

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

SR 2

4
5 By: Senators Hickey, Rice, Irvin, Beckham, L. Chesterfield, J. Dismang, Elliott, J. English, Flippo,
6 Gilmore, Hill, K. Ingram, G. Leding, B. Sample

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8 **SENATE RESOLUTION**

9 TO AUTHORIZE THE INTRODUCTION OF A NONAPPROPRIATION
10 BILL TO ESTABLISH A FUNDING MECHANISM TO ENSURE
11 SOLVENCY OF THE STATE AND PUBLIC SCHOOL LIFE AND
12 HEALTH INSURANCE PROGRAM.

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15 **Subtitle**

16 TO AUTHORIZE THE INTRODUCTION OF A
17 NONAPPROPRIATION BILL TO ESTABLISH A
18 FUNDING MECHANISM TO ENSURE SOLVENCY OF
19 THE STATE AND PUBLIC SCHOOL LIFE AND
20 HEALTH INSURANCE PROGRAM.

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22
23 BE IT RESOLVED BY THE SENATE OF THE NINETY-THIRD GENERAL ASSEMBLY OF THE
24 STATE OF ARKANSAS:

25
26 THAT Senator Hickey or Senator Rice is authorized to introduce a bill
27 which as introduced will read substantially as follows:

28
29 "Title

30 AN ACT TO ESTABLISH A FUNDING MECHANISM TO ENSURE SOLVENCY OF THE STATE AND
31 PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM; TO DECLARE AN EMERGENCY; AND
32 FOR OTHER PURPOSES.

33
34 Subtitle

35 TO ESTABLISH A FUNDING MECHANISM TO ENSURE SOLVENCY OF THE STATE AND PUBLIC
36 SCHOOL LIFE AND HEALTH INSURANCE PROGRAM; AND TO DECLARE AN EMERGENCY.



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

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4 SECTION 1. Arkansas Code Title 21, Chapter 5, Subchapter 4, is amended
5 to add an additional section to read as follows:

6 21-5-419. Mandatory reserve balance – Funding mechanism established to
7 maintain reserve balance – Legislative intent – Definition.

8 (a) It is the intent of the General Assembly that:

9 (1) The Director of the Employee Benefits Division shall:

10 (A) Maintain a reserve balance to ensure the solvency of
11 the State and Public School Life and Health Insurance Program; and

12 (B) Work to achieve an optimal reserve balance of fourteen
13 percent (14%) to ensure the solvency of the program; and

14 (2) Maintaining an optimal reserve balance is necessary to
15 moderate the effect of premium rate increases and premium rate decreases on
16 members of the program.

17 (b) As used in this section, "reserve balance" means the amount in a
18 fund that includes the existing balance, minus the claims that have been
19 incurred but not reported, and calculated as a percentage of expenses for
20 each year for the:

21 (1) Arkansas State Employees Health Benefit Plan; or

22 (2) Arkansas Public School Employees Health Benefit Plan.

23 (c)(1) Beginning in plan year 2023, the director shall take any
24 actions necessary to achieve and maintain an optimal reserve balance of
25 fourteen percent (14%) to ensure the solvency of the program.

26 (2) An acceptable reserve balance amount is:

27 (A) No less than twelve percent (12%) for state employees;
28 and

29 (B) No less than twelve percent (12%) for public school
30 employees.

31 (d) Annually by April 30, the director shall:

32 (1) Calculate the projected reserve balance for:

33 (A) The remaining calendar year; and

34 (B) The next three (3) calendar years;

35 (2) Determine whether the amount of revenue collected by the
36 Employee Benefits Division is projected to satisfy the optimal reserve

1 balance for state employees and the optimal reserve balance for public school
2 employees established under subdivision (c)(2) of this section for the
3 remaining calendar year;

4 (3) Notify the Legislative Council of the projected reserve
5 balance for the remaining calendar year as described in subdivision (d)(1)(A)
6 of this section; and

7 (4) Submit for prior approval by the Legislative Council his or
8 her plan to achieve or maintain the optimal reserve balance.

9 (e) If the director’s determination under subdivision (d)(1)(A) of
10 this section does not equal or exceed the acceptable reserve balance amount
11 as described in subdivision (c)(2) of this section, the director shall notify
12 the Legislative Council of the need to convene to consider providing
13 additional funding.

14 (f)(1) The Legislative Council shall review the director’s
15 determination required under subsection (e) of this section and, if
16 additional funding is needed to maintain the acceptable reserve balance
17 amount as described in subdivision (c)(2) of this section, may:

18 (A) Recommend that the Governor call an extraordinary
19 session of the General Assembly; or

20 (B) Take further action as may be appropriate.

21 (2) If, by July 30 following the Legislative Council’s review of
22 the director’s determination under subdivision (f)(1) of this section, the
23 General Assembly fails to provide funding to maintain an acceptable reserve
24 balance amount as described in subdivision (c)(2) of this section, the
25 director shall initiate a process to collect the required additional revenue
26 from program participants through premium rate increases or reducing program
27 benefits, or both, for the next plan year.

28 (g)(1) If the director determines that the reserve balance for state
29 employees will exceed sixteen percent (16%) or that the reserve balance for
30 public school employees will exceed sixteen percent (16%), with the approval
31 of the Legislative Council, the director may elect to use the excess to
32 directly benefit the program through lowering of premium rates for the next
33 plan year or through expanding program benefits.

34 (2) If the director does not elect under subdivision (g)(1) of
35 this section to use the amount exceeding sixteen percent (16%) to directly
36 benefit the program through lowering of premium rates for the next plan year

1 or through expanding program benefits, the director shall report to the
2 Legislative Council his or her rationale for not lowering premium rate
3 increases for the next plan year or for not expanding program benefits.
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5 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
6 General Assembly of the State of Arkansas that the State and Public School
7 Life and Health Insurance Program is inadequate to provide sustainable
8 affordable health benefits for public school employees and state employees;
9 that an urgent need exists to address the state’s funding and administration
10 of benefits for public school employees and state employees in order for the
11 program to remain viable and to avoid severe financial hardship to plan
12 participants; and that this act is immediately necessary to provide
13 affordable health benefit options in a timely manner to the state’s public
14 school employees participating in the program and state employees
15 participating in the program. Therefore, an emergency is declared to exist,
16 and this act being immediately necessary for the preservation of the public
17 peace, health, and safety shall become effective on:

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

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

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