

1 State of Arkansas  
2 93rd General Assembly  
3 Fiscal Session, 2022

HR 1008

4  
5 By: Representatives Wardlaw, Shepherd, Beaty Jr., Beck, M. Berry, Bragg, Brown, C. Cooper, Crawford,  
6 Dalby, M. Davis, Dotson, Ennett, Eubanks, C. Fite, D. Garner, Godfrey, Hawks, M. Hodges, Hollowell,  
7 Hudson, Jett, Love, Maddox, McCullough, S. Meeks, Nicks, Perry, Scott, S. Smith, Speaks, Vaught,  
8 Warren, D. Whitaker, Wing, Wooten

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### HOUSE RESOLUTION

11 TO AUTHORIZE THE INTRODUCTION OF A NONAPPROPRIATION  
12 BILL TO ESTABLISH A GOVERNING BODY FOR THE STATE AND  
13 PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM AND  
14 TO CREATE ADVISORY COMMISSIONS FOR HEALTH BENEFITS  
15 FOR STATE EMPLOYEES AND PUBLIC SCHOOL EMPLOYEES.

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### Subtitle

18  
19 TO AUTHORIZE THE INTRODUCTION OF A  
20 NONAPPROPRIATION BILL TO ESTABLISH A  
21 GOVERNING BODY FOR THE STATE AND PUBLIC  
22 SCHOOL LIFE AND HEALTH INSURANCE PROGRAM  
23 AND TO CREATE ADVISORY COMMISSIONS.

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26 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE NINETY-THIRD GENERAL  
27 ASSEMBLY OF THE STATE OF ARKANSAS:

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29 THAT Representative Wardlaw or Representative Eubanks is authorized to  
30 introduce a bill which as introduced will read substantially as follows:

31

32 "Title

33 AN ACT TO ESTABLISH A GOVERNING BODY FOR THE STATE AND PUBLIC SCHOOL LIFE AND  
34 HEALTH INSURANCE PROGRAM; TO CREATE ADVISORY COMMISSIONS FOR HEALTH BENEFITS  
35 FOR STATE EMPLOYEES AND PUBLIC SCHOOL EMPLOYEES; TO DECLARE AN EMERGENCY; AND  
36 FOR OTHER PURPOSES.



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Subtitle  
TO ESTABLISH A GOVERNING BODY FOR THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM; TO CREATE ADVISORY COMMISSIONS FOR HEALTH BENEFITS FOR STATE EMPLOYEES AND PUBLIC SCHOOL EMPLOYEES; AND TO DECLARE AN EMERGENCY.

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

SECTION 1. DO NOT CODIFY. Legislative findings – Public School Employee Health Benefit Advisory Commission – State Employee Health Benefit Advisory Commission.

The General Assembly finds that:

(1) The State and Public School Life and Health Insurance Program needs proper governance and oversight to ensure solvency of the State and Public School Life and Health Insurance Program and state and public school employee benefits;

(2) The State and Public School Life and Health Insurance Program needs to remain viable to provide continued benefits to state employees and public school employees;

(3) State employees and public school employees need to be able to provide input and recommendations for decisions concerning the health benefit options available under the State and Public School Life and Health Insurance Program;

(4) The State Board of Finance has managed the State and Public School Life and Health Insurance Program and is established as the permanent governing entity to manage the health benefits of state employees and public school employees with input and recommendations from state employees and public school employees through an advisory commission; and

(5) The State Board of Finance is the appropriate entity to make decisions and policy for the State and Public School Life and Health Insurance Program.

SECTION 2. Arkansas Code § 19-3-701(b), concerning the creation of the State Board of Finance, is amended to add an additional subdivision to read as follows:

(11)(A) The Insurance Commissioner.

1                   (B) The Insurance Commissioner shall be a voting member  
 2 only for the purpose of voting on health benefit plans.

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 4           SECTION 3. Arkansas Code Title 21, Chapter 5, Subchapter 4, is amended  
 5 to add additional sections to read as follows:

6           21-5-419. Public School Employee Health Benefit Advisory Commission –  
 7 Creation – Members – Expense reimbursement.

8           (a)(1) The Public School Employee Health Benefit Advisory Commission  
 9 is created, to be composed of the following voting members:

10           (A)(i) Three (3) members appointed by the Governor and  
 11 subject to confirmation by the Senate, who have a minimum of five (5) years  
 12 of professional experience or fiscal expertise in the industry of health  
 13 insurance, actuarial services, or financial or banking services.

