

State of Arkansas  
91st General Assembly  
Regular Session, 2017

# A Bill

SENATE BILL 355

By: Senator B. King

## For An Act To Be Entitled

AN ACT TO TERMINATE THE MEDICAID EXPANSION PROGRAM, ALSO KNOWN AS THE HEALTH CARE INDEPENDENCE PROGRAM WHICH IS COMMONLY KNOWN AS THE "PRIVATE OPTION" AND THE ARKANSAS WORKS PROGRAM; TO TERMINATE ARKANSAS'S PARTICIPATION IN MEDICAID EXPANSION; TO REPEAL THE HEALTH CARE INDEPENDENCE ACT OF 2013 AND THE ARKANSAS WORKS ACT OF 2016; AND FOR OTHER PURPOSES.

## Subtitle

TO TERMINATE THE MEDICAID EXPANSION PROGRAM, ALSO KNOWN AS THE HEALTH CARE INDEPENDENCE PROGRAM WHICH IS COMMONLY KNOWN AS THE "PRIVATE OPTION" AND THE ARKANSAS WORKS PROGRAM.

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

SECTION 1. DO NOT CODIFY. Legislative intent.

It is the intent of the General Assembly to:

(1) Repeal the Health Care Independence Program and the Arkansas Works Program to end Arkansas's participation in the Medicaid Expansion Program established by the Patient Protection and Affordable Care Act, Pub. L. No. 111-148;

(2) Amend various sections of the Arkansas Code to end Arkansas's participation in the Medicaid Expansion Program established by the Patient Protection and Affordable Care Act, Pub. L. No. 111-148; and

(3) Instruct the Governor to submit a waiver to:



(A) Transfer all individuals enrolled and participating in the Arkansas Works Program to the traditional fee-for-service Medicaid program on July 1, 2017; and

(B) Terminate the Arkansas Works Program on December 31, 2018.

SECTION 2. DO NOT CODIFY. Health Care Independence Program and Arkansas Works Program.

(a) The Department of Human Services shall:

(1) Amend, on the effective date of this act, the state Medicaid plan, consistent with this act, to reflect Arkansas's withdrawal from the Medicaid expansion program and to eliminate eligibility for the population enrolled in the Health Care Independence Program, commonly known as the "Private Option", and the Arkansas Works Program to be effective on or before December 31, 2018;

(2) Notify all persons enrolled in the Health Care Independence Program, commonly known as the "Private Option", or the Arkansas Works Program as of the effective date of this act that the Health Care Independence Program, the Arkansas Works Program, and Arkansas's participation in Medicaid expansion under the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, ends on December 31, 2018;

(3) Inform any new person who enrolls in the Health Care Independence Program, commonly known as the "Private Option", or the Arkansas Works Program after the effective date of this act that the Health Care Independence Program, the Arkansas Works Program, and Arkansas's participation in Medicaid expansion under the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, ends on December 31, 2018; and

(4) Transfer all persons enrolled in the Health Care Independence Program, commonly known as the "Private Option", or the Arkansas Works Program, or any person who enrolled in the Health Care Independence Program or Arkansas Works Program after July 1, 2017, to coverage under the traditional fee-for-service Medicaid program on July 1, 2017.

(b) The department may prohibit new enrollees in the Health Care Independence Program and the Arkansas Works Program to begin the transition period before the termination date of December 31, 2018.

(c) On the effective date of this act, the department shall submit any

Medicaid state plan amendments and federal waivers necessary to eliminate the eligibility after December 31, 2018, for the group described at 42 C.F.R. § 435.119, as it existed on January 1, 2017.

(d) This section does not prohibit the payment of expenses incurred before December 31, 2018, by persons participating in the Health Care Independence Program or the Arkansas Works Program.

SECTION 3. Arkansas Code § 19-5-1141 is repealed.

~~19-5-1141. Health Care Independence Program Trust Fund.~~

~~(a) There is created on the books of the Treasurer of State, the Auditor of State, and the Chief Fiscal Officer of the State a trust fund to be known as the "Health Care Independence Program Trust Fund".~~

~~(b)(1) The Health Care Independence Program Trust Fund may consist of moneys saved and accrued under the Health Care Independence Act of 2013, § 20-77-2401 et seq., including without limitation:~~

~~(A) Increases in premium tax collections;~~

~~(B) Reductions in uncompensated care; and~~

~~(C) Other spending reductions resulting from the Health Care Independence Act of 2013, § 20-77-2401 et seq.~~

~~(2) The fund shall also consist of other revenues and funds authorized by law.~~

~~(c) The fund may be used by the Department of Human Services to pay for future obligations under the Health Care Independence Program created by the Health Care Independence Act of 2013, § 20-77-2401 et seq.~~

~~(d)(1) The Health Care Independence Program Trust Fund expires on January 1, 2017.~~

~~(2) Any balance in the Health Care Independence Program Trust Fund on January 1, 2017, shall be transferred by the Chief Fiscal Officer of the State on his or her books and the books of the Treasurer of State and the Auditor of State to the Arkansas Works Program Trust Fund.~~

SECTION 4. Arkansas Code § 19-5-1146 is repealed.

