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2 89th General Assembly

A Bill

3 Regular Session, 2013

HOUSE BILL 1143

4

5 By: Representatives J. Burris, Carter, Biviano

6 By: Senators J. Dismang, Bookout, D. Sanders, *Irvin*

7

8

For An Act To Be Entitled

9 *AN ACT CONCERNING HEALTH INSURANCE FOR CITIZENS OF*
10 *THE STATE OF ARKANSAS; TO CREATE THE HEALTH CARE*
11 *INDEPENDENCE ACT OF 2013; TO DECLARE AN EMERGENCY;*
12 *AND FOR OTHER PURPOSES.*

13

14

15

Subtitle

16

TO CREATE THE HEALTH CARE INDEPENDENCE
ACT OF 2013; AND TO DECLARE AN EMERGENCY.

17

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WHEREAS, Arkansas has historically addressed state-specific needs to
21 *achieve personal responsibility and affordable health care for its citizens*
22 *such as the ARHealthNetworks partnership between the state and small*
23 *businesses; and*

24

25

WHEREAS, Arkansas has initiated nationally recognized and
26 *transformative changes in the healthcare delivery system through alignment of*
27 *payment incentives, health care delivery system improvements, enhanced rural*
28 *health care access, initiatives to reduce waste, fraud and abuse, policies*
29 *and plan structures to encourage the proper utilization of the healthcare*
30 *system, and policies to advance disease prevention and health promotion; and*

31

32

WHEREAS, Arkansas is uniquely situated to serve as a laboratory of
33 *comprehensive and innovative healthcare reform that can reduce the state and*
34 *federal obligations to entitlement spending; and*

35

36

WHEREAS, faced with the disruptive challenges from federal legislation



1 and regulations, the General Assembly asserts its responsibility for local
2 control and innovation to achieve health care access, improved health care
3 quality, reduce traditional Medicaid enrollment, remove disincentives for
4 work and social mobility, and required cost-containment; and

5
6 WHEREAS, the General Assembly hereby creates the Health Care
7 Independence Act of 2013;

8
9 NOW THEREFORE,

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

11
12 SECTION 1. Arkansas Code Title 20, Chapter 77, is amended to create a
13 new subchapter to read as follows:

14
15 Subchapter 21 – Health Care Independence Act of 2013

16
17 20-77-2101. Title.

18 This act shall be known and may be cited as the "Health Care
19 Independence Act of 2013".

20
21 20-77-2102. Legislative intent.

22 (a) Notwithstanding any general or specific laws to the contrary, the
23 Department of Human Services is to explore design options that reform the
24 Medicaid Program utilizing the Health Care Independence Act of 2013 so that
25 it is a fiscally sustainable, cost-effective, personally responsible, and
26 opportunity-driven program utilizing competitive and value-based purchasing
27 to:

28 (1) Maximize the available service options;

29 (2) Promote accountability, personal responsibility, and
30 transparency;

31 (3) Encourage and reward healthy outcomes and responsible
32 choices; and

33 (4) Promote efficiencies that will deliver value to the
34 taxpayers.

35 (b)(1) It is the intent of the General Assembly that the State of
36 Arkansas through the Department of Human Services shall utilize a private

1 insurance option for "low-risk" adults.

2 (2) The Health Care Independence Act of 2013 shall ensure that:

3 (A) Private health care options increase and government-
4 operated programs such as Medicaid decrease; and

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

8
9 20-77-2103. Purpose.

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

11 (1) Improve access to quality health care;

12 (2) Attract insurance carriers and enhance competition in the
13 Arkansas insurance marketplace;

14 (3) Promote individually-owned health insurance;

15 (4) Strengthen personal responsibility through cost-sharing;

16 (5) Improve continuity of coverage;

17 (6) Reduce the size of the state-administered Medicaid program;

18 (7) Encourage appropriate care, including early intervention,
19 prevention, and wellness;

20 (8) Increase quality and delivery system efficiencies;

21 (9) Facilitate Arkansas's continued payment innovation, delivery
22 system reform, and market-driven improvements;

23 (10) Discourage over-utilization; and

24 (11) Reduce waste, fraud, and abuse.

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

29
30 20-77-2104. Definitions.

31 As used in this subchapter:

32 (1) "Carrier" means a private entity certified by the State
33 Insurance Department and offering plans through the Health Insurance
34 Marketplace;

35 (2) "Cost sharing" means the portion of the cost of a covered
36 medical service that must be paid by or on behalf of eligible individuals,

1 consisting of copayments or coinsurance but not deductibles;

2 (3) "Eligible individuals" means individuals who:

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

8 (B) Have been authenticated to be a United States citizen
9 or documented qualified alien according to the federal Personal
10 Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No.
11 104-193, as existing on January 1, 2013; and

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

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

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

26 (6) "Premium" means a charge that must be paid as a condition of
27 enrolling in health care coverage;

28 (7) "Program" means the Health Care Independence Program
29 established by this subchapter;

30 (8) "Qualified Health Plan" means a State Insurance Department
31 certified individual health insurance plan offered by a carrier through the
32 Health Insurance Marketplace; and

33 (9) "Independence account" mean individual financing structures
34 that operate similar to a health savings account or a medical savings
35 account.

