems.

Contributor to the Discussion:

**Mr. John Bridges**, Assistant Executive Director, Arkansas State Employees Association

Issues Included in the Discussion:

- working out a choice of plans if a family has members in each plan,
- actuarial data on changes to premiums should a merger take place,
- achieving confidence in the numbers,
- shopping around for negotiated health insurance rates based on a large pool of employees,
- necessity for an expanded look outside the box to fix the situation,
- funding efforts at the local level, and
- need for further discussion of Adequacy funding that's rolled over from year to year.

Presenter:

**Ms. Donna Morey**, Executive Director, Arkansas Retired Teachers Association (ARTA), was recognized. Ms. Morey provided written testimony on funding differences between state positions and public school positions. She said with the information we have, we know the public school plan is underfunded compared to that of the state. Ms. Morey expressed ARTA's position that it would appreciate better funding for the PSE plan and more support for Non-Medicare retirees.

Handout:

Arkansas Retired Teachers Association, Letter, dated September 15, 2014

Presenter:

**Mr. Bill Abernathy**, Executive Director, Arkansas Rural Education Association (AREA), was recognized. Mr. Abernathy stated the bottom line is to have quality school employees, teachers, and leadership in order to give the

best educational opportunities to students in Arkansas. He said, judging by the testimony, the merger would be a good investment but not at the expense of state employees.

**The Honorable Bill Gossage**, State Representative, District 82, was recognized. Representative Gossage presented a proposal for a five-year plan for covering health insurance premiums for first-year teachers which would dramatically increase the health of the pool and stabilize or decrease premiums. He requested that the Task Force explore this idea.

**The Honorable Jason Rapert**, State Senator, District 35, and **The Honorable Douglas House**, State Representative, District 40, were recognized, and, in turn, requested certain speakers on pertinent topics be placed on an upcoming agenda.

Next Scheduled Meeting:

Representative Copenhaver announced that the next meeting of the Task Force would not take place until after the November 4th elections.

Adjournment:

The meeting adjourned at 3:25 p.m.

*Approved: 11/13/14*

# APPENDIX F

Minutes of November 13, 2014 Meeting

MEETING SUMMARY

STATE AND PUBLIC SCHOOL  
LIFE AND HEALTH INSURANCE PROGRAM  
LEGISLATIVE TASK FORCE

Thursday, November 13, 2014  
3:00 p.m.  
Room 171, State Capitol  
Little Rock, Arkansas

Senator Jim Hendren, the Chair of the State and Public School Life and Health Insurance Program Legislative Task Force, called the meeting to order at 3:00 p.m.

**MEMBERS OF THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM LEGISLATIVE TASK FORCE IN ATTENDANCE:** Senator Jim Hendren, Chair; Senator Cecile Bledsoe; Senator Eddie Cheatham; Senator Linda Chesterfield; Senator Jason Rapert; Senator David Sanders; Representative Bill Gossage; and Representative Allen Kerr.

**OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE:** Senator Alan Clark; Senator Joyce Elliott; Representative Douglas House; and Representative John Hutchison.

Minutes:

Without objection, the minutes of September 23, 2014, were approved as written.

Exhibit:

Exhibit C – 09/23/14 Minutes

Remarks by the Chair

Senator Hendren presented an overview of what the Task Force will be looking at in preparation for the upcoming legislative session. He stated the purpose of the December meeting is to clean up some things in the legislation and present the bill in draft form. Senator Hendren said that in today's meeting, the focus of the Task Force will be to look at steps to take to further refine the efficiency of the operation of the state and public school employee insurance system.

Update on the Fiscal Status of the Employee Benefits Division (EBD)

Presenter:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander reviewed financials for both the ASE and the PSE plans, comparing the numbers from January 1, 2014 through October 31, 2014 with those from January 1, 2013 through October 31, 2013. He noted that both plans have shown an improvement over the past year.

Issues Included in the Discussion:

- how claims are reviewed to earn the reduction in premium for wellness,
- actuarial study of Representative Gossage's proposal to get younger, healthier teachers into the PSE program, and
- report on initiatives pursued with American Health Holding (AHH).

Handouts:

ASE Financials 01/01/13 through 10/31/13  
ASE Financials 01/01/14 through 10/31/14  
EBD Notes for October 2014 Financials  
PSE Financials 01/01/13 through 10/31/13  
PSE Financials 01/01/14 through 10/31/14

Preliminary Discussion of Current and Proposed Wellness Initiatives

Presenters:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander discussed the initiation of EBD's Wellness Program, describing it as "taking "baby steps." He noted the steps are: 1) to get everyone to go to the doctor, 2) to have members complete a health risk assessment online, and 3) to use the health risk assessment to determine the need for early intervention. He stated the final goal is to have an outcome-based Wellness Program that will provide long-range net savings to the plan. He discussed continuing to provide education about health issues to members; but said that the EBD will probably roll a lot of things that are purely voluntary right now into a more incentive-based program in 2016.

Issues Included in the Discussion:

- effect of participation rates on cost in Wellness Program,
- attendance at meetings at cooperatives, and
- projections of costs for Wellness Program over four (4) to five (5) years.

**Mr. Todd Hudnall**, Strategic Sales Executive, WebMD Health Services, was recognized. Mr. Hudnall, utilizing a PowerPoint presentation, shared information on research that supports the state's forward progression toward creating a "carve-out" plan, which is to have one single wellness provider for the state and a concentrated focus with an integrated platform to provide all of the range of wellness services across the board for retirees, active employees, and the teaching population.

Issues Included in the Discussion:

- definition of *chronic condition*,
- return for every dollar spent on wellness initiatives,
- relevant incentives *matched* to the audience,
- reasonable expectations from national standards for market penetration,
- customizing approaches to market penetration, and
- clients served by WebMD.

Handouts:

WebMD Health Services Handout  
WebMD Todd Hudnall Biography  
WebMD Wellness Presentation



## Preliminary Discussion of Issues Related to Population Health Management and Health Data Analytics

### Presenter:

**Mr. Richard Kersh**, Human Factor Analytics, Inc., Russellville, Arkansas, was recognized. Mr. Kersh, utilizing a PowerPoint presentation about Human Factor Analytics, discussed the company's history, milestone projects, understanding of population health management, services for consideration by the State of Arkansas, and the company's process and system for creating meaningful use of data and improving outcomes.

Senator Hendren stated this is a tremendous data collection tool that needs to be considered. He said it goes to the question of how to tailor the program to participants. He inquired about the expected price range for services.

Mr. Kersh said the expected price range would be \$40,000 for an analytical study that would provide the data necessary to assess the current wellness program and to predict the optimum wellness program for population health management. He clarified that it could also be useful in computing an expected return on investment.

### Issues Included in the Discussion:

- ◆ communications efforts for the market,
- ◆ providing details on work done for current clients and example reports, and
- ◆ studies to determine if providing incentives for wellness work, how many participate, and if cost is reduced.

### Handout:

Evidence-Based Population Health Management through Analytics, Human Factor Analytics

## Update on Public School Employee Health Insurance Concerns

### Presenter:

**Ms. Shelley Smith**, Educator, Mountain View School District, was recognized. Ms. Smith, utilizing a PowerPoint presentation, reviewed responses to a survey of public school employees that was distributed statewide in an effort to obtain statistical data from school personnel with regards to their health insurance plans, and their experiences with EBD. She noted that data from 1,132 responses to the survey were organized into four (4) domains in the report; and that the report also contained suggested solutions to problems, personal observations, questions, and comments.

Senator Hendren made two points. He stated the Task Force will continue to ask EBD for reports about efforts to improve their customer service; and, the Task Force is making progress towards improving the quality of the PSE plan at less cost.

### Issues Included in the Discussion:

- ≈ feedback on points of contact for EBD in the school districts,
- ≈ whether data on respondents included the plan in which they were enrolled,
- ≈ providing needed plan information at the local level, and
- ≈ ability of school districts to take over management of health insurance.

### Handout:

Shelley Smith Presentation

### Next Scheduled Meeting:

Tuesday, December 16, 2014, at 10:00 a.m. in Room 171 of the State Capitol in Little Rock

*Adjournment:*

The meeting adjourned at 4:53 p.m.

*Approved: 12/16/14*

# APPENDIX G

Minutes of December 16, 2014 Meeting

MEETING SUMMARY

STATE AND PUBLIC SCHOOL  
LIFE AND HEALTH INSURANCE PROGRAM  
LEGISLATIVE TASK FORCE

Tuesday, December 16, 2014

10:00 A.M.

Room 171, State Capitol

Little Rock, Arkansas

Senator Jim Hendren, the Chair of the State and Public School Life and Health Insurance Program Legislative Task Force, called the meeting to order at 10:00 a.m.

**MEMBERS OF THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM**

**LEGISLATIVE TASK FORCE IN ATTENDANCE:** Senator Jim Hendren, Chair; Representative Harold Copenhaver, Vice Chair; Senator Cecile Bledsoe; Senator Eddie Cheatham; Senator Jason Rapert; Senator David Sanders; Representative Bill Gossage; Representative Allen Kerr; and Representative George McGill.

**OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE:** Senator Jonathan Dismang; Senator Stephanie Flowers; Representative Ann Clemmer; Representative David Hillman; Representative Douglas House; Representative John Hutchison; Representative Sheilla Lampkin; and Representative Mark McElroy.

**MEMBERS-ELECT OF THE GENERAL ASSEMBLY IN ATTENDANCE:** Representative-Elect Michael John Gray.

Minutes:

Without objection, the minutes of November 13, 2014, were approved as written.

Exhibit:

Exhibit C – 11/13/14 Minutes

Senator Hendren announced that the State and Public School Life and Health Insurance Program Legislative Task Force would be meeting during the upcoming General Session. He remarked that this would be the last Task Force meeting for Representative Harold Copenhaver, Vice Chair, Representative James McLean, Representative Allen Kerr, and Representative Tommy Wren.

Update on the Fiscal Status of the Employee Benefits Division (EBD)

Presenter:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander reviewed financials for both the ASE and the PSE plans, comparing the numbers from January 1, 2014 through November 30, 2014 with those from January 1, 2013 through November 30, 2013. He noted that both plans, even with expenditures in November for the Transitional Reinsurance Fee, have shown an improvement over the past year. Mr. Alexander furnished detailed 2015 enrollment information for the plans, updated information on HSA (Health Savings Account) enrollment, and updated requirements for the Wellness Program.

Issues Included in the Discussion:

- impact on premiums for 2016,
- clarification of viable insurance for spouses, and
- clarification of AGI (Adjusted Gross Income) of employee.

Handouts:

ASE and PSE November 2013 and 2014 Financials

Review of Proposed Legislation Related to State and Public School Employee Health Insurance

Presenter:

**Ms. Alix Stephens**, Staff Attorney, Bureau of Legislative Research, was recognized. Ms. Stephens discussed proposed legislation to address issues discovered since the Special Session. She reviewed each of eight individual drafts.

Contributor to the Discussion:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration

Senator Hendren commented that this is not an opportunity for the Task Force to discuss controversial bills. He said this is an opportunity for members to agree that certain draft bills contain technical changes and can be combined into one bill before going through the normal vetting process. He said if any member has an objection to the inclusion of a bill, that bill will be set aside.

Relevant Action:

**The Honorable Cecile Bledsoe**, State Senator, District 3, was recognized, and made a motion to turn draft bills ANS031, ANS032, and ANS048 into one technical adjustment bill. The motion was seconded by Representative Allen Kerr.

Pursuant to the motion by Senator Bledsoe, and without objection, the motion was carried.

Handouts:

Draft Bill ANS031  
Draft Bill ANS032  
Draft Bill ANS033  
Draft Bill ANS034  
Draft Bill ANS038  
Draft Bill ANS047  
Draft Bill ANS048  
Draft Bill ANS049

Continued Discussion of Issues Related to Population Health Management and Health Data Analytics

Senator Hendren commented that at the last meeting, Mr. Richard Kersh made a presentation to the Task Force about doing a data-driven study of the Wellness Program. Senator Hendren noted that several members have concluded that this is an affordable study and could give the Task Force some valuable information on whether wellness programs work, whether they are cost-effective, and whether they produce a return on investment for taxpayers. He noted that a contract for the study had been sent to members of the Task Force for review to see if the study should be pursued.

Presenter:

**Mr. Richard Kersh**, Human Factor Analytics, Inc., Russellville, Arkansas, was recognized. Mr. Kersh reviewed what he would be able to present to the Task Force if the contract is approved. He said Human Factor Analytics, Inc. is not an actuarial firm. He explained it does population health management studies, kind of an epidemiological analysis of the population. He said the company identifies risk mitigation opportunities. He said Human Factor Analytics, Inc. backs into the data, looking at multiple variables, including precursors and causalities. He said the analysis will establish a baseline for the State of Arkansas to measure potential interventions that occur in the future. Mr. Kersh said that Human Factor Analytics, Inc. backs up logic with statistical analysis to confirm assumptions. Mr. Kersh noted the initial contract is for a preliminary analysis. He explained that, if the Task Force sees value in the analysis, he would welcome the consideration of Human Factor Analytics, Inc. as a source for analysis of healthcare-related data on an ongoing basis.