~~19-5-1146. Arkansas Works Program Trust Fund.~~

~~(a) There is created on the books of the Treasurer of State, the Auditor of State, and the Chief Fiscal Officer of the State a trust fund to be known as the "Arkansas Works Program Trust Fund".~~

- ~~(b) The fund shall consist of:
 
  - ~~(1) Moneys saved and accrued under the Arkansas Works Act of 2016, § 23-61-1001 et seq., including without limitation:
 
    - ~~(A) Increases in premium tax collections; and~~
    - ~~(B) Other spending reductions resulting from the Arkansas Works Act of 2016, § 23-61-1001 et seq.; and~~~~
  - ~~(2) Other revenues and funds authorized by law.~~~~
- ~~(c) The Department of Human Services shall use the fund to pay for future obligations under the Arkansas Works Program created by the Arkansas Works Act of 2016, § 23-61-1001 et seq.~~

SECTION 5. Arkansas Code Title 20, Chapter 77, Subchapter 24, §§ 20-77-2401 - 20-77-2408 is repealed.

~~Subchapter 24 — Health Care Independence Act of 2013~~

~~20-77-2401. Title.~~

~~This act shall be known and may be cited as the “Health Care Independence Act of 2013”.~~

~~20-77-2402. Legislative intent.~~

~~(a) Notwithstanding any general or specific laws to the contrary, the Department of Human Services is to explore design options that reform the Medicaid program utilizing this subchapter so that it is a fiscally sustainable, cost-effective, personally responsible, and opportunity-driven program utilizing competitive and value-based purchasing to:~~

- ~~(1) Maximize the available service options;~~
- ~~(2) Promote accountability, personal responsibility, and transparency;~~
- ~~(3) Encourage and reward healthy outcomes and responsible choices; and~~
- ~~(4) Promote efficiencies that will deliver value to the taxpayers.~~

~~(b)(1) It is the intent of the General Assembly that the State of Arkansas through the Department of Human Services utilize a private insurance option for “low-risk” adults.~~

- ~~(2) This subchapter shall ensure that:~~

~~(A) Private healthcare options increase and government-operated programs such as Medicaid decrease; and~~

~~(B) Decisions about the design, operation, and implementation of this option, including cost, remain within the purview of the State of Arkansas and not with Washington, D.C.~~

~~20-77-2403. Purpose.~~

~~(a) The purpose of this subchapter is to:~~

- ~~(1) Improve access to quality health care;~~
- ~~(2) Attract insurance carriers and enhance competition in the Arkansas insurance marketplace;~~
- ~~(3) Promote individually-owned health insurance;~~
- ~~(4) Strengthen personal responsibility through cost sharing;~~
- ~~(5) Improve continuity of coverage;~~
- ~~(6) Reduce the size of the state-administered Medicaid program;~~
- ~~(7) Encourage appropriate care, including early intervention, prevention, and wellness;~~
- ~~(8) Increase quality and delivery system efficiencies;~~
- ~~(9) Facilitate Arkansas's continued payment innovation, delivery system reform, and market-driven improvements;~~
- ~~(10) Discourage over-utilization; and~~
- ~~(11) Reduce waste, fraud, and abuse.~~

~~(b) The State of Arkansas shall take an integrated and market-based approach to covering low-income Arkansans through offering new coverage opportunities, stimulating market competition, and offering alternatives to the existing Medicaid program.~~

~~20-77-2404. Definitions.~~

~~As used in this subchapter:~~

- ~~(1) "Carrier" means a private entity certified by the State Insurance Department and offering plans through the Arkansas Health Insurance Marketplace;~~
- ~~(2) "Cost sharing" means the portion of the cost of a covered medical service that must be paid by or on behalf of eligible individuals, consisting of copayments or coinsurance but not deductibles;~~
- ~~(3) "Eligible individuals" means individuals who:~~

~~(A) Are adults between nineteen (19) years of age and sixty five (65) years of age with an income that is equal to or less than one hundred thirty eight percent (138%) of the federal poverty level, including without limitation individuals who would not be eligible for Medicaid under laws and rules in effect on January 1, 2013;~~