14           (ii) Members appointed by the Governor shall serve  
 15 at the pleasure of the Governor;

16           (B)(i) One (1) member who shall:

17                   (a) Be employed by a public school; and

18                   (b) Have five (5) years of consecutive  
 19 participation in the State and Public School Life and Health Insurance  
 20 Program.

21           (ii) A member under subdivision (a)(1)(B)(i) of this  
 22 section may be:

23                   (a) Selected from a list of three (3) names  
 24 submitted by the Executive Director of the Arkansas Education Association to  
 25 the appointing authority under subdivision (a)(1)(B)(iii) of this section; or

26                   (b) An individual not on the list submitted  
 27 under subdivision (a)(1)(B)(ii)(a) of this section who otherwise meets the  
 28 qualifications under subdivision (a)(1)(B)(i) of this section.

29           (iii) The Speaker of the House of Representatives  
 30 shall make the initial appointment under this subdivision (a)(1)(B), and  
 31 every three (3) years the authority to make the appointment shall alternate  
 32 between the Speaker of the House of Representatives and the President Pro  
 33 Tempore of the Senate; and

34           (C)(i) One (1) member who:

35                   (a) Is a retired public school employee; and

36                   (b) Has participated in the program for:

1 (1) Five (5) consecutive years as an  
2 active public school employee; and

3 (2) Two (2) years as a retired public  
4 school employee.

5 (ii) The President Pro Tempore of the Senate shall  
6 make the initial appointment under this subdivision (a)(1)(C), and every  
7 three (3) years the authority to make the appointment shall alternate between  
8 the President Pro Tempore of the Senate and the Speaker of the House of  
9 Representatives.

10 (2) An appointee under this section who has a conflict of  
11 interest as described in § 19-11-718 is disqualified from serving on the  
12 commission.

13 (b)(1) Members shall be appointed for terms of three (3) years but may  
14 be reappointed for unlimited additional three-year terms.

15 (2) A vacancy in a position shall be filled in the same manner  
16 as the original appointment for the unexpired term.

17 (c)(1) A chair and vice chair of the commission shall be selected  
18 annually by and from the membership of the commission.

19 (2)(A) The first meeting of the commission shall be called by  
20 the Secretary of the Department of Education.

21 (B) The commission shall have an initial meeting by July  
22 1, 2022.

23 (3) The commission shall meet monthly and have a minimum of  
24 twelve (12) meetings annually.

25 (4) The commission shall meet at a central location in Arkansas  
26 as provided by the Employee Benefits Division.

27 (5)(A) If a member misses two (2) consecutive meetings or four  
28 (4) meetings in a calendar year, the commission shall report the member's  
29 absence to the appointing authority for review.

30 (B) The appointing authority shall determine whether or  
31 not the member shall continue to serve on the commission.

32 (C) If the member is removed due to absences under  
33 subdivision (c)(5)(B) of this section, the appointing authority shall appoint  
34 a new member to serve the remainder of the unexpired term of the member who  
35 is removed from the commission.

36 (d) Each appointed member shall be paid a stipend of five hundred

1 dollars (\$500) per month plus mileage.

2 (e) The duties of the commission shall include without limitation to:

3 (1) Review and confirm the financial information and the  
4 potential viability of funding for public school employees for purposes of  
5 the program;

6 (2) Review and comment on proposed policies, guidance, and  
7 directives to the program offered by the division;

8 (3) Provide input and recommendations to the State Board of  
9 Finance for decisions concerning the health benefit options available under  
10 the program;

11 (4) Review drugs for formulary management;

12 (5) Evaluate the financial impact of the commission's  
13 recommendations for formulary management;

14 (6) Review and evaluate medical management and medical  
15 management policies;

16 (7) Make recommendations to the board on the evaluation of  
17 medical management and medical management policies;

18 (8) Review and analyze the actuarial soundness of the program in  
19 coordination with an actuary of the division;

20 (9) Project:

21 (A) Annual premium adjustments; and

22 (B) Annual monthly contribution adjustments for  
23 participating entities; and

24 (10) Make initial recommendations to the board by January 31,  
25 2023, and by January 31 of each year thereafter.

26 (f) The division shall provide staff support for the activities of the  
27 commission.

28  
29 21-5-420. State Employee Health Benefit Advisory Commission – Creation  
30 – Members – Expense reimbursement.

31 (a)(1) The State Employee Health Benefit Advisory Commission is  
32 created, to be composed of the following voting members:

33 (A)(i) Three (3) members appointed by the Governor and  
34 subject to confirmation by the Senate, who have a minimum of five (5) years  
35 of professional experience or fiscal expertise in the industry of health  
36 insurance, actuarial services, or financial or banking services.