Contributors to the Discussion:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration

**Ms. Jill Thayer**, Legal Counsel to the Director, Bureau of Legislative Research, was recognized. Ms. Thayer said this contract, once approved by the Task Force, will be subject to review by the Policymaking Subcommittee, which is scheduled meet on Wednesday, December 17, 2014, at 9:00 a.m. She said their recommendation will then go to the full Legislative Council which meets on Friday, December 19, 2014, at 9:00 a.m. She said once Council approves it, if they do, the contract can be signed and work can begin.

Issues Included in the Discussion:

- method of transferring reported data, and
- cost of vendors providing data to the State of Arkansas.

Relevant Action:

**The Honorable David Sanders**, State Senator, District 15, was recognized, and made a motion that the contract with Human Factor Analytics, Inc. be accepted.

Pursuant to the motion by Senator Sanders, and without objection, the motion was carried.

Handout:

Human Factor Analytics Agreement with Schedule 1

Discussion of Data Driven Health Care Concierge Services

**The Honorable Jason Rapert**, State Senator, District 35, was recognized. Senator Rapert noted that Compass Care Engineering is a different entity from Chrome Compass, which was hired to do some initial analysis, and is not competitive in nature with what was just passed.

Presenter:

**Mr. David Toomey**, President, Compass Care Engineering, Dallas, Texas, was recognized. Mr. Toomey, in a PowerPoint presentation, discussed the services of Compass Care Engineering (Compass). He explained the Compass Integrated Solution, comprised of Transparency, Pathways, and Prevention, the key to delivering sustainable cost reduction. He described the Health Pro Consultant Model which delivers personal service, provides context-guided technology to create custom solutions for each employee, and enables simplified healthcare system navigation. Mr. Toomey said the Compass team is a catalyst to engage employees and answer their questions about medical, dental, vision, and pharmacy services. He said services include helping employees with understanding insurance benefits, accessing the right doctors, auditing medical bills, and reviewing prescription services. He said Compass helps every employee and everybody in their household, whether they are covered by the state plan or not, plus one (parents or in-laws). He also discussed the Compass role in wellness

programs. Mr. Toomey stated that Compass is so confident in what it does and the results produced that it guarantees its fee.

Contributor to the Discussion:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration

Issues Included in the Discussion:

- cost of implementing the services,
- the money-back guarantee,
- providing a research center with a support team in Arkansas,
- services currently being looked at by the EBD,
- average engagement rates,
- how contacts are made with the end user,
- medical acuity and training of the research center staff,
- average per member, per month cost,
- sources for data,
- intersection of engagement versus savings,
- third party analysis to verify and validate information,
- process to reach out and educate employees, and
- options price variations for providing high-quality medical service.

Handout:

Compass Healthcare PowerPoint

Discussion of Representative Gossage's Proposal Regarding the Public School Employee (PSE) Health Insurance Program

**The Honorable Bill Gossage**, State Representative, District 82, was recognized, and discussed his proposal for a five-year plan for covering health insurance premiums for first-year teachers which would dramatically increase the health of the pool and stabilize or decrease premiums.

Presenter:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized, and discussed the projected cost impacts of providing a subsidy for new teachers with alternative grading. He said that a deeper analysis from the actuary will be provided in the future.

A comprehensive discussion followed about the projected figures on the chart contained in the handout.

Senator Hendren commented that this proposal has tremendous value and merit, and, as cash reserves build up, the Task Force will have an opportunity to try such proposals. He noted this will be a policy discussion to put on the agenda in January and February. He noted that issues of Adequacy will also need to be considered.

Handout:

Cost Impact of Subsidy for New Teachers with Alternative Grading, Cheiron

Discussion of Customer Satisfaction Survey of Arkansas State Employee (ASE) and Public School Employee (PSE) Members

Senator Hendren discussed reaching out to ASE and PSE members with a formal customer satisfaction survey and having the results being presented to the Task Force. He stated the purpose of the survey would be to collect data to assist in understanding and addressing this problem.

Presenter:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander presented his ideas on the approach EBD could possibly take in creating a survey.

Senator Hendren requested that representatives from state agencies and associations use every means at their disposal to encourage maximum participation in a survey in order to give a true picture of the problem. He encouraged the representatives to make suggestions for input to a survey.

Adjournment:

The meeting adjourned at 12:01 p.m.

*Approved: 01/26/15*



# APPENDIX H

Minutes of January 26, 2015 Meeting

MEETING SUMMARY

STATE AND PUBLIC SCHOOL  
LIFE AND HEALTH INSURANCE PROGRAM  
LEGISLATIVE TASK FORCE

Monday, January 26, 2015

Upon Adjournment of Both Chambers

Room 171, State Capitol

Little Rock, Arkansas

Senator Jim Hendren, the Chair of the State and Public School Life and Health Insurance Program Legislative Task Force, called the meeting to order at 3:00 p.m.

**MEMBERS OF THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM LEGISLATIVE TASK FORCE IN ATTENDANCE:** Senator Jim Hendren, Chair; Senator Eddie Cheatham; Senator Jason Rapert; Senator David J. Sanders; Representative Bruce Cozart; Representative Bill Gossage; and Representative George B. McGill.

**OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE:** Senator Joyce Elliott; Representative Ken Bragg; and Representative Sheilla Lampkin.

Minutes:

Without objection, the minutes of December 16, 2014, were approved as written.

Exhibit:

Exhibit C – 12/16/14 Minutes

Remarks by the Chair

Senator Hendren welcomed new members of the Task Force, Representative Charlie Collins and Representative Bruce Cozart.

Relevant Action:

**The Honorable Bruce Cozart**, State Representative, District 24, was recognized, and made a motion to select the Honorable Bill Gossage, State Representative, District 82, as Vice Chair of the Task Force. The motion was seconded by Senator Eddie Cheatham.

Pursuant to the motion by Representative Cozart, and without objection, the motion was carried.

Senator Hendren stated the focus of Task Force meetings for this period would be to determine if there are any legislative changes that need to be made. He said members would review and discuss draft bills for potential recommendations to the General Assembly.

Update on the Fiscal Status of the Employee Benefits Division (EBD)

Presenter:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander reviewed financials for both the ASE and the PSE plans, comparing the numbers from January 1, 2014 through December 31, 2014 with those from January 1, 2013 through December 31, 2013. He said that both plans ended the year in the positive; and 2014 showed an improvement over 2013. He noted the actuary would have a complete recap for 2014 available at the next meeting.

Contributor to the Discussion:

**Mr. John Colberg**, EA Principal Consulting Actuary, Cheiron

Issues Included in the Discussion:

- actuarial advice on an acceptable level of reserves for plans of this size, and
- differences in allocation of reserves.

Handouts:

ASE and PSE Financials, January 1, 2014 through December 31, 2014 and January 1, 2013 through December 31, 2013

Discussion of Possible Funding Options for Representative Gossage's Proposal for the Provision of Health Insurance to New Certified Public School Employees

Presenter:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized, and discussed possible strategies for funding of Representative Gossage's proposal within current Employee Benefits Division (EBD) revenues versus utilizing new dollars. He reviewed a handout, *Subsidy Cost for New Teachers*, containing a chart illustrating the cost of paying a premium subsidy for first-year teachers over a five-year period. He noted the increased expense for school districts over that five-year period.

Contributor to the Discussion:

**Mr. John Colberg**, EA Principal Consulting Actuary, Cheiron

Issues Included in the Discussion:

- affect of new insurance regulations and laws regarding discrimination,
- planned design that might attract younger participants,
- funding through an account similar to a Health Savings Account (HSA),
- coming up with a nondiscriminatory plan, and
- generating funds to pay for new teachers.

Handouts:

Draft Legislation Health Insurance Contribution Requirements  
Subsidy Cost for New Teachers

Discussion of Possible Legislation Mandating that any School District Proposal for an Employee Salary Increase Must Contain a Proportional Increase in a School District's Contribution Toward Public School Employee Health Insurance

Presenter:

Senator Hendren introduced a draft bill the subject of which is that when a school district increases salary, the district has to make a proportional increase to benefits. He stated no action would be taken on the bill today; and asked if any organization wanted to make comments.

Contributors to the Discussion:

**Dr. Richard Abernathy**, Executive Director, Arkansas Association of Educational Administrators (AAEA), was recognized, and said the bill has some merit but needs further exploration.

**Ms. Roslyn Middleton**, Assistant Attorney General, Office of the Attorney General, was recognized. Ms. Middleton said the Attorney General's Office has no position on the bill.

**Ms. Brenda Robinson**, President, Arkansas Education Association (AEA), was recognized. Ms. Robinson said the position of the AEA on the bill is that it does have merit; but also has a few challenges that need to be examined.

**Dr. Michele Lynch**, Executive Director, Arkansas State Teachers Association (ASTA), was recognized, and stated that ASTA can definitely support the bill; but raised teacher members' concerns about also meeting the needs of the support staff.

Issue Included in the Discussion:

- providing solutions for fellow employees.

Senator Hendren said he would work with Dr. Abernathy to come up with a little more clarity on the formula and details of this requirement. He commented that he would ask that action be taken on this for presentation as a Task Force bill.

Handout:

Draft Legislation to Establish the New Teacher Health Insurance Incentive Program

Discussion of Possible Client Survey by the Employee Benefits Division (EBD)

Presenter:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander said several options for conducting a client survey had been reviewed. He stated the cost and time involved with mailing out a survey would be prohibitive. With regard to an online survey, he said that the EBD had studied one that the State of North Carolina had conducted. He commented that this might be a viable method; however, the cost needs to be determined and the details need to be studied. He said questions for the survey would have to be developed professionally, and he had a vendor, Arkansas Center for Health Improvement (ACHI), in mind. He commented that to do an online survey right, it would be time consuming, and the timeframe needed to implement the survey would pass the June 15 Task Force deadline.

Issues Included in the Discussion:

- ◆ necessity or value of doing a survey,
- ◆ input from teachers continues to make a survey necessary,
- ◆ value lies in a survey that is professionally executed and in which complete data is supplied, and

- ◆ necessity of looking at state employees as well as teachers.

Senator Hendren commented that the next meeting of the Task Force would be an action meeting. He said technical correction bills would be reviewed as well as any other proposals on which members would like to have a recommendation for this General Session. He requested the Task Force members to think about the possibility of extending the sunset for the Task Force which is currently June 30, 2015.

Handout:

Employee Survey, Arkansas Center for Health Improvement (ACHI) Memo

Next Scheduled Meeting:

Monday, February 23, 2015, Upon Adjournment of the House and Senate, in Room 171 of the State Capitol in Little Rock

Adjournment:

The meeting adjourned at 3:45 p.m.

*Approved: 02/23/15*

# APPENDIX I

Minutes of February 23, 2015 Meeting

**MEETING SUMMARY**

**STATE AND PUBLIC SCHOOL  
LIFE AND HEALTH INSURANCE PROGRAM  
LEGISLATIVE TASK FORCE**

**Monday, February 23, 2015  
Upon Adjournment of Both Chambers  
Room 171, State Capitol  
Little Rock, Arkansas**

Senator Jim Hendren, the Chair of the State and Public School Life and Health Insurance Program Legislative Task Force, called the meeting to order at 3:05 p.m.

**MEMBERS OF THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM LEGISLATIVE TASK FORCE IN ATTENDANCE:** Senator Jim Hendren, Chair; Representative Bill Gossage, Vice Chair; Senator Cecile Bledsoe; Senator Eddie Cheatham; Senator Linda Chesterfield; Senator David J. Sanders; Representative Charlie Collins; and Representative Bruce Cozart.

**OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE:** Senator Alan Clark.

Senator Hendren announced that, barring any unforeseen circumstances, this would be the last meeting of the State and Public School Life and Health Insurance Program Legislative Task Force prior to the end of the General Session.

Minutes:

Without objection, the minutes of January 26, 2015, were approved as written.

Exhibit:

Exhibit C – 01/26/15 Minutes

Update on the Fiscal Status of the Employee Benefits Division (EBD)

Presenter:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander explained that the January 2015 numbers are a little distorted because of the installation of a new data feed process between the Employee Benefits Division (EBD) and one of its vendors. He said the data feeds have now been worked out and everything should be normal by the end of the month. Mr. Alexander reviewed financials for both the ASE and the PSE plans, comparing the numbers from January 1, 2015 through January 31, 2015 with those from January 1, 2014 through January 31, 2014. He noted that both plans were in the black and ahead of last year primarily because prescription drug claims were down for January 2015. Mr. Alexander also discussed completion of the end-of-year reconciliation of transitions between reserve funds; and calculations for Federal Insurance Contributions Act (FICA) contributions.

