

October 1, 2014

VIA Hand Delivery
Mrs. Marty Garrity, Director
Bureau of Legislative Research
State Capitol Building, Room 315
Little Rock, Arkansas 72201

RE: Arkansas Health Insurance Marketplace's Amended Bylaws

Dear Director Garrity,

Please find enclosed the Amended Operating Rules and Bylaws of the Arkansas Health Insurance Marketplace (Marketplace) that were adopted by the emergency rule procedure as authorized by ACT 1500 of the 89th General Assembly. The Bylaws are different from the previously adopted Bylaws in that five changes occurred. First, the address of AHIM was changed from AID to the Prospect Building Suite 970. Second, the language related to conflicts of interest was copied from the Operating Rules. Third, language was added to allow Board Members to participate in meetings virtually or by telephone. Fourth, language was added to allow Board Members to suspend procedural rules by majority vote of any quorum present. Finally, language related to the nomination and succession of Board Members was changed. I have also attached the Statement of Necessity for Emergency Promulgation and Fiscal Impact Statement concerning the Bylaws.

Thank you for your attention to this matter.

Respectfully submitted,



Sherrill E. Wise
Chair

Arkansas Health Insurance Marketplace
Board of Directors

Enclosures

State of Arkansas
Bylaws – Domestic Nonprofit
Arkansas Health Insurance Marketplace

Article 1. Office and Registered Agent

Section 1.01. Principal Office.

The principal office of the Arkansas Health Insurance Marketplace shall be located at the Prospect Building, 1501 North University Ave., Suite 970, Little Rock, AR 72207.

Section 1.02. Registered Office and Agent.

The Arkansas Health Insurance Marketplace (hereinafter referred to as the “Marketplace”) shall have and continuously maintain a registered office and registered agent in the State of Arkansas. The registered agent shall be an individual resident of the state.

Article 2. Operating Rules

Section 2.01. Incorporation by Reference/Practices and Procedures.

The Marketplace shall operate according to the Arkansas Health Insurance Marketplace Operating Rules of Practice and Procedure (hereinafter referred to as the “Operating Rules”). The Operating Rules are attached hereto and incorporated by reference.

Article 3. Board of Directors

Section 3.01. Number of Members.

The Board of Directors of the Marketplace (hereinafter referred to as the “Board”) shall consist of eleven (11) members, or such different number as may be established from time to time by the General Assembly.

Section 3.02. Board Appointments.

The members shall be appointed as follows:

- a. Three (3) members by the Governor of the State of Arkansas;
- b. Three (3) members by the Speaker of the Arkansas House of Representatives;

and

- c. Three (3) members by the President Pro Tempore of the Arkansas Senate.

The Governor shall appoint one (1) member who is a representative of insurance agents or brokers licensed to sell health insurance in Arkansas and two (2) members who are consumer representatives, or such other procedures as may be established from time to time by the General Assembly.

The President Pro Tempore of the Senate shall appoint one (1) member who is a representative of a health insurer and one (1) member who is a representative of small employers, or such other procedure as may be established from time to time by the General Assembly.

The Speaker of the House shall appoint one (1) member who is a representative of a health insurer and one (1) member who is licensed by a health-related profession in Arkansas, or such other procedure as may be established from time to time by the General Assembly.

Section 3.03. Qualifications of Board Members.

The appointing authorities shall ensure that a majority of the members of the Board have relevant experience in:

- a. Health benefits administration;
- b. Healthcare finance;
- c. Health plan purchasing;
- d. Healthcare delivery system administration; or

e. Public health or health policy issues related to the small group and individual markets and the uninsured, or such qualifications as may be established from time to time by the General Assembly.

Section 3.04. Terms of Appointed Board Members

Of the initial appointees to the Board by the Governor, President Pro Tempore of the Senate, and the Speaker of the House of Representatives, the appointing authority shall designate one (1) appointee to serve a term of four (4) years; one (1) appointee to serve a term of six (6) years; and one (1) appointee to serve to serve a term of eight (8) years. All succeeding appointees to the Commission shall be appointed for a term of six (6) years, or such different terms as may be established from time to time by the General Assembly.

Section 3.05. Member of the Board by Virtue of State Office.

The following public officials shall serve as ex officio non-voting members:

- a. The Insurance Commissioner or his or her designee; and
- b. The Director of the Department of Human Services or his or her designee.

Section 3.06 Vacancy and Resignation.

The Board shall address the resignation of a member of the Board and a vacancy as directed under the Operating Rules.

Section 3.07. Compensation and Indemnification.

The compensation and indemnification of a member of the Board shall be established as provided in the Operating Rules.

Section 3.08. Powers.