1                   (ii) Members appointed by the Governor shall serve  
2 at the pleasure of the Governor;

3                   (B)(i) One (1) member who shall have five (5) years  
4 consecutive participation in the State and Public School Life and Health  
5 Insurance Program.

6                   (ii) A member under subdivision (a)(1)(B)(i) of this  
7 section may be:

8                   (a) Selected from a list of three (3) names  
9 submitted by the Executive Director of the Arkansas State Employees  
10 Association, Inc., to the appointing authority under subdivision  
11 (a)(1)(B)(iii) of this section; or

12                   (b) An individual not on the list submitted  
13 under subdivision (a)(1)(B)(ii)(a) of this section who otherwise meets the  
14 qualifications under subdivision (a)(1)(B)(i) of this section.

15                   (iii) The President Pro Tempore of the Senate shall  
16 make the initial appointment under this subdivision (a)(1)(B), and every  
17 three (3) years the authority to make the appointment shall alternate between  
18 the President Pro Tempore of the Senate and the Speaker of the House of  
19 Representatives; and

20                   (C)(i) One (1) member who:

21                   (a) Is a retired state employee; and

22                   (b) Has participated in the program for:

23                   (1) Five (5) consecutive years as an  
24 active employee; and

25                   (2) Two (2) years as a retired state  
26 employee.

27                   (ii) The Speaker of the House of Representatives  
28 shall make the initial appointment under this subdivision (a)(1)(C), and  
29 every three (3) years the authority to make the appointment shall alternate  
30 between the Speaker of the House of Representatives and the President Pro  
31 Tempore of the Senate.

32                   (2) An appointee under this section who has a conflict of  
33 interest as described in § 19-11-718 is disqualified from serving on the  
34 commission.

35                   (b)(1) Members shall be appointed for terms of three (3) years but may  
36 be reappointed for unlimited additional three-year terms.

1           (2) A vacancy in a position shall be filled in the same manner  
2 as the original appointment for the unexpired term.

3           (c)(1) A chair and vice chair of the commission shall be selected  
4 annually by and from the membership of the commission.

5           (2)(A) The first meeting of the commission shall be called by  
6 the Director of the Employee Benefits Division.

7           (B) The commission shall have an initial meeting by July  
8 1, 2022.

9           (3) The commission shall meet monthly and have a minimum of  
10 twelve (12) meetings annually.

11           (4) The commission shall meet at a central location in Arkansas  
12 as provided by the Employee Benefits Division.

13           (5)(A) If a member misses two (2) consecutive meetings or four  
14 (4) meetings in a calendar year, the commission shall report the member's  
15 absence to the appointing authority for review.

16           (B) The appointing authority shall determine whether or  
17 not the member shall continue to serve on the commission.

18           (C) If the member is removed due to absences under  
19 subdivision (c)(5)(B) of this section, the appointing authority shall appoint  
20 a new member to serve the remainder of the unexpired term of the member who  
21 is removed from the commission.

22           (d) Each appointed member shall be paid a stipend of five hundred  
23 dollars (\$500) per month plus mileage.

24           (e) The duties of the commission shall include without limitation to:

25           (1) Review and confirm the financial information and the  
26 potential viability of funding for state employees for purposes of the  
27 program;

28           (2) Review and comment on proposed policies, guidance, and  
29 directives to the program offered by division;

30           (3) Provide input and recommendations to the State Board of  
31 Finance for decisions concerning the health benefit options available under  
32 the program;

33           (4) Review drugs for formulary management;

34           (5) Evaluate the financial impact of the commission's  
35 recommendations for formulary management;

36           (6) Review and evaluate medical management and medical

1 management policies;

2 (7) Make recommendations to the board on the evaluation of  
 3 medical management and medical management policies;

4 (8) Review and analyze the actuarial soundness of the program in  
 5 coordination with an actuary of the division;

6 (9) Project:

7 (A) Annual premium adjustments; and

8 (B) Annual monthly contribution adjustments for  
 9 participating entities; and

10 (10) Make initial recommendations to the board by January 31,  
 11 2023, and by January 31 of each year thereafter.

12 (f) The division shall provide staff support for the activities of the  
 13 commission.