Handouts:

ASE and PSE Financials, January 1, 2015 through January 31, 2015 and January 1, 2014 through January 31, 2014

Notes for January 2015 Financial Reports

Presentation of the Population Health Management Report Commissioned by the Task Force

Presenters:

**Mr. Richard Kersh**, President, Human Factor Analytics, Inc., was recognized. Mr. Kersh discussed key factors and recommended solutions resulting from the analysis of archival health care data conducted by Human Factor Analytics. Mr. Kersh noted that the overall goal of this population health analysis was to bring meaningful use to the 2013-2014 medical and pharmacy data for the ASE and PSE populations. Mr. Kersh discussed the following key findings, including solutions, for consideration:

1. reductions in spending from 2013 to 2014,
2. diabetes complications and co-morbidities,
3. preventive screenings,
4. musculoskeletal diagnosis,
5. medication compliance,
6. patient/physician communication,
7. avoidable emergency room visits, and
8. warehouse data in a relational database.

Contributors to the Discussion:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration  
**Mr. Town Travis**, Vice President of Operations, Human Factor Analytics, Inc.

Issues Included in the Discussion:

- part played by ethnicity in certain chronic conditions,
- including both visual and auditory instruction methodologies in education about health issues,
- encouraging participation in health management programs,
- comparison of participation in current wellness programs compared to that of four to five years ago, and
- getting people to participate in early screenings.

Senator Hendren requested that concrete suggestions for getting more people to screenings be developed so they can be forwarded to EBD for their response on moving forward.

Handouts:

Population Health Management Report  
Population Health Management Report, Executive Summary  
Summary of Human Factor Analytics Report

Review of Draft Legislation Pertaining to the State and Public School Life and Health Insurance Program

Senator Hendren briefly reviewed activity on draft bills that took place in December, and subsequent changes and clarifications to certain bills.

Contributors to the Discussion:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration  
**Ms. Robyn Keene**, Financial Consultant, Arkansas Association of Educational Administrators (AAEA)

Issues Included in the Discussion of Draft Bill ANS035 (a combination of ANS031, ANS032, and ANS048):

- clarification of FICA savings included in the health insurance program,
- supplemental insurance and FICA funds with regard to schools,
- requiring an individual to set up a health savings account (HSA),
- charges for HSA accounts,



- success of HSA accounts in the ASE plan; and participation in HSAs in the PSE plan, and
- flexible spending accounts.

Senator Hendren said that with no objection to technical changes in Draft Bill ANS035, it would be filed as a Task Force bill.

Following a review by Mr. Alexander of any changes to draft bills ANS033, ANS047, ANS049, and SAG080, and with no objection, Senator Hendren said they would be filed as Task Force bills.

Senator Hendren said he would work with Mr. Alexander on adjustments made to Draft Bill ANS034 and Draft Bill ANS141, and, if there are no substantive changes, they would be filed as Task Force bills.

Handouts:

Draft Bill ANS031  
Draft Bill ANS032  
Draft Bill ANS033  
Draft Bill ANS034  
Draft Bill ANS035  
Draft Bill ANS038  
Draft Bill ANS047  
Draft Bill ANS048  
Draft Bill ANS049  
Draft Bill ANS141  
Draft Bill SAG080

Adjournment:

The meeting adjourned at 5:00 p.m.

*Approved: 03/23/15*

# APPENDIX J

Minutes of March 16, 2015 Meeting

**ACTION SHEET**

**STATE AND PUBLIC SCHOOL  
LIFE AND HEALTH INSURANCE PROGRAM  
LEGISLATIVE TASK FORCE**

**Monday, March 16, 2015**

**12:30 p.m.**

**Room 171, State Capitol**

**Little Rock, Arkansas**

Senator Jim Hendren, the Chair of the State and Public School Life and Health Insurance Program Legislative Task Force, called the meeting to order at 12:30 p.m.

**MEMBERS OF THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM LEGISLATIVE TASK FORCE IN ATTENDANCE:** Senator Jim Hendren, Chair; Senator Cecile Bledsoe; Senator Eddie Cheatham; Senator Linda Chesterfield; Senator David J. Sanders; Representative Charlie Collins; Representative Charlene Fite; and Representative Laurie Rushing.

Remarks by the Chair

Senator Hendren welcomed new members, Representative Charlene Fite and Representative Laurie Rushing, to the Task Force.

Senator Hendren discussed the need to attend to several housekeeping items, including providing topics for the agenda, hearing responses from the Employee Benefits Division (EBD) to key findings from the report on the effectiveness of the Wellness program, finalizing a customer satisfaction survey, and having an amendment to extend the term of the Task Force. He went on to discuss the status of several Task Force reform bills.

*Contributors to the Discussion:*

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration

**The Honorable Eddie Cheatham**, State Senator, District 26

**Ms. Robyn Keene**, Financial Consultant, Arkansas Association of Educational Administrators (AAEA)

Discussion of Possible Legislation to Continue the Task Force

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander commented on the value of extending the Task Force beyond June 30, 2015. He stated that a lot of progress has been made with the Arkansas State Employee (ASE) and the Public School Employee (PSE) Health Insurance Programs, and that it has been great to have the involvement of the legislature. Mr. Alexander said he supports whatever extension the Task Force recommends.

**The Honorable Charlie Collins**, State Representative, District 84, was recognized, and commented that an extension would enable a more in-depth structural review of the ASE and PSE health insurance programs, possibly enabling more transformational change. For this reason, Representative Collins stated his support for the extension.

Senator Hendren noted his agreement with Representative Collins.

Relevant Action:

**The Honorable Charlie Collins**, State Representative, District 84, was recognized, and made a motion that members of the State and Public School Life and Health Insurance Program Legislative Task Force agree to amend SB824 to extend the Task Force for a year, with the option to disband earlier, if necessary. **The Honorable Linda Chesterfield**, State Senator, District 30, was recognized, and seconded the motion.

Pursuant to the motion by Representative Collins, and without objection, the motion was carried.

**The Honorable David Sanders**, State Senator, District 15, was recognized, and requested that the EBD provide the Task Force with a report on the number of liver transplants done over the past seven years.

Senator Collins requested that a discussion of Hepatitis C be added to the agenda for the next meeting.

Next Scheduled Meeting:

Monday, March 23, 2015, Upon Adjournment of the House and Senate, in Room 171 of the State Capitol in Little Rock

Adjournment:

The meeting adjourned at 12:52 p.m.

*Approved: 04/21/15*

# APPENDIX K

Minutes of March 23, 2015 Meeting

**ACTION SHEET**

**STATE AND PUBLIC SCHOOL  
LIFE AND HEALTH INSURANCE PROGRAM  
LEGISLATIVE TASK FORCE**

**Monday, March 23, 2015  
Upon Adjournment of the House and Senate  
Room 171, State Capitol  
Little Rock, Arkansas**

Senator Jim Hendren, the Chair of the State and Public School Life and Health Insurance Program Legislative Task Force, called the meeting to order at 4:30 p.m.

**MEMBERS OF THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM  
LEGISLATIVE TASK FORCE IN ATTENDANCE:** Senator Jim Hendren, Chair; Representative Bill Gossage, Vice Chair; Representative Charlie Collins; Representative Bruce Cozart; and Representative Laurie Rushing.

Minutes:

Without objection, the minutes of February 23, 2015, were approved as written.

Exhibit:

Exhibit C – 02/23/15 Minutes

Remarks by the Chair

Senator Hendren announced that the meeting today would be about presentation of data and that no official action would be taken.

Update on the Fiscal Status of the Employee Benefits Division (EBD)

Presenter:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander reviewed financials for both the ASE and the PSE plans, comparing numbers from January 1, 2015 through February 28, 2015 with those from January 1, 2014 through February 28, 2014. He noted that both plans were in the positive and, between the two, were up a little over \$20 million during the first two months of this year. He said the ASE plan has \$35 million in net assets available compared to \$5.5 million this time last year; and the PSE plan has \$25 million in net assets available compared to zero last year.

Senator Hendren said this was good news coming from the financial reports.

Handout:

ASE and PSE Financials, January 1, 2015 through February 28, 2015 and January 1, 2014 through February 28, 2014

Discussion of Calculation Methodology Used in the Development of the Employee Benefits Division (EBD)'s Employee Premium Estimates

Presenter:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander explained the source of the numbers for premium projections and reasons for the seeming delay in reporting premium increases two years ago. He noted a unique thing about two years ago was dealing with a 2013 year-end deficit. He additionally discussed numbers generated for increases in FICA savings and trend factors.

Contributor to the Discussion:

**Mr. John Colberg**, Principal Consulting Actuary, Cheiron, Inc.

Issues Included in the Discussion:

- pending bills impacting health insurance plans,
- effect of rising costs, including pharmaceutical and administrative costs, on rate increases, and
- legislative actions and impact on cash flow of the plans.

Senator Hendren requested that rate projections be reported as a monthly item to the Task Force.

Senator Hendren announced that there would be a deviation from the agenda, and the Committees would next take up Item H.

Response of the Employee Benefits Division (EBD) to the Population Health Management Report by Human Factor Analytics, Inc.

Presenter:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander presented highlights of the Population Health Management Report. He discussed providing incentives for preventive colonoscopies, health risk assessment tools for chronic disease groups, and rewarding participation in Wellness and other voluntary programs. He noted that early intervention is the best preventative tool.

Contributor to the Discussion:

**Mr. John Colberg**, Principal Consulting Actuary, Cheiron, Inc.

Senator Hendren requested Mr. Alexander to prepare a summary in written format for presentation in the next meeting of the Task Force. Senator Hendren said he was looking for specific action items on each of the key findings.

Mr. Alexander additionally commented on a program initiated the first of the year in which the \$250 co-pay would be waived if a person calls the 24/7 nurse hotline for advice on going to the emergency room (ER) or on other available treatments. He said calls made to the nurse hotline during the first two months of the year went up 185% and that this program will have a big impact on unnecessary ER visits.

Mr. Colberg commented that a lot of other initiatives are already underway.

Senator Hendren said that the presentation of Item G, Discussion of Coverage Policy Developed by the Employee Benefits Division (EBD) Regarding Hepatitis-C Drugs, would be deferred to the next meeting of the Task Force.

Handout:

Discussion of Coverage Policy Developed by the Employee Benefits Division (EBD) Regarding Hepatitis-C Drugs, March 23, 2015

Senator Hendren said the Committees would now take up Item I.

Update on the Development of a Member Satisfaction Survey by the Employee Benefits Division (EBD)

Presenter:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander said an outside consultant who is familiar with surveys has put together information which will be forwarded to the Board. He said data is still being collected, including that on what other states have done. He noted that this state is not a typical employer. Mr. Alexander said he will look to the Task Force for more guidance at the next meeting.

Senator Hendren informed new members that a feedback method for teachers and state employees to give likes and dislikes about plans was being developed so a baseline could be established to see if the Task Force is going in the right direction. He requested member input. He said it is important that a survey be done and be done well.

Next Scheduled Meeting:

A notification will sent out in late April.

Adjournment:

The meeting adjourned at 5:05 p.m.

*Approved: 04/21/15*



# APPENDIX L

Minutes of April 21, 2015 Meeting

MINUTES

STATE AND PUBLIC SCHOOL  
LIFE AND HEALTH INSURANCE PROGRAM  
LEGISLATIVE TASK FORCE

Tuesday, April 21, 2015  
10:00 A.M.  
Room 171, State Capitol  
Little Rock, Arkansas

Senator Jim Hendren, the Chair of the State and Public School Life and Health Insurance Program Legislative Task Force, called the meeting to order at 10:00 a.m.

**MEMBERS OF THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM LEGISLATIVE TASK FORCE IN ATTENDANCE:** Senator Jim Hendren, Chair; Representative Bill Gossage, Vice Chair; Senator Cecile Bledsoe; Senator Eddie Cheatham; Senator Linda Chesterfield; Senator Jason Rapert; Senator David Sanders; Representative Charlie Collins; Representative Bruce Cozart; Representative Charlene Fite; Representative George McGill; and Representative Laurie Rushing.

**OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE:** Senator Alan Clark; Senator Jonathan Dismang; Senator Joyce Elliott; Senator Jimmy Hickey; Representative Nate Bell; Representative Charlotte Vining Douglas; Representative Jon Eubanks; Representative Jeremy Gillam; Representative Kim Hammer; Representative David Hillman; Representative Joe Jett; Representative Jack Ladyman; Representative Mark McElroy; Representative James Ratliff; and Representative Nelda Speaks.