The Board shall have all powers granted to the Board by the General Assembly and, except as specifically limited by the General Assembly, all the power given to a Domestic Nonprofit Corporation under applicable law. The Board shall also have all the powers vested in it by the Articles of Incorporation and Operating Rules.

Section 3.09. Committees.

The Board shall form committees as established from time to time under the Operating Rules.

Section 3.10. Standard of Conduct.

1. A member of the Board shall discharge his or her duties:
 - a. In good faith;
 - b. With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
 - c. In a manner the member reasonably believes to be in the best interest of the Marketplace.
2. A member of the Board acting in good faith may rely on information provided to him or her in accordance with Ark. Code § 4-33-803.
3. Members of the Board and the Marketplace's staff shall maintain constant vigilance against conflicts of interest and against the appearance of conflicts of interest in accordance with Ark. Code § 4-33-831.

Section 3.11. Board Contact Information.

Each member of the Board shall provide the Marketplace updated contact information for receiving notices and other information relevant to Marketplace business.

Article 4. Meetings

Section 4.01. Call, Notice, Quorum, and Voting.

The Chair of the Board or five (5) members of the Board may call a regular or special meeting of the Board. The Board shall give notice of a regular or special meeting. A majority of the voting members of the Board shall constitute a quorum. The Chair shall determine whether there is a quorum at a regular or special meeting. The Board shall use the voting procedures as directed under the Operating Rules. Meetings shall occur at least quarterly. Members may participate in meetings by telephone or virtual communications.

At the last regular meeting of the Board in a fiscal year the Board shall determine the dates of its regular meetings in the next fiscal year.

Special meetings will be held at the call of the Chair or by written request signed by five (5) Board members. A special meeting that does not concern an emergency may be called on two (2) business days notice. A special meeting concerning an emergency may be called on the notice required under the Freedom of Information Act, Arkansas Code § 25-19-101 et. seq. The notice shall specify the place, date, and time of the special meeting and provide a concise statement of the business to be conducted at the special meeting.

Section 4.02. Rules of Order.

The Board shall use Robert's Rules of Order Newly Revised and any other rules of order required under the Operating Rules.

The Board may suspend any procedural rules by majority vote of any quorum present.

Article 5. Rule-Making

Section 5.01. Rules, Policies, and Procedures.

The Marketplace may promulgate rules, policies, and procedures, including emergency rules, policies, and procedures, as directed under the Operating Rules, consistent with the Arkansas Code §§ 23-61-801 et seq., or otherwise directed by the General Assembly.

Article 6. Officers

1. The Board shall select a Chair, Vice-Chair, Secretary/Treasurer, and such other officers as a majority of the Board Choose. The Board shall elect at its last meeting in September of each year a Chair, Vice-Chair and Secretary/Treasurer. An officer of the Board may not succeed himself or herself. For officers elected in 2014, and succeeding year and subject to the affirmation of the Board:

- a. A person serving as Vice-Chair shall succeed to the office of Chair the following year; and
- b. A person serving as Secretary/Treasurer shall succeed to the office of Vice-Chair the following year.

2. The Chair shall be a member of the Board and shall;

- a. Preside at the meetings of the Board with the authority to vote;
- b. Call meetings and special meetings as required; and
- c. Perform such other duties as may be prescribed by law or by action of the Board.

3. The Vice-Chair shall be a member of the Board and shall perform the duties and have the powers of the Chair during the absence or disability of the Chair.

4. The Secretary/Treasurer shall be a member of the Board and shall attest the official actions of the Board.

Article 7. Removal

The Board, by resolution, may petition the appropriate circuit court for the removal of a Board member under Arkansas Code § 4-27-809.

Article 8. Members

Section 8.01. Members.

The Marketplace shall not have members.

Article 9. Fiscal Year

Section 9.01. Fiscal Year.

The Marketplace's fiscal year shall be July 1 through June 30.

Article 10. Procedure for Amending the Bylaws

Section 10.01. Amendments to Bylaws.

The Bylaws may be amended or new Bylaws adopted upon the affirmative vote by a majority of the voting members of the Board present at a special or regular meeting at which a quorum of the members of the Board are present.

Section 10.02. Amendment to Operating Rules and Incorporation in the Bylaws.

Subject to all procedural requirements imposed under Arkansas Code § 23-61-801 et seq., as it may be amended from time to time, and its successors, an amendment to the Operating Rules by the Marketplace adopting a new rule, policy, or procedure or amending or repealing an existing rule, policy, or procedure is incorporated into the Bylaws upon its effective date. A vote by the Board is not required to incorporate the amendment to the Operating Rules into the Bylaws when the amendment is made under applicable law and rules.

Article 11. Dissolution

Section 11.01. Dissolution.

The Marketplace may be dissolved and its assets distributed as provided in the Marketplace's Articles of Incorporation.