14  
 15 SECTION 4. Arkansas Code § 21-5-401(b), concerning the legislative  
 16 intent for the establishment of the State and Public School Life and Health  
 17 Insurance Program, is amended to read as follows:

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

19 (1) Direct the State Board of Finance to ~~develop:~~

20 (A) Develop the policies, guidance, and directives for the  
 21 program and to select and offer life and health insurance plan options under  
 22 the program to participants; and

23 (B) Allow the Insurance Commissioner to serve as a voting  
 24 member of the board only for the purpose of voting on health benefit plans;

25 (2) Create the Public School Employee Health Benefit Advisory  
 26 Commission and the State Employee Health Benefit Advisory Commission to  
 27 recommend life and health insurance plan options under the program for state  
 28 employees and public school employees;

29 (3) Develop self-funded health plan options that enhance the  
 30 ability to control premiums and utilize managed care capabilities if feasible  
 31 and in the best interest of participants; and

32 ~~(3)~~(4) Enable the board to:

33 (A) Set and manage policies for the program;

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

36 (C) Improve the quality of healthcare services under the



1 program;

2 (D) Increase participants' understanding of program  
3 features by educating state employees, state employee retirees, public school  
4 employees, and public school employee retirees on the program and plan  
5 options available under the program, including the advantages and  
6 disadvantages of each available plan option; and

7 (E) Slow the rate of growth of healthcare expenses under  
8 the program.

9

10 SECTION 5. Arkansas Code § 21-5-404 is amended to read as follows:  
11 21-5-404. Powers, functions, and duties of board.

12 The State Board of Finance has the following powers, functions, and  
13 duties:

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

18 (B) The board shall not adopt a health insurance plan  
19 option that has no deductible for participants.

20 (C) The board shall recommend that an active employee in a  
21 consumer-driven health insurance plan option offered under the program  
22 establish a health savings account if the active employee is eligible to  
23 establish a health savings account under federal law;

24 (2) To promote competition among vendors and create a systematic  
25 formula for measuring competitiveness of the plan options offered under the  
26 program, quality-of-care delivery, portability, and accessibility to and  
27 affordability of health care;

28 (3) To prepare a comprehensive analysis of the various plan  
29 options offered under the program, including cost, quality, and access  
30 differentials as well as any other comparisons of the plan options offered  
31 under the program;

32 (4) To undertake studies and to take any appropriate action that  
33 the board determines will promote the financial soundness and overall well-  
34 being of the program;

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

36 (6)(A) To develop, with the assistance of the Office of State

1 Procurement, bid specifications and requests for proposals and to evaluate  
2 bids and proposals.

3 (B) The board shall allow the office to execute all other  
4 actions relating to the purchasing procedures in contracting for consultants,  
5 third-party administrators, providers, or insurance companies on behalf of  
6 the program and all plan options offered under the program;

7 (7) To evaluate responses to requests for proposals, select  
8 contractors for all services, and approve the award of contracts resulting  
9 from bids for the program and all plan options offered under the program;

10 (8) To perform program and plan option design, and summarize  
11 plan document approval, including without limitation lifetime limitations,  
12 copayments, deductibles, and eligibility rules;

13 (9) To promote increased access to and participation in the  
14 program and the plan options offered under the program by educating state  
15 employees, state employee retirees, public school employees, and public  
16 school employee retirees about the program and all plan options offered under  
17 the program, including the advantages and disadvantages of each available  
18 plan option;

19 (10)(A) To direct the office to contract with qualified vendors,  
20 as defined by the board, offering the plan options under the program as  
21 prescribed by the board without regard to § 19-11-228 or other statutes  
22 requiring competitive bidding.

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

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

29 (B) The board shall:

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

33 (ii) Be empowered to:

34 (a) Determine the appropriate use of quality-  
35 of-care information and scope of system, network, hospital, and clinical  
36 provider accountability;

1 (b) Request aggregate performance information  
2 for patients; and

3 (c) Publicly report conclusions of quality-of-  
4 care assessment; and

5 ~~(12) To appoint three (3) subcommittees of the board to study~~  
6 ~~and research plan options offered under the program, formulary management,~~  
7 ~~quality of care provided, and the financial impact of implementing the~~  
8 ~~recommendations made to the board as follows:~~

9 ~~(A)(i) The Benefits Subcommittee of the State Board of~~  
10 ~~Finance shall consist of:~~

11 ~~(a) Three (3) board members;~~

12 ~~(b) Two (2) state employees;~~

13 ~~(c) Three (3) public school employees, at~~  
14 ~~least one (1) of whom is employed by a rural school district; and~~