Minutes:

Without objection, the minutes of March 16, 2015 and March 23, 2015, were approved as written.

Exhibits:

Exhibit C1 – 03/16/15 Minutes

Exhibit C2 – 03/23/15 Minutes

Remarks by the Chair

Senator Hendren referenced the handout, *Legislation Enacted by the 90<sup>th</sup> General Assembly Impacting the State and Public School Life and Health Insurance Program*, included in members' packets. He noted the document provides a summary of legislative changes in bills which were either heard by the Task Force or were recommended as Task Force bills to the General Assembly during the General Session.

Handout:

Legislation Enacted by the 90<sup>th</sup> General Assembly Impacting the State and Public School Life and Health Insurance Program

Update on the Fiscal Status of the Employee Benefits Division (EBD)

Presenter:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander commented that many legislative changes enacted by the 90<sup>th</sup> General Assembly will affect EBD's plans. He said he would prepare a handout to show any possible impact for the next meeting. Mr. Alexander went on to review financials for both the Arkansas State Employee (ASE) and the Public School Employee (PSE) plans, comparing numbers from January 1, 2015 through March 31, 2015 with those from January 1, 2014 through March 31, 2014. He said the PSE plan numbers show a large net increase of \$24 million which affects the year-to-date in the net assets. He explained this was the result of the receipt of a one-time payment of \$16 million from the Arkansas Department of Education (ADE) into EBD to go into the PSE fund. He noted that this payment distorts the month. Mr. Alexander commented that even without considering the \$16 million one-time payment, there was an \$8.2 million increase for the month, and the fund has a \$19.8 million balance so far this year. He said the net assets available are \$33.5 million and are unallocated reserves not dedicated to any possible liability. He said as this number goes up, so will available funds to offset any premium increases. He stated the ASE plan also had a very good month. It has a \$7.3 million balance for the month, and a \$16.8 million balance for the first three months. He said a deductible was added to the Premium plan, and, since about 90% of state employees are on the Premium plan, a large buildup is expected. He stated that as the deductible is met, accordingly, premiums will start being paid. He stated the unallocated reserves are \$42 million, of which 50% will be used to offset any premium increases. Mr. Alexander also discussed any impact the cap on bariatric surgery that went into effect this year might have had on the plan to date.

Handouts:

ASE and PSE Financials, January 1, 2015 through March 31, 2015 and January 1, 2014 through March 31, 2014

Review of Calculation Methodology Used in the Development of the Employee Benefits Division (EBD)'s Employee Premium Estimates and Discussion of Preliminary Estimates for 2016 Premiums

Presenter:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander said the actuary will present a preliminary "snapshot" look at rates to the State and Public School Life and Health Insurance Board (Board) and the Benefits Subcommittee next month. He said this will give the Board and the Benefits Subcommittee time to ascertain whether any adjustments are needed. Mr. Alexander continued his discussion with an explanation of how calculations are determined.

Issues Included in the Discussion:

- impact of legislative changes with regard to prescription drugs,
- time frame for projecting rates for 2016,
- impact of the transfer of fund balances from unallocated reserves on rate increases,
- ability to negotiate prices in the Request for Proposal (RFP) process,
- negotiating prices for the prescription plan,
- thinking "outside the box" about premiums,
- cost of plan administration on an annual basis, ability to negotiate cost reductions, and length of vendor service contracts, and
- other opportunities for cost reductions.

Discussion of Coverage Policy Developed by the Employee Benefits Division (EBD) Regarding Hepatitis-C Drugs

Presenter:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander gave a background for the relationship between EBD's Drug Utilization and Evaluation Committee (DUEC) and the Evidence-Based Prescription Drug Program (EBRx) at the UAMS College of Pharmacy. He said DUEC evaluated the data on new Hepatitis-C drugs on the market and made a recommendation to the EBD Board, which subsequently adopted a coverage policy. Mr. Alexander noted costs for new drugs run about \$1,000 a pill in a 3-month treatment plan, or about \$90,000 per person. He said the EBD policy is in line with those in other states and in other plans.

Contributor to the Discussion:

**Mr. Dwight Davis**, PharmD, Director, Evidence-Based Prescription Drug Program (EBRx), UAMS College of Pharmacy, was recognized. In a PowerPoint presentation, Mr. Davis explained the long-term effects of Hepatitis-C and the goal of therapy. He discussed the 5-point scoring mechanism designed to track the degree of the long-term effects of scarring of the liver or fibrosis. He said the scoring mechanism helps determine which patients are suitable for treatment. He noted the limitations in clinical trials which raised questions about the clinical data. He described EBD's coverage policy for new drugs available since the first of the year. He said EBD's Board will vote on final approval on EBD's coverage policy on April 21, 2015. He described the criteria for local/regional plans. He expressed concern that approximately 1.8% of adult Arkansans, or nearly 38,000 persons, have been infected with the Hepatitis-C Virus (HCV); and said that the Centers of Disease Control and Prevention (CDC) estimates that 45% to 85% of persons with HCV are unaware of their infection. He discussed the comparative costs of agents used to treat Hepatitis-C. Mr. Davis commented that there have been about fifteen (15) appeals to use these drugs; but, to date, only one (1) appeal has been approved because the patient met the criteria that the Board has approved. Mr. Davis stated this conversation goes way beyond Hepatitis-C. He said in Arkansas, we have a unique opportunity at this time to negotiate better prices with pharmaceutical manufacturers on drugs. He said EBD is taking steps in that direction through the pharmacy program, and there is a lot of opportunity on the horizon.

Issues Included in the Discussion

- requiring those undergoing HCV drug treatment to comply with case management,
- costs and complications of not treating patients,
- using new drugs for patients eligible for liver transplants,
- expectations of the protocol for those infected with HCV,
- concerns about rationing of care,
- contracting HCV from the use of dirty needles in high-stress areas such as emergency and operating rooms,
- form letters sent by drug manufacturers,
- new drugs selling for less overseas,
- balancing innovation, patent laws, and regulation laws,
- drug manufacturers procuring lists of names of those with HCV, and
- access to clinical data.

Handout:

Discussion of Coverage Policy Developed by the Employee Benefits Division (EBD) Regarding Hepatitis-C Drugs, April 21, 2015

Discussion of the Process Used by the Employee Benefits Division (EBD) to Determine What Supplemental Products will be Offered by EBD

Senator Hendren commented on his reason for having the item that follows on the agenda. He said that during the 90<sup>th</sup> General Session, the issue of how supplemental products (*i.e.*, cancer insurance, term life insurance, hospital indemnity, cafeteria plans, etc.) are sold to local school districts had drawn attention and caused some controversy. He said his number one priority at that time had been to make sure nothing was done to imperial health insurance programs, with which the Task Force was charged. He noted supplemental products are not encompassed in the duties of the Task Force. He stated, however, that since the programs are all somewhat interrelated and all come through EBD, he felt it would be beneficial to have an explanation of how the process works and how products are sold to school districts at the local district level and through EBD.

Presenter:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander explained that, basically, EBD does not intervene at all in the sale of voluntary products to school districts. He said each school district is able to buy its own suite of supplemental products. He stated EBD has only two voluntary products made available to school districts to offer to their employees: term life insurance through Minnesota Life, and a Health Savings Account (HSA) through DataPath, Inc. He said school districts can utilize these products from EBD's vendors or from other vendors; they choose their own vendors for all other products.

Issues Included in the Discussion:

- time frames for contracts going out for bid,
- how school districts go about deciding which supplemental products will be offered,
- understanding who controls supplemental products, EBD or local school districts,
- number of supplemental programs offered to school districts,
- protocols put in place to make sure nothing is untoward in the bidding process at the local level,
- Request for Quotation (RFQ) issued by EBD for an agent to help select voluntary products and vendors on the ASE side,
- request for a list of vendors, locations, and size of contracts for supplemental products on the ASE side,
- impact of legislation passed to market to local school districts on EBD's products, and
- request for information on who has contracts with which school districts.

Senator Hendren stated that if anyone is unhappy with supplemental products at the local level, legislators need to clarify which entity runs the program and to furnish a name to contact.

Response of the Employee Benefits Division (EBD) to the Population Health Management Report by Human Factor Analytics, Inc.

Presenter:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander referenced a handout, *Review of Human Factor Analysis Population Health Management Report*, a summary of key findings in eight (8) areas covered in the 75-page *Population Health Management Report*. He discussed the following four areas:

- 1: Reductions in Spending from 2013 to 2014
- 2: Diabetes Complications and Co-Morbidities
- 3: Preventive Screenings and
- 7: Avoidable Emergency Room Visits.

Issues Included in the Discussion:

- \* moving aggressively in the direction of a reward and consequences approach,
- \* communicating the benefits of a Wellness program to employees at the local level,
- \* EBD as a provider of information to health insurance representatives of state agencies and school districts, who, in turn, inform employees, and
- \* conducting health analyses at agencies or school districts.

Handout:

Review of Human Factor Analysis Population Health Management Report

Update on the Development of a Member Satisfaction Survey by the Employee Benefits Division (EBD)

Presenter:

**Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander said he has reached out to other states to learn how they have handle surveys. He said it is critical that the questions are right and the right vendor is selected to track responses and enter data. He noted that both state and public school employees will participate in the survey. He commented that even a simple approach carries a \$30,000 price tag. He said he was pretty certain that to keep the costs down, it will have to be an online survey. He would like to have an initial roll-out in the summer with a postcard announcing the survey to participants.

Senator Hendren said he would like to see two or three formats and presented to the Task Force at the next meeting. He said he will request **Mr. Johnny Key**, Commissioner, Arkansas Department of Education, to attend the next meeting and talk about getting participation from school employees.

Next Scheduled Meeting:

Wednesday, May 27, 2015, at 10:00 a.m. in Room 171 of the State Capitol in Little Rock

Adjournment:

The meeting adjourned at 11:52 a.m.

# APPENDIX M

Acts from Second Extraordinary Session of 2014

**Act 2 of the Second Extraordinary Session of 2014**



1 State of Arkansas  
2 89th General Assembly  
3 Second Extraordinary Session, 2014  
4

Call Item 3

# A Bill

HOUSE BILL 1003

5 By: Representatives Copenhaver, Gossage, Kerr, McGill, E. Armstrong, Gillam, Hickerson, B. Overbey,  
6 Richey, Talley, T. Thompson, Wardlaw, B. Wilkins  
7 By: Senators J. Hendren, Bledsoe, E. Cheatham, D. Sanders, J. Cooper, J. English, Hickey  
8

## For An Act To Be Entitled

9  
10 AN ACT TO MODIFY THE ELIGIBILITY REQUIREMENTS FOR  
11 PARTICIPATION IN THE STATE AND PUBLIC SCHOOL LIFE AND  
12 HEALTH INSURANCE PROGRAM; TO DECLARE AN EMERGENCY;  
13 AND FOR OTHER PURPOSES.  
14

## Subtitle

15  
16  
17 TO MODIFY THE ELIGIBILITY REQUIREMENTS  
18 FOR PARTICIPATION IN THE STATE AND PUBLIC  
19 SCHOOL LIFE AND HEALTH INSURANCE PROGRAM  
20 AND TO DECLARE AN EMERGENCY.  
21

22  
23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
24

25 SECTION 1. Arkansas Code § 21-5-410, concerning the eligibility  
26 requirements for participation in the State and Public School Life and Health  
27 Insurance Program, is amended to add an additional subsection to read as  
28 follows:

29 (g)(1) Beginning in the 2015 plan year, a public school employee is  
30 eligible to participate in the program if the public school employee is in a  
31 position that requires on average at least thirty (30) hours per week of  
32 actual performance of duty during the annual school year.

33 (2) A public school employee who is in a variable-hour position  
34 is ineligible.  
35

36 SECTION 2. Arkansas Code § 6-17-1111 is repealed.

1           ~~6-17-1111. Life and disability insurance — Employee eligibility—~~  
2 Allocation of costs.

3           ~~(a) Eligible employees shall include:~~

4                   ~~(1) All licensed employees in public schools who are normally~~  
5 ~~expected to work nine hundred (900) hours or more per year, whose salaries~~  
6 ~~are paid from the school district's teacher salary fund, and all other~~  
7 ~~employees of public schools who are normally expected to work nine hundred~~  
8 ~~(900) hours or more per year and whose salaries are paid from the school~~  
9 ~~district's local or state revenue; and~~

10                   ~~(2)(A) All other employees of the school district whose salaries~~  
11 ~~are not paid from the school district's local or state revenues, provided~~  
12 ~~these employees are licensed or they are normally expected to work nine~~  
13 ~~hundred (900) hours or more per year.~~

14                   ~~(B) The employing school district is required to pay the~~  
15 ~~same amount per month for the employees in subdivision (a)(2)(A) of this~~  
16 ~~section as the General Assembly appropriates for employees in subdivision~~  
17 ~~(a)(1) of this section.~~

18                   ~~(C) The State and Public School Life and Health Insurance~~  
19 ~~Board may establish the manner in which this payment is to be made if the~~  
20 ~~manner of payment is not in violation of any other law, rule, or regulation~~  
21 ~~governing the school district.~~

22           ~~(b) If an employee draws part of his or her salary from the school~~  
23 ~~district's local or state revenue and part of his or her salary from another~~  
24 ~~fund administered by the school district, the employer's share of the cost of~~  
25 ~~the employee's insurance shall be prorated between the provisions of~~  
26 ~~subdivisions (a)(1) and (2) of this section.~~

27  
28           SECTION 3. Arkansas Code § 6-17-1116 is repealed.