36

1 20-77-2105. Administration of the Health Care Independence Program.

2 (a) The Department of Human Services shall:

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

4 and

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

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

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

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

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

22 (a) Are enrolled in the program; and

23 (b) Enroll in a Qualified Health Plan through
24 the Health Insurance Marketplace.

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

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

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

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

35 (d)(1) The Department of Human Services is specifically authorized to
36 pay premiums and supplemental cost-sharing subsidies directly to the

1 Qualified Health Plans for enrolled eligible individuals.

2 (2) The intent of the payments under subdivision (d)(1) of this
3 section is to increase participation and competition in the health insurance
4 market, intensify price pressures, and reduce costs for both publicly and
5 privately funded health care.

6 (e) To the extent allowable by law:

7 (1) The Department of Human Services shall pursue strategies
8 that promote insurance coverage of children in their parents' or caregivers'
9 plan, including children eligible for the ARKids First Program Act, § 20-77-
10 1101 et seq., commonly known as the "ARKids B program"; and

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

14 (A) Children eligible for the ARKids First Program Act, §
15 20-77-1101 et seq.; and

16 (B) Populations under Medicaid from zero percent (0%) of
17 the federal poverty level to seventeen percent (17%) of the federal poverty
18 level.

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

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

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

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

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

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

3 (2) Ninety-five percent (95%) in 2017;

4 (3) Ninety-four percent (94%) in 2018;

5 (4) Ninety-three percent (93%) in 2019; and

6 (5) Ninety percent (90%) in 2020 or any year after 2020.

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

9 (1) The program is not a perpetual federal or state right or a
10 guaranteed entitlement;

11 (2) The program is subject to cancellation upon appropriate
12 notice; and

13 (3) The program is not an entitlement program.

14 (j)(1) The Department of Human Services shall develop a model and seek
15 from the Center for Medicare and Medicaid Services all necessary waivers and
16 approvals to allow non-aged, non-disabled program-eligible participants to
17 enroll in a program that will create and utilize Independence Accounts that
18 operate similar to a Health Savings Account or Medical Savings Account during
19 the calendar year 2015.

20 (2) The Independence Accounts shall:

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

23 (B) Promote independence and self-sufficiency.

24 (3) The state shall implement cost sharing and co-pays and, as a
25 condition of participation, earnings shall exceed fifty percent (50%) of the
26 federal poverty level.

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

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

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

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

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

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

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

9 (1) The Department of Human Services shall track the Hospital
10 Assessment Fee as defined in § 20-77-1902 and report to the General Assembly
11 subsequent decreases based upon reduced uncompensated care.

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

16 (1) Program enrollment;

17 (2) Patient experience;

18 (3) Economic impact including enrollment distribution;

19 (4) Carrier competition; and

20 (5) Avoided uncompensated care.

21
22 20-77-2106. Standards of healthcare coverage through the Health
23 Insurance Marketplace.

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

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

31 (2) A participating carrier in the Health Insurance Marketplace
32 shall maintain a medical loss ratio of at least eighty percent (80%) for an
33 individual and small group market policy and at least eighty-five percent
34 (85%) for a large group market policy as required under Pub. L. No. 111-148,
35 as existing on January 1, 2013.

36 (c) To assure price competitive choice among healthcare coverage

1 options, the State Insurance Department shall assure that at least two (2)
2 qualified health plans are offered in each county in the state.

3 (d) Health insurance carriers offering health care coverage for
4 program eligible individuals shall participate in Arkansas Payment
5 Improvement Initiatives including:

6 (1) Assignment of primary care clinician;

7 (2) Support for patient-centered medical home; and

8 (3) Access of clinical performance data for providers.

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

12
13 20-77-2107. Enrollment.

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

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

19
20 20-77-2108. Effective date.

21 This subchapter shall be in effect until June 30, 2017, unless amended
22 or extended by the General Assembly.

23
24 SECTION 2. Arkansas Code Title 19, Chapter 5, Subchapter 11, is
25 amended to add an additional section to read as follows:

26 19-5-1140. Health Care Independence Program Trust Fund.

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

30 (b)(1) The Health Care Independence Program Trust Fund may consist of
31 moneys saved and accrued under the Health Care Independence Act of 2013, §
32 20-77-2101 et seq., including without limitation:

33 (A) Increases in premium tax collections;

34 (B) Reductions in uncompensated care; and

35 (C) Other spending reductions resulting from the Health
36 Care Independence Act of 2013, 20-77-2101 et seq.

