

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

SR 6

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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SENATE RESOLUTION

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

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Subtitle

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BE IT RESOLVED BY THE SENATE OF THE NINETY-THIRD GENERAL ASSEMBLY OF THE
25 STATE OF ARKANSAS:

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

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"Title

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AN ACT 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; TO DECLARE AN EMERGENCY; AND
FOR OTHER PURPOSES.

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Subtitle



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

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

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

10 The General Assembly finds that:

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

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

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

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

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

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

34 (11)(A) The Insurance Commissioner.

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

1
2 SECTION 3. Arkansas Code Title 21, Chapter 5, Subchapter 4, is amended
3 to add additional sections to read as follows:

4 21-5-419. Public School Employee Health Benefit Advisory Commission -
5 Creation - Members - Expense reimbursement.

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

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

12 (ii) Members appointed by the Governor shall serve
13 at the pleasure of the Governor;

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

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

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

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

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

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

27 (iii) The Speaker of the House of Representatives
28 shall make the initial appointment under this subdivision (a)(1)(B), 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; and

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

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

34 (b) Has participated in the program for:
35 (1) Five (5) consecutive years as an
36 active public school employee; and

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

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

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

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

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

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

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

19 (B) The commission shall have an initial meeting by July
20 1, 2022.

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

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

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

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

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

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

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

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

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

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

9 (4) Review drugs for formulary management;

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

12 (6) Review and evaluate medical management and medical
13 management policies;

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

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

18 (9) Project:

19 (A) Annual premium adjustments; and

20 (B) Annual monthly contribution adjustments for
21 participating entities; and

22 (10) Make initial recommendations to the board by January 31,
23 2023, and by January 31 of each year thereafter.

24 (f) The division shall provide staff support for the activities of the
25 commission.

26
27 21-5-420. State Employee Health Benefit Advisory Commission – Creation
28 – Members – Expense reimbursement.

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

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

35 (ii) Members appointed by the Governor shall serve
36 at the pleasure of the Governor;

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

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

5 (B) The commission shall have an initial meeting by July
6 1, 2022.

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

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

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

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

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

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

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

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

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

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

31 (4) Review drugs for formulary management;

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

34 (6) Review and evaluate medical management and medical
35 management policies;

36 (7) Make recommendations to the board on the evaluation of

1 medical management and medical management policies;

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

4 (9) Project:

5 (A) Annual premium adjustments; and

6 (B) Annual monthly contribution adjustments for
7 participating entities; and

8 (10) Make initial recommendations to the board by January 31,
9 2023, and by January 31 of each year thereafter.

10 (f) The division shall provide staff support for the activities of the
11 commission.

12
13 SECTION 4. Arkansas Code § 21-5-401(b), concerning the legislative
14 intent for the establishment of the State and Public School Life and Health
15 Insurance Program, is amended to read as follows:

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

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

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

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

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

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

30 ~~(3)~~(4) Enable the board to:

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

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

34 (C) Improve the quality of healthcare services under the
35 program;

36 (D) Increase participants' understanding of program

1 features by educating state employees, state employee retirees, public school
2 employees, and public school employee retirees on the program and plan
3 options available under the program, including the advantages and
4 disadvantages of each available plan option; and

5 (E) Slow the rate of growth of healthcare expenses under
6 the program.

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8 SECTION 5. Arkansas Code § 21-5-404 is amended to read as follows:
9 21-5-404. Powers, functions, and duties of board.

10 The State Board of Finance has the following powers, functions, and
11 duties:

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

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

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

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

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

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

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

34 (6)(A) To develop, with the assistance of the Office of State
35 Procurement, bid specifications and requests for proposals and to evaluate
36 bids and proposals.

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

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

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

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

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

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

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

27 (B) The board shall:

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

31 (ii) Be empowered to:

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

35 (b) Request aggregate performance information
36 for patients; and

1 (c) Publicly report conclusions of quality-of-
2 care assessment; and

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

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

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

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

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

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

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

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

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

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

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

25 ~~(3) A pharmacist selected by the~~
26 ~~Arkansas Pharmacist's Association;~~

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

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

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

34 ~~(3) The Director of the Arkansas Poison~~
35 ~~and Drug Information Center or his or her physician designee; and~~

36 ~~(4) A physician selected by the Arkansas~~

1 ~~Medical Society, Inc.;~~

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

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

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

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

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

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

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

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

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

20 ~~(e) One (1) representative from the Arkansas~~
21 ~~Pharmacist's Association;~~

22 ~~(f) One (1) representative from the Arkansas~~
23 ~~Center for Health Improvement;~~

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

26 ~~(h) One (1) representative from the Arkansas~~
27 ~~Osteopathic Medical Association; and~~

28 ~~(i) One (1) representative from the Arkansas~~
29 ~~Hospital Association, Inc.~~

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

35
36 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the

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

- 13 (1) The date of its approval by the Governor;
- 14 (2) If the bill is neither approved nor vetoed by the Governor,
 15 the expiration of the period of time during which the Governor may veto the
 16 bill; or
- 17 (3) If the bill is vetoed by the Governor and the veto is
 18 overridden, the date the last house overrides the veto."

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