29           ~~6-17-1116. School bus drivers.~~

30           ~~(a) For the purposes of this section, a full-time school bus driver~~  
31 ~~is:~~

32                   ~~(1) A person who contracts with a public school district to~~  
33 ~~operate a school bus for at least seven hundred twenty (720) hours during the~~  
34 ~~school year;~~

35                   ~~(2) A person whose primary source of income during the school~~  
36 ~~year is obtained by operating a school bus for a public school district; or~~

~~(3) A person who contracts with a public school district to operate a school bus and is designated by the superintendent as a full-time school bus driver, regardless of the number of hours for which the person contracted.~~

~~(b) All full-time school bus drivers who are not under current law eligible to participate in the public school employees insurance program provided for by §§ 6-17-1109 and 6-17-1111 -- 6-17-1115 shall hereafter be eligible to participate in the program provided that they pay all costs associated with participating in the program unless the employing school district opts to pay all or a portion of that cost.~~

SECTION 4. EFFECTIVE DATE. Sections 2 and 3 of this act are effective on and after January 1, 2015.

SECTION 5. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the State and Public School Life and Health Insurance Program requires fundamental restructuring to ensure that affordable health insurance options are available to state and public school employees; that an urgent need exists to start implementing the necessary reforms to the State and Public School Life and Health Insurance Program; and that Section 1 of this act is immediately necessary to improve the financial viability of the State and Public School Life and Health Insurance Program. Therefore, an emergency is declared to exist, and Section 1 of this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

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

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

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

APPROVED: 07/03/2014

**Act 3 of the Second Extraordinary Session of 2014**

1 State of Arkansas  
2 89th General Assembly  
3 Second Extraordinary Session, 2014  
4

Call Item 4

# A Bill

HOUSE BILL 1004

5 By: Representatives Copenhaver, Gossage, Kerr, McGill, E. Armstrong, Gillam, Hickerson, B. Overbey,  
6 Richey, Talley, T. Thompson, Wardlaw, B. Wilkins

7 By: Senators J. Hendren, Bledsoe, E. Cheatham, D. Sanders, J. Cooper, J. English, Hickey, Irvin  
8

## For An Act To Be Entitled

9  
10 AN ACT TO ESTABLISH ACCOUNTABILITY TO MAINTAIN A  
11 SUSTAINABLE SYSTEM OF HEALTH INSURANCE BENEFITS FOR  
12 PUBLIC SCHOOL EMPLOYEES; TO CLARIFY THE DUTIES AND  
13 RESPONSIBILITIES OF THE STATE AND PUBLIC SCHOOL LIFE  
14 AND HEALTH INSURANCE BOARD; AND FOR OTHER PURPOSES.  
15  
16

## Subtitle

17  
18 TO ESTABLISH ACCOUNTABILITY TO MAINTAIN A  
19 SUSTAINABLE SYSTEM OF HEALTH INSURANCE  
20 BENEFITS FOR PUBLIC SCHOOL EMPLOYEES AND  
21 TO CLARIFY THE DUTIES AND  
22 RESPONSIBILITIES OF THE STATE AND PUBLIC  
23 SCHOOL LIFE AND HEALTH INSURANCE BOARD.  
24  
25

26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
27

28 SECTION 1. Arkansas Code § 21-5-402(a)(1), concerning the membership  
29 of the State and Public School Life and Health Insurance Board, is amended to  
30 read as follows:

31 (a)(1) The State and Public School Life and Health Insurance Board is  
32 created, composed of the following ~~fourteen~~ ~~(14)~~ fifteen (15) voting members:

33 (A) A state employee who is eligible to participate in the  
34 ~~insurance program under this subchapter~~ State and Public School Life and  
35 Health Insurance Program, appointed by the Governor;

36 (B) A ~~certified classroom teacher~~ Two (2) public school

1 employees, at least one (1) of whom is employed by a rural school district,  
 2 appointed by the Governor;

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

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

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

7 (F) Three (3) members who are engaged in employee benefits  
 8 management or risk management, in private industry at least one (1) of whom  
 9 is a licensed healthcare provider, appointed by the Governor;

10 (G) ~~Two (2) additional member positions that shall be~~  
 11 ~~filled by members, one (1) of whom is a retired teacher public school~~  
 12 employee and by one (1) of whom is a retired state employee, appointed by the  
 13 Governor;

14 (H) One (1) public school employee who is employed by a  
 15 school district as an administrator, appointed by the Governor;

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

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

20 (K) One (1) member who is a ~~licensed health care provider~~  
 21 ~~appointed by the Governor~~ member of the Arkansas Medical, Dental, and  
 22 Pharmaceutical Association, appointed by the Governor.

23

24 SECTION 2. Arkansas Code § 21-5-404(1), concerning powers, functions,  
 25 and duties of the State and Public School Life and Health Insurance Board, is  
 26 amended to add an additional subdivision to read as follows:

27 (C) The board shall require a participant in a consumer-driven  
 28 health insurance plan option offered under the program to establish a health  
 29 savings account;

30

31 SECTION 3. Arkansas Code § 21-5-404(12)(A)(i), concerning the  
 32 membership of the Benefits Subcommittee of the State and Public School Life  
 33 and Health Insurance Board, is amended to read as follows:

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

36 (a) Three (3) board members;

- 1 (b) Two (2) state employees; and  
 2 (c) ~~Two (2)~~ Three (3) public school employees,  
 3 at least one (1) of whom is employed by a rural school district; and  
 4 (d) One (1) retired public school employee.

5  
 6 SECTION 4. Arkansas Code § 21-5-404(12)(B)(i)(d), concerning the  
 7 membership of the Drug Utilization and Evaluation Subcommittee of the State  
 8 and Public School Life and Health Insurance Board, is amended to read as  
 9 follows:

- 10 (d)(1) One (1) state employee and ~~one (1) two~~  
 11 (2) public school employee employees appointed by the board,  
 12 (2) each of whom has A member appointed  
 13 under this subdivision (12)(B)(i)(d) shall have expertise in accounting,  
 14 finance, auditing, or insurance.

15  
 16 SECTION 5. Arkansas Code § 21-5-405(b), concerning the duties of the  
 17 State and Public School Life and Health Insurance Board, is amended to add  
 18 additional subdivisions to read as follows:

- 19 (7) Verify that a dependent is eligible for coverage under  
 20 the program as determined by the board; and  
 21 (8) Beginning in the 2014 plan year, implement a policy  
 22 applicable to a participating entity to identify funds that are not required  
 23 to be paid for federal taxes under the Federal Insurance Contributions Act,  
 24 26 U.S.C. § 3101 et seq., and use the identified funds for premium  
 25 assistance.

26  
 27 SECTION 6. Arkansas Code § 21-5-405(b)(4)(C), concerning the duties of  
 28 the State and Public School Life and Health Insurance Board, is repealed.

29 ~~(C)(i) A school district shall ensure that all funding~~  
 30 ~~allocated for public school employee health insurance through the matrix per-~~  
 31 ~~student funding calculation used in the most recent adequacy study conducted~~  
 32 ~~under the Continuing Adequacy Evaluation Act of 2004, § 10-3-2101 et seq., is~~  
 33 ~~used in the school year in which the funding is received or in the following~~  
 34 ~~school year to support public school employee health insurance premiums by:~~

- 35 ~~(a) Increasing the amount that the school~~  
 36 ~~district contributes for health insurance per participating public school~~

1 ~~employee; or~~

2 ~~(b) Making contributions to the health savings~~  
 3 ~~accounts of participating public school employees.~~

4 ~~(ii) The Department of Education, with the~~  
 5 ~~assistance of the Bureau of Legislative Research, shall notify a school~~  
 6 ~~district of the amount allocated for public school employee health insurance~~  
 7 ~~through the matrix per student funding calculation used in the most recent~~  
 8 ~~adequacy study conducted under the Continuing Adequacy Evaluation Act of~~  
 9 ~~2004, § 10-3-2101 et seq., when the Department of Education disburses~~  
 10 ~~foundation funds to a school district;~~

11  
 12 SECTION 7. Arkansas Code § 21-5-407(3), concerning the definition of  
 13 "dependent" under the State and Public School Life and Health Insurance  
 14 Program, is amended to read as follows:

15 (3)(A) "Dependent" means a ~~member of a~~ participant's family  
 16 child or spouse who is eligible for coverage under the State and Public  
 17 School Life and Health Insurance Program;.

18 (B) Beginning in the 2015 plan year, "dependent" does not  
 19 include:

20 (i) An individual who is legally separated or  
 21 divorced from the participant; or

22 (ii) A participant's spouse if the spouse is offered  
 23 healthcare coverage, other than the program, through a separate employer-  
 24 funded or employee-funded benefit plan that provides healthcare coverage of  
 25 essential health benefits as provided in 42 U.S.C. § 18022, as existing on  
 26 January 1, 2013;

27  
 28 SECTION 8. Arkansas Code § 21-5-407(7), concerning the definition of  
 29 "participant" under the State and Public School Life and Health Insurance  
 30 Program, is amended to read as follows:

31 (7) "Participant" means an individual or an individual's covered  
 32 dependent who is enrolled in a plan option offered under the program and  
 33 continues to be eligible for participation in the program;

34  
 35 SECTION 9. Arkansas Code § 21-5-407, concerning definitions under the  
 36 State and Public School Life and Health Insurance Program, is amended to add



1 an additional subdivision to read as follows:

2 (18) "Rural school district" means a school district or a public  
 3 charter school that has an average daily membership of one thousand (1,000)  
 4 students or less.

5  
 6 SECTION 10. Uncodified Acts 2011, No. 855, § 3 is amended to read as  
 7 follows:

8 SECTION 3. DO NOT CODIFY. Pilot Program on coverage for morbid  
 9 obesity diagnosis and treatment.

10 (a)(1)(A) A state and public school employees health benefit plan that  
 11 is offered, issued, or renewed on or after January 1, 2012, shall offer  
 12 coverage for the diagnosis and treatment of morbid obesity.

13 (B) The cost of coverage for the diagnosis and treatment  
 14 of morbid obesity offered under subdivision (a)(1)(A) of this section shall  
 15 not exceed:

16 (i) Three million dollars (\$3,000,000) annually for  
 17 the Arkansas State Employees Health Benefit Plan; or

18 (ii) Three million dollars (\$3,000,000) annually for  
 19 the Arkansas Public School Employees Health Benefit Plan.

20 (2) The coverage for morbid obesity offered under subdivision  
 21 (a)(1) of this section includes without limitation coverage for bariatric  
 22 surgery including:

- 23 (A) Gastric bypass surgery;
- 24 (B) Adjustable gastric banding surgery;
- 25 (C) Sleeve gastrectomy surgery; and
- 26 (D) Duodenal switch biliopancreatic diversion.

27 ~~(b) A state and public school employees health benefit plan shall~~  
 28 ~~offer the benefits under this section to the same extent as for other~~  
 29 ~~medically necessary surgical procedures under the enrollee's or insured's~~  
 30 ~~contract or policy with the entity.~~

31 ~~(e)~~ The coverage for morbid obesity diagnosis and treatment offered  
 32 under this subchapter does not diminish or limit benefits otherwise allowable  
 33 under a state and public school employees health benefit plan.

34 (c) The State and Public School Life and Health Insurance Board shall  
 35 discontinue or suspend a plan option offered under subsection (a) of this  
 36 section if the board determines adjustments are necessary to ensure the

1 financial soundness and overall well-being of the State and Public School  
2 Life and Health Insurance Program.