~~(B) Have been authenticated to be United States citizens or documented qualified aliens according to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, as existing on January 1, 2013; and~~

~~(C) Are not determined to be more effectively covered through the standard Medicaid program, such as an individual who is medically frail or other individuals with exceptional medical needs for whom coverage through the Arkansas Health Insurance Marketplace is determined to be impractical or overly complex, or would undermine continuity or effectiveness of care;~~

~~(4) "Healthcare coverage" means healthcare benefits as defined by certification or rules, or both, promulgated by the State Insurance Department for the Qualified Health Plans or available on the marketplace;~~

~~(5) "Arkansas Health Insurance Marketplace" means the vehicle created to help individuals, families, and small businesses in Arkansas shop for and select health insurance coverage in a way that permits comparison of available Qualified Health Plans based upon price, benefits, services, and quality, regardless of the governance structure of the marketplace;~~

~~(6) "Independence accounts" means individual financing structures that operate similar to a health savings account or a medical savings account;~~

~~(7) "Premium" means a charge that must be paid as a condition of enrolling in healthcare coverage;~~

~~(8) "Program" means the Health Care Independence Program established by this subchapter; and~~

~~(9) "Qualified Health Plan" means a State Insurance Department-certified individual health insurance plan offered by a carrier through the Arkansas Health Insurance Marketplace.~~

~~20-77-2405. Administration of Health Care Independence Program.~~

~~(a) The Department of Human Services shall:~~

~~(1) Create and administer the Health Care Independence Program; and~~

~~(2)(A) Submit and apply for any:~~

~~(i) Federal waivers necessary to implement the program in a manner consistent with this subchapter, including without limitation approval for a comprehensive waiver under section 1115 of the Social Security Act, 42 U.S.C. § 1315; and~~

~~(ii)(a) Medicaid State Plan Amendments necessary to implement the program in a manner consistent with this subchapter.~~

~~(b) The Department of Human Services shall submit only those Medicaid State Plan Amendments under subdivision (a)(2)(A)(ii)(a) of this section that are optional and therefore may be revoked by the state at its discretion.~~

~~(B)(i) As part of its actions under subdivision (a)(2)(A) of this section, the Department of Human Services shall confirm that employers shall not be subject to the penalties, including without limitation an assessable payment, under section 1513 of the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, as existing on January 1, 2013, concerning shared responsibility, for employees who are eligible individuals if the employees:~~

~~(a) Are enrolled in the program; and~~

~~(b) Enroll in a Qualified Health Plan through the Arkansas Health Insurance Marketplace.~~

~~(ii) If the Department of Human Services is unable to confirm provisions under subdivision (a)(2)(B)(i) of this section, the program shall not be implemented.~~

~~(b)(1) Implementation of the program is conditioned upon the receipt of necessary federal approvals.~~

~~(2) If the Department of Human Services does not receive the necessary federal approvals, the program shall not be implemented.~~

~~(c) The program shall include premium assistance for eligible individuals to enable their enrollment in a Qualified Health Plan through the Arkansas Health Insurance Marketplace.~~

~~(d)(1) The Department of Human Services is specifically authorized to pay premiums and supplemental cost-sharing subsidies directly to the Qualified Health Plan for enrolled eligible individuals.~~

~~(2) The intent of the payments under subdivision (d)(1) of this section is to increase participation and competition in the Health Insurance Marketplace, intensify price pressures, and reduce costs for both publicly and privately funded health care.~~

~~(e) To the extent allowable by law:~~

~~(1) The Department of Human Services shall pursue strategies that promote insurance coverage of children in their parents' or caregivers' plan, including children eligible for the ARKids First Program Act, § 20-77-1101 et seq., commonly known as the "ARKids B program";~~

~~(2) Upon the receipt of necessary federal approval, during calendar year 2015 the Department of Human Services shall include and transition to the Arkansas Health Insurance Marketplace:~~

~~(A) Children eligible for the ARKids First Program Act, § 20-77-1101 et seq.; and~~

~~(B) Populations under Medicaid from zero percent (0%) of the federal poverty level to seventeen percent (17%) of the federal poverty level; and~~

~~(3) The Department of Human Services shall develop and implement a strategy to inform Medicaid-recipient populations whose needs would be reduced or better served through participation in the Arkansas Health Insurance Marketplace.~~

~~(f) The program shall include allowable cost sharing for eligible individuals that is comparable to that for individuals in the same income range in the private insurance market and is structured to enhance eligible individuals' investment in their healthcare purchasing decisions.~~

