

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas As Engrossed: H2/8/23 H2/16/23 H3/14/23
94th General Assembly **A Bill**
Regular Session, 2023

HOUSE BILL 1160

By: Representative Wardlaw

By: Senator J. Dotson

For An Act To Be Entitled

AN ACT TO REGULATE COMPENSATION AND BENEFITS OF PUBLIC OFFICERS AND EMPLOYEES; TO DEFINE VOLUNTARY PRODUCTS; TO CLARIFY SUPERVISION OF VOLUNTARY PRODUCTS OFFERED TO PARTICIPANTS IN THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM; TO AMEND THE ADMINISTRATION OF CAFETERIA PLANS FOR CERTAIN PUBLIC OFFICERS AND EMPLOYEES; AND FOR OTHER PURPOSES.

Subtitle

TO REGULATE COMPENSATION AND BENEFITS OF PUBLIC OFFICERS AND EMPLOYEES; AND TO CLARIFY SUPERVISION OF VOLUNTARY PRODUCTS UNDER THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM.

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

SECTION 1. Arkansas Code § 6-17-1115 is amended to read as follows:

6-17-1115. ~~Group insurance~~ Insurance for independent school districts.

(a) The employees of an independent school district may be insured under a an individual or group insurance policy ~~issued to and~~ procured by an independent school district to insure the employees of an independent school district for the benefit of the employees of an independent school district subject to the following requirements:

(1) The employees eligible for insurance under the ~~group~~



insurance policy shall all be employees of the school district or all of any class determined by conditions pertaining to their employment; and

(2) The premium for the policy shall be paid by the policyholder from funds contributed wholly by the insured employees, except that:

(A) The employer may deduct from the employees' salaries the required contributions for the premiums when authorized in writing by the respective employees to do so; and

(B) The premium for the policy may be paid for the policyholder wholly or partly from funds of the school district.

(b) As used in this section, "~~group insurance~~" "insurance" shall be individual life insurance contracts or policies or group life insurance as described by § 23-83-101 et seq., § 23-86-101, and individual or group contracts or policies that provide disability income insurance, specified disease insurance, hospital indemnity insurance, long-term care insurance, or accident-only insurance to employees of groups described under § 23-86-106.

SECTION 2. Arkansas Code § 21-5-405, concerning additional duties of the State Board of Finance, is amended to add an additional subsection to read as follows:

(d) The Arkansas State Employees Association, Inc., or a designee of the Arkansas State Employees Association, Inc., that develops and administers a cafeteria plan under § 21-5-405(d) shall provide the board with an annual report of voluntary products to be offered to state employees during open enrollment.

SECTION 3. Arkansas Code § 21-5-406(e)(3), concerning the authority of the Director of the Employee Benefits Division, is amended to read as follows:

(3)(A) The director has the authority to supervise the implementation and day-to-day management of the program and other employee benefits, plans, and individual and group policies made available to participants, if applicable, except voluntary products or insurance procured under § 6-17-1115.

(B) The authority granted under subdivision (e)(3)(A) of this section includes without limitation supervising:

(i) Life insurance coverage;

(ii) ~~Accident coverage;~~
 (iii) ~~Dental coverage;~~
 (iv) ~~Disability benefit programs;~~
 (v) Optional retirement programs;
 (vi) ~~(iii)~~ Deferred compensation;
 (vii) ~~(iv)~~ Cafeteria plans for products that are not voluntary products; and

~~(viii)~~(v) ~~Such~~ Any other benefit plans, benefit programs, and individual and group benefit coverage that are offered from time to time to state employees, state employee retirees, public school employees, and public school employee retirees.

(C) ~~The~~ Except as authorized under § 19-4-1602, the authority granted under subdivision (e)(3)(A) of this section does not include supervising the State Employees Benefit Corporation benefit plan in effect on July 1, 1995 the implementation and day-to-day management of a voluntary product made available to participants or insurance procured under § 6-17-1115.

(D) ~~In addition, the~~ The director and the board may utilize the services of healthcare consultants and actuaries if necessary as provided for through the appropriation of the division.