3  
4  
5 APPROVED: 07/03/2014  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36

**Act 6 of the Second Extraordinary Session of 2014**

1 State of Arkansas  
2 89th General Assembly  
3 Second Extraordinary Session, 2014  
4

Call Item 4

# A Bill

SENATE BILL 3

5 By: Senators J. Hendren, Bledsoe, E. Cheatham, D. Sanders, J. Cooper, J. English, Hickey, Irvin  
6 By: Representatives Copenhaver, Gossage, Kerr, McGill, E. Armstrong, Gillam, Hickerson, B. Overbey,  
7 Richey, Talley, T. Thompson, Wardlaw, B. Wilkins  
8

## For An Act To Be Entitled

9  
10 AN ACT TO ESTABLISH ACCOUNTABILITY TO MAINTAIN A  
11 SUSTAINABLE SYSTEM OF HEALTH INSURANCE BENEFITS FOR  
12 PUBLIC SCHOOL EMPLOYEES; TO CLARIFY THE DUTIES AND  
13 RESPONSIBILITIES OF THE STATE AND PUBLIC SCHOOL LIFE  
14 AND HEALTH INSURANCE BOARD; AND FOR OTHER PURPOSES.  
15

## Subtitle

16  
17  
18 TO ESTABLISH ACCOUNTABILITY TO MAINTAIN A  
19 SUSTAINABLE SYSTEM OF HEALTH INSURANCE  
20 BENEFITS FOR PUBLIC SCHOOL EMPLOYEES AND  
21 TO CLARIFY THE DUTIES AND  
22 RESPONSIBILITIES OF THE STATE AND PUBLIC  
23 SCHOOL LIFE AND HEALTH INSURANCE BOARD.  
24

25  
26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
27

28 SECTION 1. Arkansas Code § 21-5-402(a)(1), concerning the membership  
29 of the State and Public School Life and Health Insurance Board, is amended to  
30 read as follows:

31 (a)(1) The State and Public School Life and Health Insurance Board is  
32 created, composed of the following ~~fourteen (14)~~ fifteen (15) voting members:

33 (A) A state employee who is eligible to participate in the  
34 ~~insurance program under this subchapter~~ State and Public School Life and  
35 Health Insurance Program, appointed by the Governor;

36 (B) A ~~certified classroom teacher~~ Two (2) public school

1 employees, at least one (1) of whom is employed by a rural school district,  
 2 appointed by the Governor;

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

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

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

7 (F) Three (3) members who are engaged in employee benefits  
 8 management or risk management, ~~in private industry~~ at least one (1) of whom  
 9 is a licensed healthcare provider, appointed by the Governor;

10 (G) ~~Two (2) additional member positions that shall be~~  
 11 ~~filled by members, one (1) of whom is a retired teacher~~ public school  
 12 employee and by one (1) of whom is a retired state employee, appointed by the  
 13 Governor;

14 (H) One (1) public school employee who is employed by a  
 15 school district as an administrator, appointed by the Governor;

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

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

20 (K) One (1) member who is a ~~licensed health care provider~~  
 21 ~~appointed by the Governor~~ member of the Arkansas Medical, Dental, and  
 22 Pharmaceutical Association, appointed by the Governor.

23  
 24 SECTION 2. Arkansas Code § 21-5-404(1), concerning powers, functions,  
 25 and duties of the State and Public School Life and Health Insurance Board, is  
 26 amended to add an additional subdivision to read as follows:

27 (C) The board shall require a participant in a consumer-driven  
 28 health insurance plan option offered under the program to establish a health  
 29 savings account;

30  
 31 SECTION 3. Arkansas Code § 21-5-404(12)(A)(i), concerning the  
 32 membership of the Benefits Subcommittee of the State and Public School Life  
 33 and Health Insurance Board, is amended to read as follows:

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

36 (a) Three (3) board members;

- 1 (b) Two (2) state employees; and
- 2 (c) ~~Two (2)~~ Three (3) public school employees,
- 3 at least one (1) of whom is employed by a rural school district; and
- 4 (d) One (1) retired public school employee.

5

6 SECTION 4. Arkansas Code § 21-5-404(12)(B)(i)(d), concerning the

7 membership of the Drug Utilization and Evaluation Subcommittee of the State

8 and Public School Life and Health Insurance Board, is amended to read as

9 follows:

- 10 (d)(1) One (1) state employee and ~~one (1)~~ two
- 11 (2) public school ~~employee~~ employees appointed by the board,
- 12 (2) each of whom has A member appointed
- 13 under this subdivision (12)(B)(i)(d) shall have expertise in accounting,
- 14 finance, auditing, or insurance.

15

16 SECTION 5. Arkansas Code § 21-5-405(b), concerning the duties of the

17 State and Public School Life and Health Insurance Board, is amended to add

18 additional subdivisions to read as follows:

- 19 (7) Verify that a dependent is eligible for coverage under
- 20 the program as determined by the board; and
- 21 (8) Beginning in the 2014 Plan Year, implement a policy
- 22 applicable to a participating entity to identify funds that are not required
- 23 to be paid for federal taxes under the Federal Insurance Contribution Act, 26
- 24 U.S.C. § 1301 et seq., and use the identified funds for premium assistance.

25

26 SECTION 6. Arkansas Code § 21-5-405(b)(4)(C), concerning the duties of

27 the State and Public School Life and Health Insurance Board, is repealed.

28 ~~(C)(i) A school district shall ensure that all funding~~

29 ~~allocated for public school employee health insurance through the matrix per-~~

30 ~~student funding calculation used in the most recent adequacy study conducted~~

31 ~~under the Continuing Adequacy Evaluation Act of 2004, § 10-3-2101 et seq., is~~

32 ~~used in the school year in which the funding is received or in the following~~

33 ~~school year to support public school employee health insurance premiums by:~~

- 34 ~~(a) Increasing the amount that the school~~
- 35 ~~district contributes for health insurance per participating public school~~
- 36 ~~employee; or~~

1 ~~(b) Making contributions to the health savings~~  
 2 ~~accounts of participating public school employees.~~

3 ~~(ii) The Department of Education, with the~~  
 4 ~~assistance of the Bureau of Legislative Research, shall notify a school~~  
 5 ~~district of the amount allocated for public school employee health insurance~~  
 6 ~~through the matrix per student funding calculation used in the most recent~~  
 7 ~~adequacy study conducted under the Continuing Adequacy Evaluation Act of~~  
 8 ~~2004, § 10-3-2101 et seq., when the Department of Education disburses~~  
 9 ~~foundation funds to a school district;~~

10  
 11 SECTION 7. Arkansas Code § 21-5-407(3), concerning the definition of  
 12 "dependent" under the State and Public School Life and Health Insurance  
 13 Program, is amended to read as follows:

14 (3)(A) "Dependent" means a ~~member of a~~ participant's family  
 15 child or spouse who is eligible for coverage under the State and Public  
 16 School Life and Health Insurance Program~~;~~.

17 (B) Beginning in the 2015 plan year, "dependent" does not  
 18 include:

19 (i) An individual who is legally separated or  
 20 divorced from the participant; or

21 (ii) A participant's spouse if the spouse is offered  
 22 healthcare coverage, other than the program, through a separate employer-  
 23 funded or employee-funded benefit plan that provides healthcare coverage of  
 24 essential health benefits as provided in 42 U.S.C. § 18022, as existing on  
 25 January 1, 2013;

26  
 27 SECTION 8. Arkansas Code § 21-5-407(7), concerning the definition of  
 28 "participant" under the State and Public School Life and Health Insurance  
 29 Program, is amended to read as follows:

30 (7) "Participant" means an individual or an individual's covered  
 31 dependent who is enrolled in a plan option offered under the program and  
 32 continues to be eligible for participation in the program;

33  
 34 SECTION 9. Arkansas Code § 21-5-407, concerning definitions under the  
 35 State and Public School Life and Health Insurance Program, is amended to add  
 36 an additional subdivision to read as follows:

1           (18) "Rural school district" means a school district or a public  
 2 charter school that has an average daily membership of one thousand (1,000)  
 3 students or less.

4  
 5           SECTION 10. Uncodified Acts 2011, No. 855, § 3 is amended to read as  
 6 follows:

7           SECTION 3. DO NOT CODIFY. Pilot Program on coverage for morbid  
 8 obesity diagnosis and treatment.

9           (a)(1)(A) A state and public school employees health benefit plan that  
 10 is offered, issued, or renewed on or after January 1, 2012, shall offer  
 11 coverage for the diagnosis and treatment of morbid obesity.

12           (B) The cost of coverage for the diagnosis and treatment  
 13 of morbid obesity offered under subdivision (a)(1)(A) of this section shall  
 14 not exceed:

15           (i) Three million dollars (\$3,000,000) annually for  
 16 the Arkansas State Employees Health Benefit Plan; or

17           (ii) Three million dollars (\$3,000,000) annually for  
 18 the Arkansas Public School Employees Health Benefit Plan.

19           (2) The coverage for morbid obesity offered under subdivision  
 20 (a)(1) of this section includes without limitation coverage for bariatric  
 21 surgery including:

- 22                   (A) Gastric bypass surgery;
- 23                   (B) Adjustable gastric banding surgery;
- 24                   (C) Sleeve gastrectomy surgery, and
- 25                   (D) Duodenal switch biliopancreatic diversion.

26           ~~(b) A state and public school employees health benefit plan shall~~  
 27 ~~offer the benefits under this section to the same extent as for other~~  
 28 ~~medically necessary surgical procedures under the enrollee's or insured's~~  
 29 ~~contract or policy with the entity.~~

30           (e) The coverage for morbid obesity diagnosis and treatment offered  
 31 under this subchapter does not diminish or limit benefits otherwise allowable  
 32 under a state and public school employees health benefit plan.

33           (c) The State and Public School Life and Health Insurance Board shall  
 34 discontinue or suspend a plan option offered under subsection (a) of this  
 35 section if the board determines adjustments are necessary to ensure the  
 36 financial soundness and overall well-being of the State and Public School



1 Life and Health Insurance Program.

2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36

APPROVED: 07/03/2014

**Act 7 of the Second Extraordinary Session of 2014**

1 State of Arkansas  
2 89th General Assembly  
3 Second Extraordinary Session, 2014  
4

Call Item 3  
SENATE BILL 4

# A Bill

5 By: Senators J. Hendren, Bledsoe, E. Cheatham, D. Sanders, J. Cooper, J. English, Hickey  
6 By: Representatives Copenhaver, Gossage, Kerr, McGill, E. Armstrong, Gillam, Hickerson, B. Overbey,  
7 Richey, Talley, T. Thompson, Wardlaw, B. Wilkins

## For An Act To Be Entitled

10 AN ACT TO MODIFY THE ELIGIBILITY REQUIREMENTS FOR  
11 PARTICIPATION IN THE STATE AND PUBLIC SCHOOL LIFE AND  
12 HEALTH INSURANCE PROGRAM; TO DECLARE AN EMERGENCY;  
13 AND FOR OTHER PURPOSES.

## Subtitle

17 TO MODIFY THE ELIGIBILITY REQUIREMENTS  
18 FOR PARTICIPATION IN THE STATE AND PUBLIC  
19 SCHOOL LIFE AND HEALTH INSURANCE PROGRAM  
20 AND TO DECLARE AN EMERGENCY.

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

25 SECTION 1. Arkansas Code § 21-5-410, concerning the eligibility  
26 requirements for participation in the State and Public School Life and Health  
27 Insurance Program, is amended to add an additional subsection to read as  
28 follows:

29 (g)(1) Beginning in the 2015 plan year, a public school employee is  
30 eligible to participate in the program if the public school employee is in a  
31 position that requires on average at least thirty (30) hours per week of  
32 actual performance of duty during the annual school year.

33 (2) A public school employee who is in a variable hour position  
34 is ineligible.

36 SECTION 2. Arkansas Code § 6-17-1111 is repealed.

1           ~~6-17-1111. Life and disability insurance — Employee eligibility—~~  
2 ~~Allocation of costs.~~

3           ~~(a) Eligible employees shall include:~~

4                   ~~(1) All licensed employees in public schools who are normally~~  
5 ~~expected to work nine hundred (900) hours or more per year, whose salaries~~  
6 ~~are paid from the school district's teacher salary fund, and all other~~  
7 ~~employees of public schools who are normally expected to work nine hundred~~  
8 ~~(900) hours or more per year and whose salaries are paid from the school~~  
9 ~~district's local or state revenue; and~~

10                   ~~(2)(A) All other employees of the school district whose salaries~~  
11 ~~are not paid from the school district's local or state revenues, provided~~  
12 ~~these employees are licensed or they are normally expected to work nine~~  
13 ~~hundred (900) hours or more per year.~~

14                   ~~(B) The employing school district is required to pay the~~  
15 ~~same amount per month for the employees in subdivision (a)(2)(A) of this~~  
16 ~~section as the General Assembly appropriates for employees in subdivision~~  
17 ~~(a)(1) of this section.~~

18                   ~~(C) The State and Public School Life and Health Insurance~~  
19 ~~Board may establish the manner in which this payment is to be made if the~~  
20 ~~manner of payment is not in violation of any other law, rule, or regulation~~  
21 ~~governing the school district.~~

22           ~~(b) If an employee draws part of his or her salary from the school~~  
23 ~~district's local or state revenue and part of his or her salary from another~~  
24 ~~fund administered by the school district, the employer's share of the cost of~~  
25 ~~the employee's insurance shall be prorated between the provisions of~~  
26 ~~subdivisions (a)(1) and (2) of this section.~~

27  
28           SECTION 3. Arkansas Code § 6-17-1116 is repealed.