~~(g)(1) The State Insurance Department and the Department of Human Services shall administer and promulgate rules to administer the program authorized under this subchapter.~~

~~(2) No less than thirty (30) days before the State Insurance Department and the Department of Human Services begin promulgating a rule under this subchapter, the proposed rule shall be presented to the Legislative Council.~~

~~(h) The program authorized under this subchapter shall terminate within one hundred twenty (120) days after a reduction in any of the following federal medical assistance percentages:~~

~~(1) One hundred percent (100%) in 2014, 2015, or 2016;~~

- ~~(2) Ninety five percent (95%) in 2017;~~
- ~~(3) Ninety four percent (94%) in 2018;~~
- ~~(4) Ninety three percent (93%) in 2019; and~~
- ~~(5) Ninety percent (90%) in 2020 or any year after 2020.~~

~~(i) An eligible individual enrolled in the program shall affirmatively acknowledge that:~~

- ~~(1) The program is not a perpetual federal or state right or a guaranteed entitlement;~~
- ~~(2) The program is subject to cancellation upon appropriate notice; and~~
- ~~(3) The program is not an entitlement program.~~

~~(j)(1) The Department of Human Services shall develop a model and seek from the Centers for Medicare and Medicaid Services all necessary waivers and approvals to allow non-aged, non-disabled program-eligible participants to enroll in a program that will create and utilize independence accounts that operate similarly to a health savings account or medical savings account during the calendar year 2015.~~

~~(2) The independence accounts shall:~~

~~(A) Allow a participant to purchase cost-effective high-deductible health insurance; and~~

~~(B) Promote independence and self-sufficiency.~~

~~(3) The state shall implement cost sharing and copays and, as a condition of participation, earnings shall exceed fifty percent (50%) of the federal poverty level.~~

~~(4) Participants may receive rewards based on healthy living and self-sufficiency.~~

~~(5)(A) At the end of each fiscal year, if there are funds remaining in the account, a majority of the state's contribution will remain in the participant's control as a positive incentive for the responsible use of the healthcare system and personal responsibility of health maintenance.~~

~~(B) Uses of the funds may include without limitation rolling the funds into a private sector health savings account for the participant according to rules promulgated by the Department of Human Services.~~

~~(6) The Department of Human Services shall promulgate rules to implement this subsection.~~

~~(k)(1) State obligations for uncompensated care shall be projected, tracked, and reported to identify potential incremental future decreases.~~

~~(2) The Department of Human Services shall recommend appropriate adjustments to the General Assembly.~~

~~(3) Adjustments shall be made by the General Assembly as appropriate.~~

~~(1) The Department of Human Services shall track the hospital assessment under § 20-77-1902 and report to the General Assembly subsequent decreases based upon reduced uncompensated care.~~

~~(m) On a quarterly basis, the Department of Human Services and the State Insurance Department shall report to the Legislative Council, or to the Joint Budget Committee if the General Assembly is in session, available information regarding:~~

~~(1) Program enrollment;~~

~~(2) Patient experience;~~

~~(3) Economic impact including enrollment distribution;~~

~~(4) Carrier competition; and~~

~~(5) Avoided uncompensated care.~~

~~20-77-2406. Standards of healthcare coverage through Arkansas Health Insurance Marketplace.~~

~~(a) Healthcare coverage shall be achieved through a qualified health plan at the silver level as provided in 42 U.S.C. §§ 18022 and 18071, as existing on January 1, 2013, that restricts cost sharing to amounts that do not exceed Medicaid cost-sharing limitations.~~

~~(b)(1) All participating carriers in the Arkansas Health Insurance Marketplace shall offer healthcare coverage conforming to the requirements of this subchapter.~~

~~(2) A participating carrier in the Arkansas Health Insurance Marketplace shall maintain a medical loss ratio of at least eighty percent (80%) for an individual and small group market policy and at least eighty-five percent (85%) for a large group market policy as required under the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, as existing on January 1, 2013.~~

~~(c) To assure price competitive choice among healthcare coverage options, the State Insurance Department shall assure that at least two (2)~~

~~qualified health plans are offered in each county in the state.~~

~~(d) Health insurance carriers offering healthcare coverage for program-eligible individuals shall participate in the Health Care Payment Improvement Initiative including:~~

- ~~(1) Assignment of primary care clinician;~~
- ~~(2) Support for patient-centered medical home; and~~
- ~~(3) Access of clinical performance data for providers.~~

~~(e) On or before July 1, 2013, the State Insurance Department shall implement through certification requirements or rules, or both, the applicable provisions of this subchapter.~~