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

SECTION 4. Arkansas Code § 21-5-407(19), concerning the definition of "vendor" under the State and Public School Life and Health Insurance Program, is amended to read as follows:

(19)(A) "Vendor" means a corporation, partnership, or other organization that is:

~~(A)~~(i) Licensed to do business and in good standing with the State of Arkansas; and

~~(B)~~(ii) Lawfully engaged in administering employer-funded or employee-funded benefit plans for employer groups in consideration of an administration fee.

(B) "Vendor" does not include the Arkansas State Employees Association, Inc., or a designee of the Arkansas State Employees Association, Inc., that develops and administers a cafeteria plan under § 21-5-405(d).

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

(20) "Voluntary product" means any individual or group policy and other employee benefits that are wholly paid for by the employee, including without limitation those policies and benefits provided by the Arkansas State Employees Association, Inc., or a designee of the Arkansas State Employees Association, Inc., that develops and administers a cafeteria plan under § 21-5-405(d).

SECTION 6. Arkansas Code § 21-5-424, concerning the State Employee Health Benefit Advisory Commission, is amended to add an additional subsection to read as follows:

(g) The Arkansas State Employees Association, Inc., or a designee of the Arkansas State Employees Association, Inc., that develops and administers a cafeteria plan under § 21-5-405(d) shall provide the commission with an annual report of voluntary products to be offered to state employees during open enrollment.

SECTION 7. Arkansas Code § 21-5-901, concerning definitions used in reference to administration of cafeteria plans offered to public officers and employees, is amended to add an additional subdivision to read as follows:

(5) "Voluntary product" means any individual or group policy and other employee benefits that are wholly paid for by the employee, including without limitation those policies and benefits procured under § 6-17-1115 or provided by the Arkansas State Employees Association, Inc., or a designee of the Arkansas State Employees Association, Inc., that develops and administers a cafeteria plan under § 21-5-405(d).

SECTION 8. Arkansas Code § 21-5-902(a), concerning the ability of an eligible employee to enter into a salary reduction agreement to participate in a cafeteria plan offered to public officers and employees, is amended to read as follows:

(a) Any eligible employee who chooses to participate in a cafeteria plan or a voluntary product may enter into a salary reduction agreement with

the governmental entity.

SECTION 9. Arkansas Code § 21-5-904(a), concerning the administration of cafeteria plans by the Director of the Employee Benefits Division, is amended to read as follows:

(a) ~~The Director of the Employee Benefits Division shall have administrative responsibility for developing, implementing, and maintaining cafeteria plans on behalf of state employees and may promulgate necessary rules as he or she deems necessary to carry out the provision of this section.~~

SECTION 10. Arkansas Code § 21-5-904, concerning the administration of cafeteria plans offered to public officers and employees, is amended to add an additional subsection to read as follows:

(d) The Arkansas State Employees Association, Inc., shall:

(1) Develop and administer a cafeteria plan for voluntary products on behalf of eligible state employees; or

(2) Contract by a competitive sealed bidding process with a designee to develop and administer a cafeteria plan for voluntary products on behalf of eligible state employees.

SECTION 11. Arkansas Code Title 21, Chapter 5, Subchapter 9, is amended to add an additional section to read as follows:

21-5-905. Rules.

The Employee Benefits Division shall promulgate rules to administer this subchapter.

SECTION 12. TEMPORARY LANGUAGE. DO NOT CODIFY. Rules.

(a) The Employee Benefits Division shall promulgate rules necessary to implement this act.

(b)(1) When adopting the initial rules to implement this act, the final rule shall be filed with the Secretary of State for adoption under § 25-15-204(f):

(A) On or before January 1, 2024; or

(B) If approval under § 10-3-309 has not occurred by January 1, 2024, as soon as practicable after approval under § 10-3-309.

(2) The division shall file the proposed rule with the Legislative Council under § 10-3-309(c) sufficiently in advance of January 1, 2024, so that the Legislative Council may consider the rule for approval before January 1, 2024.

/s/Wardlaw