29           ~~6-17-1116. School bus drivers.~~

30           ~~(a) For the purposes of this section, a full-time school bus driver~~  
31 ~~is:~~

32                   ~~(1) A person who contracts with a public school district to~~  
33 ~~operate a school bus for at least seven hundred twenty (720) hours during the~~  
34 ~~school year;~~

35                   ~~(2) A person whose primary source of income during the school~~  
36 ~~year is obtained by operating a school bus for a public school district; or~~

~~(3) A person who contracts with a public school district to operate a school bus and is designated by the superintendent as a full-time school bus driver, regardless of the number of hours for which the person contracted.~~

~~(b) All full-time school bus drivers who are not under current law eligible to participate in the public school employees insurance program provided for by §§ 6-17-1109 and 6-17-1111 -- 6-17-1115 shall hereafter be eligible to participate in the program provided that they pay all costs associated with participating in the program unless the employing school district opts to pay all or a portion of that cost.~~

SECTION 4. EFFECTIVE DATE. Sections 2 and 3 of this act are effective on and after January 1, 2015.

SECTION 5. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the State and Public School Life and Health Insurance Program requires fundamental restructuring to ensure that affordable health insurance options are available to state and public school employees; that an urgent need exists to start implementing the necessary reforms to the State and Public School Life and Health Insurance Program; and that Section 1 of this act is immediately necessary to improve the financial viability of the State and Public School Life and Health Insurance Program. Therefore, an emergency is declared to exist, and Section 1 of this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

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

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

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

APPROVED: 07/03/2014

# APPENDIX N

Acts from Regular Session of 2015

**Act 910 of the Regular Session of 2015**

1 State of Arkansas  
2 90th General Assembly  
3 Regular Session, 2015

# A Bill

SENATE BILL 821

4  
5 By: Senator J. Hendren  
6

## For An Act To Be Entitled

8 AN ACT TO CLARIFY THE HEALTH INSURANCE BENEFITS FOR  
9 STATE AND PUBLIC SCHOOL EMPLOYEES; TO MODIFY THE  
10 ELIGIBILITY REQUIREMENTS FOR PARTICIPATION IN THE  
11 STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE  
12 PROGRAM; AND FOR OTHER PURPOSES.  
13

## Subtitle

14  
15 TO CLARIFY THE HEALTH INSURANCE BENEFITS  
16 FOR STATE AND PUBLIC SCHOOL EMPLOYEES.  
17  
18

19  
20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
21

22 SECTION 1. Arkansas Code § 21-5-404(1)(C), concerning powers,  
23 functions, and duties of the State and Public School Life and Health  
24 Insurance Board, is amended to read as follows:

25 (C) The board shall require ~~a participant~~ an active  
26 employee in a consumer-driven health insurance plan option offered under the  
27 program to establish a health savings account if the active employee is  
28 eligible to establish a health savings account under federal law;  
29

30 SECTION 2. Arkansas Code § 21-5-405(b)(8), concerning the duties of  
31 the State and Public School Life and Health Insurance Board, is amended to  
32 read as follows:

33 (8) Beginning in the 2014 2015 plan year, implement a policy  
34 applicable to a participating entity to identify funds that are not required  
35 to be paid for federal taxes under the Federal Insurance Contributions Act,  
36 26 U.S.C. § 3101 et seq., and use the identified funds for premium

\*ANS035\*



1 assistance.

2

3 SECTION 3. Arkansas Code § 21-5-406(c)(2), concerning the use of funds  
4 by the Executive Director of the Employee Benefits Division of the Department  
5 of Finance and Administration, is amended to read as follows:

6 (2) Premiums Funds collected from employers, participating  
7 employees, ~~and~~ retirees, and any other sources for the program, including  
8 plan options offered under the program, shall be collected one (1) month in  
9 advance and shall be used solely to pay medical claims, drug claims,  
10 premiums, benefits, and direct administrative expenses of the program.

11

12 SECTION 4. Arkansas Code § 21-5-407, concerning definitions under the  
13 State and Public School Life and Health Insurance Program, is amended to add  
14 an additional subdivision to read as follows:

15 (19) "Active employee" means an eligible individual currently  
16 employed by a participating entity or participating institution.

17

18

19 APPROVED: 04/01/2015

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

**Act 911 of the Regular Session of 2015**

1 State of Arkansas  
2 90th General Assembly  
3 Regular Session, 2015

# A Bill

SENATE BILL 822

4  
5 By: Senator J. Hendren

## For An Act To Be Entitled

8 AN ACT TO MODIFY THE DEFINITION OF "DEPENDENT" UNDER  
9 THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE  
10 PROGRAM; AND FOR OTHER PURPOSES.

### Subtitle

11  
12  
13 TO MODIFY THE DEFINITION OF "DEPENDENT"  
14 UNDER THE STATE AND PUBLIC SCHOOL LIFE  
15 AND HEALTH INSURANCE PROGRAM.  
16

17  
18  
19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

20  
21 SECTION 1. Arkansas Code § 21-5-407(3)(A), concerning the definition  
22 of "dependent" under the State and Public School Life and Health Insurance  
23 Program, is amended to read as follows:

24 (3)(A) "Dependent" means a participant's:

25 (i) child or spouse Natural child, stepchild, or  
26 adopted child who is eligible for coverage under the State and Public School  
27 Life and Health Insurance Program; and

28 (ii) Spouse who is eligible for coverage under the  
29 program.

30  
31  
32 APPROVED: 04/01/2015  
33  
34  
35  
36

**Act 912 of the Regular Session of 2015**

1 State of Arkansas  
2 90th General Assembly  
3 Regular Session, 2015

As Engrossed: S3/18/15  
**A Bill**

SENATE BILL 824

4  
5 By: Senator J. Hendren

6  
7 **For An Act To Be Entitled**

8 *AN ACT TO CLARIFY THE PROCEDURE FOR STATE*  
9 *CONTRIBUTIONS TO THE STATE AND PUBLIC SCHOOL LIFE AND*  
10 *HEALTH INSURANCE PROGRAM ON BEHALF OF STATE*  
11 *EMPLOYEES; TO EXTEND THE STATE AND PUBLIC SCHOOL LIFE*  
12 *AND HEALTH INSURANCE PROGRAM LEGISLATIVE TASK FORCE;*  
13 *AND FOR OTHER PURPOSES.*

14  
15  
16 **Subtitle**

17 *TO CLARIFY THE PROCEDURE FOR STATE*  
18 *CONTRIBUTIONS TO THE STATE AND PUBLIC*  
19 *SCHOOL LIFE AND HEALTH INSURANCE PROGRAM;*  
20 *AND TO EXTEND THE STATE AND PUBLIC SCHOOL*  
21 *LIFE AND HEALTH INSURANCE PROGRAM*  
22 *LEGISLATIVE TASK FORCE.*

23  
24  
25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

26  
27 SECTION 1. Arkansas Code § 21-5-414(b), concerning the state  
28 contributions to the State and Public School Life and Health Insurance  
29 Program, is amended to read as follows:

30 ~~(b)(1) The State of Arkansas, on behalf of state agencies~~  
31 ~~participating in the program, is authorized to~~ Participating entities shall  
32 make a monthly contribution equal to the number of budgeted state employee  
33 positions multiplied by the monthly contribution authorized by the Chief  
34 Fiscal Officer of the State, not to exceed four hundred twenty-five dollars  
35 (\$425) monthly for each state employee budgeted position into a fund  
36 designated for state employee health benefits to partially defray the cost of

1 *life and health ~~insurance~~ benefits for state employees and retirees*  
2 *participating in the program.*

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

7  
8 *SECTION 2. Identical uncodified Acts 2013 (1st Ex. Sess.), Nos. 3 and*  
9 *6, § 3, is amended to read as follows:*

10 *SECTION 3. TEMPORARY LANGUAGE. DO NOT CODIFY. State and Public*  
11 *School Life and Health Insurance Program Legislative Task Force – Creation –*  
12 *Membership – Duties.*

13 *(a) There is created the State and Public School Life and Health*  
14 *Insurance Program Legislative Task Force.*

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

17 *(A) The Chair of the House Committee on Education or the*  
18 *chair's designee;*

19 *(B) The Chair of the Senate Committee on Education or the*  
20 *chair's designee;*

21 *(C) The Chair of the House Committee on Insurance and*  
22 *Commerce or the chair's designee;*

23 *(D) The Chair of the Senate Committee on Insurance and*  
24 *Commerce or the chair's designee;*

25 *(E) Four (4) ~~Senators~~ senators appointed by the President*  
26 *Pro Tempore of the Senate; and*

27 *(F) Four (4) Representatives members of the House of*  
28 *Representatives appointed by the Speaker of the House of Representatives.*

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

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

34 *(c)(1) The Chair of the Senate Committee on Education or the chair's*  
35 *designee shall call the first meeting of the task force within thirty (30)*  
36 *days of the effective date of this act and shall serve as chair of the task*

1 *force at the first meeting.*

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

5 *(3)(A) The task force shall conduct its meetings in Pulaski*  
6 *County at the State Capitol Building or another site with teleconferencing*  
7 *capabilities.*

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

11 *(4) The task force shall establish rules and procedures for*  
12 *conducting its business.*

13 *(5)(A) A majority of the members of the task force shall*  
14 *constitute a quorum for transacting business of the task force.*

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

17 *(6) The Bureau of Legislative Research shall provide staff for*  
18 *the task force.*

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

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

25 *(2) Increase public awareness and transparency of the:*

26 *(A) Program, including plan options available under the*  
27 *program; and*

28 *(B) Governance and operation of the program; and*

29 *(3) Develop a legislative framework that will promote the*  
30 *actuarial soundness and stability of the program.*

31 *(e) To meet the goals of the task force, the task force shall:*

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

36 *(A) Researching current insurance concepts, market*

1 conditions, regulatory issues, the effects of the Patient Protection and  
2 Affordable Care Act, Pub. L. No. 111-148, and best practices from other  
3 states;

4 (B) Exploring:

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

7 (ii) Ways to promote competition among vendors and  
8 the offering of competitive health insurance plan options that include  
9 quality-of-care delivery, portability, and accessible and affordable  
10 ~~healthcare~~ health care; and

11 (iii) The role that the current structure of the  
12 program, and plan options under the program, have historically contributed to  
13 the volatility of the system;

14 ~~(B)~~ (C) Reviewing state statutes that may be barriers to  
15 the overall actuarial soundness and stability of the program;

16 ~~(C)~~ (D) Preparing a comprehensive analysis of recommended  
17 health insurance plan options to be offered under the program; and

18 ~~(D)~~ (E) Evaluating the governance and structure of the  
19 State and Public School Life and Health Insurance Board;

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

22 (3) On or before June 30, 2014, file with the Speaker of the  
23 House of Representatives and the President Pro Tempore of the Senate a  
24 written, preliminary report of the task force's activities, findings, and  
25 recommendations; and

26 (4) On or before June 29, 2015, file with the Speaker of the  
27 House of Representatives and the President Pro Tempore of the Senate a  
28 written, final report of the task force's activities, findings, and  
29 recommendations.

30 (f) The task force expires ~~June 30, 2015~~ June 30, 2016, or before if  
31 the task force decides it has met the goals of the task force under  
32 subsection (e) of this section.

33  
34 /s/J. Hendren

35 APPROVED: 04/01/2015



**Act 913 of the Regular Session of 2015**

1 State of Arkansas  
2 90th General Assembly  
3 Regular Session, 2015

# A Bill

SENATE BILL 826

4  
5 By: Senator J. Hendren  
6

## For An Act To Be Entitled

8 AN ACT CONCERNING THE REQUIREMENTS UNDER THE STATE  
9 AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM  
10 FOR A STATE EMPLOYEE RETIREE AND PUBLIC SCHOOL  
11 EMPLOYEE RETIREE; TO CLARIFY THE ELIGIBILITY OF  
12 CERTAIN RETIREES TO CONTINUE COVERAGE IN THE STATE  
13 AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM;  
14 AND FOR OTHER PURPOSES.