~~20-77-2407. Enrollment.~~

~~(a) The General Assembly shall assure that a mechanism within the Arkansas Health Insurance Marketplace is established and operated to facilitate enrollment of eligible individuals.~~

~~(b) The enrollment mechanism shall include an automatic verification system to guard against waste, fraud, and abuse in the program.~~

~~20-77-2408. Effective Date.~~

~~This subchapter shall be in effect until December 31, 2016, upon which date the Health Care Independence Program established by the Health Care Independence Act of 2013, § 20-77-2401 et seq., shall terminate, provided however that the Department of Human Services shall cease collection of contributions to independence accounts no later than July 1, 2016.~~

SECTION 6. Arkansas Code Title 23, Chapter 61, Subchapter 10, §§ 23-61-1001 - 23-61-1009 is repealed.

~~Subchapter 10—Arkansas Works Act of 2016~~

~~23-61-1001. Title.~~

~~This subchapter shall be known and may be cited as the "Arkansas Works Act of 2016".~~

~~23-61-1002. Legislative intent.~~

~~Notwithstanding any general or specific laws to the contrary, it is the intent of the General Assembly for the Arkansas Works Program to be a~~

~~fiscally sustainable, cost-effective, and opportunity-driven program that:~~

- ~~(1) Empowers individuals to improve their economic security and achieve self-reliance;~~
- ~~(2) Builds on private insurance market competition and value-based insurance purchasing models;~~
- ~~(3) Strengthens the ability of employers to recruit and retain productive employees; and~~
- ~~(4) Achieves comprehensive and innovative healthcare reform that reduce state and federal obligations for entitlement spending.~~

~~23-61-1003. Definitions.~~

~~As used in this subchapter:~~

- ~~(1) "Cost-effective" means that the cost of covering employees who are:~~
  - ~~(A) Program participants, either individually or together within an employer health insurance coverage, is the same or less than the cost of providing comparable coverage through individual qualified health insurance plans; or~~
  - ~~(B) Eligible individuals who are not program participants, either individually or together within an employer health insurance coverage, is the same or less than the cost of providing comparable coverage through a program authorized under Title XIX of the Social Security Act, 42 U.S.C. § 1396 et seq., as it existed on January 1, 2016;~~
- ~~(2) "Cost sharing" means the portion of the cost of a covered medical service that is required to be paid by or on behalf of an eligible individual;~~
- ~~(3) "Eligible individual" means an individual who is in the eligibility category created by section 1902(a)(10)(A)(i)(VIII) of the Social Security Act, 42 U.S.C. § 1396a;~~
- ~~(4) "Employer health insurance coverage" means a health insurance benefit plan offered by an employer or, as authorized by this subchapter, an employer self-funded insurance plan governed by the Employee Retirement Income Security Act of 1974, Pub. L. No. 93-406, as amended;~~
- ~~(5) "Health insurance benefit plan" means a policy, contract, certificate, or agreement offered or issued by a health insurer to provide, deliver, arrange for, pay for, or reimburse any of the costs of healthcare~~

~~services, but not including excepted benefits as defined under 42 U.S.C. § 300gg-91(c), as it existed on January 1, 2016;~~

~~(6) "Health insurance marketplace" means the applicable entities that were designed to help individuals, families, and businesses in Arkansas shop for and select health insurance benefit plans in a way that permits comparison of available plans based upon price, benefits, services, and quality, and refers to either:~~

~~(A) The Arkansas Health Insurance Marketplace created under the Arkansas Health Insurance Marketplace Act, § 23-61-801 et seq., or a successor entity; or~~

~~(B) The federal health insurance marketplace or federal health benefit exchange created under Pub. L. No. 111-148;~~

~~(7) "Health insurer" means an insurer authorized by the State Insurance Department to provide health insurance or a health insurance benefit plan in the State of Arkansas, including without limitation:~~

~~(A) An insurance company;~~

~~(B) A medical services plan;~~

~~(C) A hospital plan;~~

~~(D) A hospital medical service corporation;~~

~~(E) A health maintenance organization;~~

~~(F) A fraternal benefits society; or~~

~~(G) Any other entity providing health insurance or a health insurance benefit plan subject to state insurance regulation;~~

~~(8) "Individual qualified health insurance plan" means an individual health insurance benefit plan offered by a health insurer through the health insurance marketplace that covers only essential health benefits as defined by Arkansas rule and 45 C.F.R. § 156.110 and any federal insurance regulations, as they existed on January 1, 2016;~~

~~(9) "Premium" means a monthly fee that is required to be paid to maintain some or all health insurance benefits;~~