15 ~~(d) One (1) retired public school employee.~~

16 ~~(ii) The Benefits Subcommittee of the State Board of~~  
17 ~~Finance shall review, evaluate, and investigate benefits, new benefit~~  
18 ~~offerings, and annual insurance rates;~~

19 ~~(B)(i) The Drug Utilization and Evaluation Subcommittee of~~  
20 ~~the State Board of Finance shall consist of:~~

21 ~~(a) Three (3) pharmacists as follows:~~

22 ~~(1) The Executive Director of the~~  
23 ~~Arkansas State Board of Pharmacy or his or her pharmacist designee;~~

24 ~~(2) The Dean of the College of Pharmacy~~  
25 ~~of the University of Arkansas for Medical Sciences or his or her pharmacist~~  
26 ~~designee; and~~

27 ~~(3) A pharmacist selected by the~~  
28 ~~Arkansas Pharmacist's Association;~~

29 ~~(b) Four (4) physicians as follows:~~

30 ~~(1) The Dean of the College of Medicine~~  
31 ~~of the University of Arkansas for Medical Sciences or his or her physician~~  
32 ~~designee;~~

33 ~~(2) The Senior Associate Hospital~~  
34 ~~Director of the University of Arkansas for Medical Sciences Medical Center or~~  
35 ~~his or her physician designee;~~

36 ~~(3) The Director of the Arkansas Poison~~

1 ~~and Drug Information Center or his or her physician designee; and~~

2 ~~(4) A physician selected by the Arkansas~~  
 3 ~~Medical Society, Inc.;~~

4 ~~(c) One (1) registered nurse who is the Dean~~  
 5 ~~of the College of Nursing of the University of Arkansas for Medical Sciences~~  
 6 ~~or his or her registered nurse designee; and~~

7 ~~(d)(1) One (1) state employee and two (2)~~  
 8 ~~public school employees, appointed by the board.~~

9 ~~(2) A member appointed under this~~  
 10 ~~subdivision (12)(B)(i)(d) shall have expertise in accounting, finance,~~  
 11 ~~auditing, or insurance.~~

12 ~~(ii) The Drug Utilization and Evaluation~~  
 13 ~~Subcommittee of the State Board of Finance shall review drugs for formulary~~  
 14 ~~management and evaluate the financial impact of its recommendations; and~~

15 ~~(C)(i) The Quality of Care Subcommittee of the State Board~~  
 16 ~~of Finance shall consist of:~~

17 ~~(a) Three (3) board members;~~

18 ~~(b) Two (2) state employees;~~

19 ~~(c) Two (2) public school employees;~~

20 ~~(d) One (1) representative from the Arkansas~~  
 21 ~~Foundation for Medical Care, Inc.;~~

22 ~~(e) One (1) representative from the Arkansas~~  
 23 ~~Pharmacist's Association;~~

24 ~~(f) One (1) representative from the Arkansas~~  
 25 ~~Center for Health Improvement;~~

26 ~~(g) One (1) representative from the Arkansas~~  
 27 ~~Medical Association, Inc.;~~

28 ~~(h) One (1) representative from the Arkansas~~  
 29 ~~Osteopathic Medical Association; and~~

30 ~~(i) One (1) representative from the Arkansas~~  
 31 ~~Hospital Association, Inc.~~

32 ~~(ii) The Quality of Care Subcommittee of the State~~  
 33 ~~Board of Finance may review and recommend quality performance indicators for~~  
 34 ~~use, recommend baseline performance goals, recommend alignment of financial~~  
 35 ~~incentives to improve performance, and track improvements in delivery of~~  
 36 ~~care.~~

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2           SECTION 6. EMERGENCY CLAUSE. It is found and determined by the  
3 General Assembly of the State of Arkansas that the State and Public School  
4 Life and Health Insurance Program is inadequate to provide sustainable  
5 affordable health benefits for public school employees and state employees;  
6 that an urgent need exists to address the state's funding and administration  
7 of benefits for public school employees and state employees in order for the  
8 program to remain viable and to avoid severe financial hardship to plan  
9 participants; and that this act is immediately necessary to provide  
10 affordable health benefit options in a timely manner to the state's public  
11 school employees participating in the program and state employees  
12 participating in the program. Therefore, an emergency is declared to exist,  
13 and this act being immediately necessary for the preservation of the public  
14 peace, health, and safety shall become effective on:

15                   (1) The date of its approval by the Governor;

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

19                   (3) If the bill is vetoed by the Governor and the veto is  
20 overridden, the date the last house overrides the veto."

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