## Subtitle

15  
16  
17 CONCERNING THE ELIGIBILITY OF CERTAIN  
18 RETIREES TO CONTINUE COVERAGE IN THE  
19 STATE AND PUBLIC SCHOOL LIFE AND HEALTH  
20 INSURANCE PROGRAM.  
21

22  
23  
24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
25

26 SECTION 1. Arkansas Code § 21-5-411(a)(2)(A)(ii), concerning a  
27 retiree's election period to participate in the State and Public School Life  
28 and Health Insurance Program, is amended to read as follows:

29 (ii) The election to enroll in the program shall be  
30 made within ~~thirty-one (31)~~ thirty (30) days of the state employee retiree's  
31 or public school employee retiree's becoming an active retiree and shall be  
32 made in writing to the Employee Benefits Division of the Department of  
33 Finance and Administration on forms required by the division.  
34

35 SECTION 2. Arkansas Code § 21-5-411(a)(2)(B), concerning a retiree's  
36 eligibility to participate in the State and Public School Life and Health

\*ANS178\*

1 Insurance Program, is amended to read as follows:

2 (B)(i) To be eligible to continue coverage or to qualify  
3 for coverage after electing to decline participation in the program, the  
4 retiree must have been ~~eligible for coverage~~ covered on the last day of the  
5 retiree's employment.

6 (ii) If a retiree declines to participate in the  
7 program at the time of retirement ~~due to other health insurance coverage that~~  
8 ~~is not an accident only, specified disease, or other limited benefit policy~~  
9 because the retiree is already covered under another employer-sponsored group  
10 health insurance policy, the retiree may make a one-time election to  
11 participate in the program with proof of continued insurance coverage ~~if the~~  
12 ~~retiree experiences a qualifying event or at the time of open enrollment at~~  
13 the time of open enrollment or if the retiree experiences a qualifying event.

14 ~~(iii) The State and Public School Life and Health~~  
15 ~~Insurance Board may allocate available subsidies to cover the retirees~~  
16 ~~participating in the program.~~

17  
18 SECTION 3. Arkansas Code § 21-5-411(a)(2)(C), concerning the  
19 requirements for a retiree electing to participate in the State and Public  
20 School Life and Health Insurance Program, is amended to read as follows:

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

25 (ii)(a) If an active retiree ~~declining to~~  
26 participate declines participation in the program ~~specifies in writing and~~  
27 ~~provides a letter of creditable employer group coverage to show that the~~  
28 ~~reason for the declination is that~~ because the active retiree ~~had~~ has health  
29 insurance coverage through another employer group health plan and the active  
30 retiree's coverage was subsequently terminated because of a loss of  
31 eligibility, as defined by Internal Revenue Service regulations, and provides  
32 information from the former insurance company of the loss of eligibility,  
33 then the active retiree ~~and any dependents~~ shall qualify for participation in  
34 the program upon payment of the appropriate premium as established by the  
35 board State and Public School Life and Health Insurance Board if the active  
36 retiree applies for participation in the program within thirty (30) days of

1 the loss of eligibility.

2 ~~(b) As used in this subdivision (a)(2)(C)(ii),~~  
 3 ~~“loss of coverage” has the meaning provided by Internal Revenue Service and~~  
 4 ~~Health Insurance Portability and Accountability Act guidelines for special~~  
 5 ~~enrollment periods.~~

6

7 SECTION 4. Arkansas Code § 21-5-411(a)(3)(C), concerning the finality  
 8 of an inactive retiree’s failure to act during the election period, is  
 9 amended to read as follows:

10 (C)(i) Except as provided in subdivision ~~(a)(3)(C)(ii)~~  
 11 ~~(a)(2)(B)(ii)~~ of this section, an inactive retiree’s failure to elect to  
 12 continue participation in the program during the ~~thirty-one day~~ thirty-day  
 13 election period or an inactive retiree’s election to decline participation in  
 14 the program is final.

15 (ii) If an inactive retiree as described in  
 16 subdivision (a)(3)(B) of this section ~~declining~~ declines participation in the  
 17 program ~~specifies in writing that the reason for the declination is that~~  
 18 because the inactive retiree has health insurance coverage through another  
 19 employer-sponsored group health plan and the inactive retiree’s coverage is  
 20 subsequently terminated because of a loss of eligibility, then the inactive  
 21 retiree and any dependents shall qualify for participation in the program if,  
 22 within thirty (30) days of the inactive retiree’s involuntary loss of  
 23 coverage, the inactive retiree submits to the board:

24 (a) upon payment Payment of the appropriate  
 25 premium as established by the board, ~~provided the inactive retiree applies~~  
 26 ~~for program participation within thirty one (31) days of the loss of~~  
 27 eligibility; and

28 (b) Proof that until the inactive retiree’s  
 29 involuntary loss of coverage through another employer-sponsored group health  
 30 plan, the coverage had been continuous.

31

32 SECTION 5. Arkansas Code § 21-5-411(d), concerning the eligibility of  
 33 a retiree’s dependent who has experienced a loss of coverage, is amended to  
 34 read as follows:

35 ~~(d)(1) Any future change in program participation other than~~  
 36 ~~cancellation shall be extended only to newly acquired dependents, except that~~

1 ~~if an active or inactive retiree declined dependent coverage at the time of~~  
 2 ~~election to be an active or inactive retiree and specified in writing that~~  
 3 ~~the reason for the declination was that the dependent had other coverage, and~~  
 4 ~~if subsequently the dependent involuntarily loses such coverage, except for~~  
 5 ~~fraud or voluntary cessation of premium payment while the active or inactive~~  
 6 ~~retiree is covered by a plan option offered under the program, then the~~  
 7 ~~dependent may be added within thirty one (31) days of the involuntary~~  
 8 ~~termination to the active or inactive retiree's health insurance coverage for~~  
 9 ~~payment of the appropriate premium as established by the board~~ Except as  
 10 provided in subdivision (d)(2) of this section, any future change in program  
 11 participation other than cancellation shall be allowed only for newly  
 12 acquired dependents.

13 (2) A dependent may be added to an active or inactive retiree's  
 14 health insurance coverage by payment of the appropriate premium as  
 15 established by the board if:

16 (A) The active or inactive retiree declined health  
 17 insurance coverage for the dependent at the time of election to be an active  
 18 or inactive retiree because the dependent had other employer-sponsored group  
 19 health insurance coverage;

20 (B) Subsequent to the active or inactive retiree's  
 21 declination of health insurance coverage for the dependent under subdivision  
 22 (d)(2)(A) of this section, the dependent involuntarily lost his or her  
 23 employer-sponsored group health insurance coverage and the loss of health  
 24 insurance coverage was not the result of:

25 (i) Fraud; or

26 (ii) Voluntary cessation of premium payment while  
 27 the active or inactive retiree was covered by a plan option offered under the  
 28 program; and

29 (C) Within thirty (30) days of a dependent's involuntary  
 30 loss of health insurance coverage under subdivision (d)(2)(B) of this  
 31 section, the active or inactive retiree submits to the board proof that:

32 (i) The dependent involuntarily lost health  
 33 insurance coverage; and

34 (ii) Until the dependent's loss of health insurance  
 35 coverage, the coverage had been continuous.

36 APPROVED: 04/01/2015

**Act 995 of the Regular Session of 2015**

1 State of Arkansas  
2 90th General Assembly  
3 Regular Session, 2015

# A Bill

SENATE BILL 535

4  
5 By: Senator J. Hendren  
6

## For An Act To Be Entitled

8 AN ACT TO REQUIRE A SCHOOL DISTRICT TO INCREASE THE  
9 SCHOOL DISTRICT CONTRIBUTION TO EMPLOYEE HEALTH  
10 INSURANCE BY THE SAME AMOUNT THE SCHOOL DISTRICT  
11 INCREASES AN EMPLOYEE'S SALARY; AND FOR OTHER  
12 PURPOSES.  
13

## Subtitle

14  
15 TO REQUIRE A SCHOOL DISTRICT TO INCREASE  
16 THE SCHOOL DISTRICT CONTRIBUTION TO  
17 EMPLOYEE HEALTH INSURANCE BY THE SAME  
18 AMOUNT THE SCHOOL DISTRICT INCREASES AN  
19 EMPLOYEE'S SALARY.  
20  
21  
22

23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
24

25 SECTION 1. Arkansas Code § 6-17-1117(a)(2), concerning health  
26 insurance, is amended to read as follows:

27 (2) The minimum contribution rate under ~~this subsection (a)~~  
28 subdivision (a)(1) of this section shall increase annually by the same  
29 percentage that the legislature increases the salary and benefit component of  
30 the per-student foundation funding amount under § 6-20-2305.

31 (3)(A) Unless exempt under subdivision (a)(5) of this section,  
32 the local contribution rate of a school district shall also increase by the  
33 same percentage that a school district increases the base salary for licensed  
34 personnel under the licensed salary schedule adopted by the school district.

35 (B) As used in this section, "local contribution rate"  
36 means the contribution amount a school district provides for health insurance

1 above the minimum contribution rate required under subdivision (a)(1) of this  
2 section.

3 (4) A change to the local contribution rate under subdivision  
4 (a)(3) of this section is effective for the plan year after the change to the  
5 licensed salary schedule is adopted by a school district.

6 (5) A school district is not required to increase the local  
7 contribution as directed under subdivision (a)(3) of this section if the  
8 school district:

9 (A) Is required to raise the base salary of licensed  
10 personnel due to an increase in the minimum teacher compensation schedule  
11 under § 6-17-2403;

12 (B) Has a participation rate of seventy-five percent (75%)  
13 or more of all eligible personnel participating in the public school  
14 employees' health insurance program; or

15 (C) Has a local contribution rate of one hundred twenty-  
16 five percent (125%) or more of the minimum contribution rate required under  
17 subsection (a) of this section.

18  
19  
20 **APPROVED: 04/02/2015**  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36



**Act 1053 of the Regular Session of 2015**

1 State of Arkansas  
2 90th General Assembly  
3 Regular Session, 2015

# A Bill

SENATE BILL 823

4  
5 By: Senator J. Hendren  
6

## For An Act To Be Entitled

8 AN ACT TO CLARIFY THE PAYROLL DEDUCTIONS OF A STATE  
9 EMPLOYEE; AND FOR OTHER PURPOSES.  
10

## Subtitle

11  
12 TO CLARIFY THE PAYROLL DEDUCTIONS OF A  
13 STATE EMPLOYEE.  
14

15  
16  
17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
18

19 SECTION 1. Arkansas Code § 19-4-1602(a)(4)(A), concerning payroll  
20 deductions of a state employee, is amended to read as follows:

21 (4)(A) Group or individual hospital, medical, and life insurance  
22 deductions.  
23

24  
25 APPROVED: 04/04/2015  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36

**Act 1135 of the Regular Session of 2015**

1 State of Arkansas  
2 90th General Assembly  
3 Regular Session, 2015

As Engrossed: S3/18/15

# A Bill

SENATE BILL 949

4  
5 By: Senator E. Cheatham  
6

## For An Act To Be Entitled

8 AN ACT TO MODIFY THE HEALTH INSURANCE BENEFITS FOR  
9 STATE EMPLOYEES AND PUBLIC SCHOOL EMPLOYEES; TO  
10 REGULATE THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH  
11 INSURANCE PROGRAM; AND FOR OTHER PURPOSES.  
12  
13

## Subtitle

14 TO MODIFY THE HEALTH INSURANCE BENEFITS  
15 FOR STATE EMPLOYEES AND PUBLIC SCHOOL  
16 EMPLOYEES; AND TO REGULATE THE STATE AND  
17 PUBLIC SCHOOL LIFE AND HEALTH INSURANCE  
18 PROGRAM.  
19  
20  
21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
23

24 *SECTION 1. Arkansas Code § 21-5-404(1)(C), concerning powers,*  
25 *functions, and duties of the State and Public School Life and Health*  
26 *Insurance Board, is amended to read as follows:*

27 *(C) The board shall ~~require a participant~~ recommend that*  
28 *an active employee in a consumer-driven health insurance plan option offered*  
29 *under the program ~~to~~ establish a health savings account if the active*  
30 *employee is eligible to establish a health savings account under federal law;*  
31

32 *SECTION 2. Arkansas Code § 21-5-405(b)(8), concerning the duties of*  
33 *the State and Public School Life and Health Insurance Board, is amended to*  
34 *read as follows:*

35 *(8) Beginning in the 2014 2015 plan year, implement a policy*  
36 *applicable to a participating entity to identify funds that are not required*

1 to be paid for federal taxes under the Federal Insurance Contributions Act,  
2 26 U.S.C. § 3101 et seq., generated from health insurance pretaxed premiums  
3 only, and use the identified funds for premium assistance.

4  
5 SECTION 3. Arkansas Code § 21-5-406(c)(2), concerning the use of funds  
6 by the Executive Director of the Employee Benefits Division of the Department  
7 of Finance and Administration, is amended to read as follows:

8 (2) Premiums Funds collected from employers, participating  
9 employees, and retirees, and any other sources for the program, including  
10 plan options offered under the program, ~~shall be collected one (1) month in~~  
11 ~~advance and shall be used solely to pay medical claims, drug claims,~~  
12 premiums, benefits, and direct administrative expenses of the program.

13  
14 /s/E. Cheatham

15  
16  
17 **APPROVED: 04/06/2015**  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36