~~(10) "Program participant" means an eligible individual who:~~

~~(A) Is at least nineteen (19) years of age and no more than sixty-four (64) years of age with an income that is equal to or less than one hundred thirty-eight percent (138%) of the federal poverty level;~~

~~(B) Is authenticated to be a United States citizen or documented qualified alien according to the Personal Responsibility and Work~~

~~Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193;~~

~~(C) Is not eligible for Medicare or advanced premium tax credits through the health insurance marketplace; and~~

~~(D) Is not determined to be more effectively covered through the traditional Arkansas Medicaid Program, including without limitation:~~

~~(i) An individual who is medically frail; or~~

~~(ii) An individual who has exceptional medical needs for whom coverage offered through the health insurance marketplace is determined to be impractical, overly complex, or would undermine continuity or effectiveness of care; and~~

~~(11)(A) "Small group plan" means a health insurance benefit plan for a small employer that employed an average of at least two (2) but no more than fifty (50) employees during the preceding calendar year.~~

~~(B) "Small group plan" does not include a grandfathered health insurance plan as defined in 45 C.F.R. § 147.140(a)(1)(i), as it existed on January 1, 2016.~~

~~23-61-1004. Administration of Arkansas Works Program.~~

~~(a)(1) The Department of Human Services, in coordination with the State Insurance Department and other necessary state agencies, shall:~~

~~(A) Provide health insurance or medical assistance under this subchapter to eligible individuals;~~

~~(B) Create and administer the Arkansas Works Program;~~

~~(C) Submit and apply for any federal waivers, Medicaid state plan amendments, or other authority necessary to implement the Arkansas Works Program in a manner consistent with this subchapter;~~

~~(D) Offer incentive benefits to promote personal responsibility; and~~

~~(E) Seek a waiver to eliminate retroactive eligibility for an eligible individual under this subchapter.~~

~~(2) The Governor shall request the assistance and involvement of other state agencies that he or she deems necessary for the implementation of the Arkansas Works Program.~~

~~(b) Health insurance benefits under this subchapter shall be provided through:~~

~~(1) Individual premium assistance for enrollment of Arkansas Works Program participants in individual qualified health insurance plans;~~

~~(2) Employer sponsored premium assistance for certain eligible individuals who enroll in employer health insurance coverage; and~~

~~(3) Supplemental benefits to incentivize personal responsibility.~~

~~(c) The Department of Human Services, the State Insurance Department, the Department of Workforce Services, and other necessary state agencies shall promulgate and administer rules to implement the Arkansas Works Program.~~

~~(d)(1) Within thirty (30) days of a reduction in federal medical assistance percentages as described in this section, the Department of Human Services shall present to the Centers of Medicare and Medicaid Services a plan to terminate the Arkansas Works Program and transition eligible individuals out of the Arkansas Works Program within one hundred twenty (120) days of a reduction in any of the following federal medical assistance percentages:~~

~~(A) Ninety five percent (95%) in the year 2017;~~

~~(B) Ninety four percent (94%) in the year 2018;~~

~~(C) Ninety three percent (93%) in the year 2019; and~~

~~(D) Ninety percent (90%) in the year 2020 or any year after the year 2020.~~

~~(2) An eligible individual shall maintain coverage during the process to implement the plan to terminate the Arkansas Works Program and the transition of eligible individuals out of the Arkansas Works Program.~~

~~(e) State obligations for uncompensated care shall be tracked and reported to identify potential incremental future decreases.~~

~~(f) The Department of Human Services shall track the hospital assessment fee imposed by § 20-77-1902 and report to the General Assembly subsequent decreases based upon reduced uncompensated care.~~

~~(g)(1) On a quarterly basis, the Department of Human Services, the State Insurance Department, the Department of Workforce Services, and other necessary state agencies shall report to the Legislative Council, or to the Joint Budget Committee if the General Assembly is in session, available information regarding the overall Arkansas Works Program, including without limitation:~~

- ~~(A) Eligibility and enrollment;~~
- ~~(B) Utilization;~~
- ~~(C) Premium and cost sharing reduction costs;~~
- ~~(D) Health insurer participation and competition;~~
- ~~(E) Avoided uncompensated care; and~~
- ~~(F) Participation in job training and job search programs.~~

~~(2)(A) A health insurer who is providing an individual qualified health insurance plan or employer health insurance coverage for an eligible individual shall submit claims and enrollment data to the State Insurance Department to facilitate reporting required under this subchapter or other state or federally required reporting or evaluation activities.~~

