

State of Arkansas
89th General Assembly
Second Extraordinary Session, 2014

A Bill

Call Item 4
SENATE BILL 3

By: Senators J. Hendren, Bledsoe, E. Cheatham, D. Sanders, J. Cooper, J. English, Hickey, Irvin
By: Representatives Copenhaver, Gossage, Kerr, McGill, E. Armstrong, Gillam, Hickerson, B. Overbey, Richey, Talley, T. Thompson, Wardlaw, B. Wilkins

For An Act To Be Entitled

AN ACT TO ESTABLISH ACCOUNTABILITY TO MAINTAIN A SUSTAINABLE SYSTEM OF HEALTH INSURANCE BENEFITS FOR PUBLIC SCHOOL EMPLOYEES; TO CLARIFY THE DUTIES AND RESPONSIBILITIES OF THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE BOARD; AND FOR OTHER PURPOSES.

Subtitle

TO ESTABLISH ACCOUNTABILITY TO MAINTAIN A SUSTAINABLE SYSTEM OF HEALTH INSURANCE BENEFITS FOR PUBLIC SCHOOL EMPLOYEES AND TO CLARIFY THE DUTIES AND RESPONSIBILITIES OF THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE BOARD.

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

SECTION 1. Arkansas Code § 21-5-402(a)(1), concerning the membership of the State and Public School Life and Health Insurance Board, is amended to read as follows:

(a)(1) The State and Public School Life and Health Insurance Board is created, composed of the following ~~fourteen (14)~~ fifteen (15) voting members:

(A) A state employee who is eligible to participate in the ~~insurance program under this subchapter~~ State and Public School Life and Health Insurance Program, appointed by the Governor;

(B) ~~A certified classroom teacher~~ Two (2) public school



employees, at least one (1) of whom is employed by a rural school district,
appointed by the Governor;

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

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

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

(F) Three (3) members who are engaged in employee benefits
management or risk management, ~~in private industry~~ at least one (1) of whom
is a licensed healthcare provider, appointed by the Governor;

(G) ~~Two (2) additional member positions that shall be~~
~~filled by members,~~ one (1) of whom is a retired ~~teacher~~ public school
employee and ~~by~~ one (1) of whom is a retired state employee, appointed by the
Governor;

(H) One (1) public school employee who is employed by a
school district as an administrator, appointed by the Governor;

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

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

(K) One (1) member who is a ~~licensed health care provider~~
~~appointed by the Governor~~ member of the Arkansas Medical, Dental, and
Pharmaceutical Association, appointed by the Governor.

SECTION 2. Arkansas Code § 21-5-404(1), concerning powers, functions,
and duties of the State and Public School Life and Health Insurance Board, is
amended to add an additional subdivision to read as follows:

(C) The board shall require a participant in a consumer-driven
health insurance plan option offered under the program to establish a health
savings account;

SECTION 3. Arkansas Code § 21-5-404(12)(A)(i), concerning the
membership of the Benefits Subcommittee of the State and Public School Life
and Health Insurance Board, is amended to read as follows:

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

(a) Three (3) board members;

- (b) Two (2) state employees; ~~and~~
- (c) ~~Two (2)~~ Three (3) public school employees, at least one (1) of whom is employed by a rural school district; and
- (d) One (1) retired public school employee.

SECTION 4. Arkansas Code § 21-5-404(12)(B)(i)(d), concerning the membership of the Drug Utilization and Evaluation Subcommittee of the State and Public School Life and Health Insurance Board, is amended to read as follows:

- (d)(1) One (1) state employee and ~~one (1)~~ two (2) public school ~~employee~~ employees appointed by the board~~;~~.
- (2) each of whom has A member appointed under this subdivision (12)(B)(i)(d) shall have expertise in accounting, finance, auditing, or insurance.

SECTION 5. Arkansas Code § 21-5-405(b), concerning the duties of the State and Public School Life and Health Insurance Board, is amended to add additional subdivisions to read as follows:

- (7) Verify that a dependent is eligible for coverage under the program as determined by the board; and
- (8) Beginning in the 2014 Plan Year, implement a policy applicable to a participating entity to identify funds that are not required to be paid for federal taxes under the Federal Insurance Contribution Act, 26 U.S.C. § 1301 et seq., and use the identified funds for premium assistance.

SECTION 6. Arkansas Code § 21-5-405(b)(4)(C), concerning the duties of the State and Public School Life and Health Insurance Board, is repealed.

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

- ~~(a) Increasing the amount that the school district contributes for health insurance per participating public school employee; or~~

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

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

SECTION 7. Arkansas Code § 21-5-407(3), concerning the definition of "dependent" under the State and Public School Life and Health Insurance Program, is amended to read as follows:

(3)(A) "Dependent" means a member of a participant's family child or spouse who is eligible for coverage under the State and Public School Life and Health Insurance Program.

(B) Beginning in the 2015 plan year, "dependent" does not include:

(i) An individual who is legally separated or divorced from the participant; or

(ii) A participant's spouse if the spouse is offered healthcare coverage, other than the program, through a separate employer-funded or employee-funded benefit plan that provides healthcare coverage of essential health benefits as provided in 42 U.S.C. § 18022, as existing on January 1, 2013;

SECTION 8. Arkansas Code § 21-5-407(7), concerning the definition of "participant" under the State and Public School Life and Health Insurance Program, is amended to read as follows:

(7) "Participant" means an individual or an individual's covered dependent who is enrolled in a plan option offered under the program and continues to be eligible for participation in the program;

SECTION 9. Arkansas Code § 21-5-407, concerning definitions under the State and Public School Life and Health Insurance Program, is amended to add an additional subdivision to read as follows:

(18) "Rural school district" means a school district or a public charter school that has an average daily membership of one thousand (1,000) students or less.

SECTION 10. Uncodified Acts 2011, No. 855, § 3 is amended to read as follows:

SECTION 3. DO NOT CODIFY. Pilot Program on coverage for morbid obesity diagnosis and treatment.

(a)(1)(A) A state and public school employees health benefit plan that is offered, issued, or renewed on or after January 1, 2012, shall offer coverage for the diagnosis and treatment of morbid obesity.

(B) The cost of coverage for the diagnosis and treatment of morbid obesity offered under subdivision (a)(1)(A) of this section shall not exceed:

(i) Three million dollars (\$3,000,000) annually for the Arkansas State Employees Health Benefit Plan; or

(ii) Three million dollars (\$3,000,000) annually for the Arkansas Public School Employees Health Benefit Plan.

(2) The coverage for morbid obesity offered under subdivision (a)(1) of this section includes without limitation coverage for bariatric surgery including:

- (A) Gastric bypass surgery;
- (B) Adjustable gastric banding surgery;
- (C) Sleeve gastrectomy surgery, and
- (D) Duodenal switch biliopancreatic diversion.

~~(b) A state and public school employees health benefit plan shall offer the benefits under this section to the same extent as for other medically necessary surgical procedures under the enrollee's or insured's contract or policy with the entity.~~

~~(e) The coverage for morbid obesity diagnosis and treatment offered under this subchapter does not diminish or limit benefits otherwise allowable under a state and public school employees health benefit plan.~~

(c) The State and Public School Life and Health Insurance Board shall discontinue or suspend a plan option offered under subsection (a) of this section if the board determines adjustments are necessary to ensure the financial soundness and overall well-being of the State and Public School

Life and Health Insurance Program.