~~(B) A health insurer may utilize existing mechanisms with supplemental enrollment information to fulfill requirements under this subchapter, including without limitation the state's all-payer claims database established under the Arkansas Healthcare Transparency Initiative Act of 2015, § 23-61-901 et seq., for claims and enrollment data submission.~~

~~(h) The Governor shall request a block grant under relevant federal law and regulations for the funding of the Arkansas Medicaid Program as soon as practical if the federal law or regulations change to allow the approval of a block grant for this purpose.~~

~~23-61-1005. Requirements for eligible individuals.~~

~~(a)(1) To promote health, wellness, and healthcare education about appropriate healthcare seeking behaviors, an eligible individual shall receive a wellness visit from a primary care provider within:~~

~~(A) The first year of enrollment in health insurance coverage for an eligible individual who is not a program participant and is enrolled in employer health insurance coverage; and~~

~~(B) The first year of, and thereafter annually:~~

~~(i) Enrollment in an individual qualified health insurance plan or employer health insurance coverage for a program participant; or~~

~~(ii) Notice of eligibility determination for an eligible individual who is not a program participant and is not enrolled in employer health insurance coverage.~~

~~(2) Failure to meet the requirement in subdivision (a)(1) of~~

~~this section shall result in the loss of incentive benefits for a period of up to one (1) year, as incentive benefits are defined by the Department of Human Services in consultation with the State Insurance Department.~~

~~(b)(1) An eligible individual who has up to fifty percent (50%) of the federal poverty level at the time of an eligibility determination shall be referred to the Department of Workforce Services to:~~

~~(A) Incentivize and increase work and work training opportunities; and~~

~~(B) Participate in job training and job search programs.~~

~~(2) The Department of Human Services, or its designee, shall provide work training opportunities, outreach, and education about work and work training opportunities through the Department of Workforce Services to all eligible individuals regardless of income at the time of an eligibility determination.~~

~~(c) An eligible individual shall receive notice that:~~

~~(1) The Arkansas Works Program is not a perpetual federal or state right or a guaranteed entitlement;~~

~~(2) The Arkansas Works Program is subject to cancellation upon appropriate notice; and~~

~~(3) The Arkansas Works Program is not an entitlement program.~~

~~23-61-1006. Requirements for program participants.~~

~~(a) A program participant who is twenty one (21) years of age or older shall enroll in employer health insurance coverage if the employer health insurance coverage meets the standards in § 23-61-1008(a).~~

~~(b)(1) A program participant who has income of at least one hundred percent (100%) of the federal poverty level shall pay a premium of no more than two percent (2%) of the income to a health insurer.~~

~~(2) Failure by the program participant to meet the requirement in subdivision (b)(1) of this section may result in:~~

~~(A) The accrual of a debt to the State of Arkansas; and~~

~~(B)(i) The loss of incentive benefits in the event of failure to pay premiums for three (3) consecutive months, as incentive benefits are defined by the Department of Human Services in consultation with the State Insurance Department.~~

~~(ii) However, incentive benefits shall be restored~~

~~if a program participant pays all premiums owed.~~

~~23-61-1007. Insurance standards for individual qualified health insurance plans.~~

~~(a) Insurance coverage for a program participant enrolled in an individual qualified health insurance plan shall be obtained through silver-level metallic plans as provided in 42 U.S.C. § 18022(d) and § 18071, as they existed on January 1, 2016, that restrict out-of-pocket costs to amounts that do not exceed applicable out-of-pocket cost limitations.~~

~~(b) The Department of Human Services shall pay premiums and supplemental cost sharing reductions directly to a health insurer for a program participant enrolled in an individual qualified health insurance plan.~~

~~(c) All participating health insurers offering individual qualified health insurance plans in the health insurance marketplace shall:~~

~~(1)(A) Offer individual qualified health insurance plans conforming to the requirements of this section and applicable insurance rules.~~

~~(B) The individual qualified health insurance plans shall be approved by the State Insurance Department; and~~

~~(2) Maintain a medical loss ratio of at least eighty percent (80%) for an individual qualified health insurance plan as required under 45 C.F.R. § 158.210(c), as it existed on January 1, 2016, or rebate the difference to the Department of Human Services for program participants.~~

~~(d) The State of Arkansas shall assure that at least two (2) individual qualified health insurance plans are offered in each county in the state.~~

~~(e) A health insurer offering individual qualified health insurance plans for program participants shall participate in the Arkansas Patient-Centered Medical Home Program, including:~~

~~(1) Attributing enrollees in individual qualified health insurance plans, including program participants, to a primary care physician;~~

~~(2) Providing financial support to patient-centered medical homes to meet practice transformation milestones; and~~

~~(3) Supplying clinical performance data to patient-centered medical homes, including data to enable patient-centered medical homes to~~

~~assess the relative cost and quality of healthcare providers to whom patient-centered medical homes refer patients.~~

~~(f) On or before January 1, 2017, the State Insurance Department and the Department of Human Services may implement through certification requirements or rule, or both, the applicable provisions of this section.~~

~~23-61-1008. Insurance standards for employer health insurance coverage.~~

~~(a) A program participant shall enroll in employer health insurance coverage if:~~

~~(1) The employer of the program participant elects to participate;~~

~~(2) Except as authorized under subsection (c) of this section, the employer health insurance coverage is a small group plan that provides essential health benefits as defined by 45 C.F.R. § 156.110, as it existed on January 1, 2016, and has no less than a seventy percent (70%) actuarial value;~~

~~(3) The employer health insurance coverage is deemed cost-effective; and~~

~~(4) The employer and health insurer providing the employer health insurance coverage are willing to meet the reporting obligations under § 23-61-1004(g)(2).~~

~~(b) The Department of Human Services may pay premiums and supplemental cost-sharing reductions for employer health insurance coverage meeting the standards in subsection (a) of this section.~~

~~(c) The Department of Human Services, in coordination with the State Insurance Department and the Arkansas Health Insurance Marketplace, shall explore and seek any necessary waivers or other authority necessary to:~~

~~(1) Offer incentives for employers of program participants who enroll in employer health insurance coverage; and~~

~~(2) Expand opportunities for eligible individuals to obtain employer health insurance coverage providing coverage through:~~

~~(A) The fully insured large group insurance market; or~~

~~(B) Employers with self-funded insurance plans.~~

~~(d) The Department of Human Services, in coordination with the State Insurance Department and the Arkansas Health Insurance Marketplace, shall~~

~~develop methods to ensure the continuation of health insurance coverage for a program participant with employer health insurance coverage if the program participant:~~

~~(1) Loses employment with an employer who is offering the employer health insurance coverage; or~~

~~(2) Switches employment to a different employer who does not offer employer health insurance coverage that meets the standards in subsection (a) of this section.~~

~~(c) This subchapter does not:~~

~~(1) Modify the authority of the Department of Human Services to enroll eligible individuals who are not program participants in employer health insurance coverage where cost-effective;~~

~~(2) Preclude the state from exploring the expanded utility and functionality of the state-administered small business health options program created by the Arkansas Health Insurance Marketplace Act, § 23-61-801 et seq.; or~~

~~(3) Exempt any plans offered in the small group insurance market, large group insurance market, or individual insurance market from complying with state and federal requirements regarding medical loss ratio.~~

~~(e) On or before January 1, 2017, the State Insurance Department, the Department of Human Services, and other necessary state agencies may implement the applicable provisions of this section through certification requirements or rule, or both.~~

~~23-61-1009. Sunset.~~

~~This subchapter shall expire on December 31, 2021.~~

SECTION 7. Arkansas Code § 26-57-604(a)(1)(B)(ii), concerning the allowance of a credit to be applied against the insurance premium tax, is amended to read as follows:

(ii) However, the credit shall not be applied as an offset against the premium tax on collections resulting from an eligible individual insured under ~~the Health Care Independence Act of 2013, § 20-77-2401 et seq., the Arkansas Works Act of 2016, § 23-61-1001 et seq., the Arkansas Health Insurance Marketplace Act, § 23-61-801 et seq., or individual qualified health insurance plans, including without limitation stand-alone~~

~~dental plans, issued through the health insurance marketplace as defined by § 23-61-1003.~~

SECTION 8. Arkansas Code § 26-57-610(b)(2), concerning the disposition of the insurance premium tax, is amended to read as follows:

(2) The taxes based on premiums collected under ~~the Health Care Independence Act of 2013, § 20-77-2401 et seq., the Arkansas Works Act of 2016, § 23-61-1001 et seq., the Arkansas Health Insurance Marketplace Act, § 23-61-801 et seq., or individual qualified health insurance plans, including without limitation stand-alone dental plans, issued through the health insurance marketplace as defined by § 23-61-1003~~ shall be,

~~(A) At~~ at the time of deposit, separately certified by the commissioner to the Treasurer of State for classification and distribution under this section; ~~and~~

~~(B)(i) On or before December 31, 2016, transferred to the Health Care Independence Program Trust Fund and used as provided by § 19-5-1141; and~~

~~(ii) On and after January 1, 2017, transferred to the Arkansas Works Program Trust Fund and used as required by the Arkansas Works Program Trust Fund;~~