

1 State of Arkansas
2 95th General Assembly
3 Regular Session, 2025
4

As Engrossed: H2/11/25

A Bill

HOUSE BILL 1298

5 By: Representative L. Johnson
6 By: Senator Irvin
7

For An Act To Be Entitled

9 AN ACT TO MODIFY PAYMENT OF BENEFITS FOR CERTAIN
10 HEALTHCARE PROVIDERS UNDER A HEALTH BENEFIT PLAN; AND
11 FOR OTHER PURPOSES.
12
13

Subtitle

15 TO MODIFY PAYMENT OF BENEFITS FOR
16 CERTAIN HEALTHCARE PROVIDERS UNDER A
17 HEALTH BENEFIT PLAN.
18

19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
20

21 SECTION 1. Arkansas Code § 23-85-114 is amended to read as follows:

22 23-85-114. ~~Payment of claims~~ Payment-of-claims provision.

23 (a) ~~There~~ Except as provided under subsection (c) of this section,
24 there shall be a provision as follows:

25 "Payment of Claims: Indemnity for loss of life will be payable
26 in accordance with the beneficiary designation and the provisions respecting
27 such payment which may be prescribed herein and effective at the time of
28 payment. If no such designation or provision is then effective, such
29 indemnity shall be payable to the estate of the insured. Any other accrued
30 indemnities unpaid at the insured's death may, at the option of the insurer,
31 be paid either to such beneficiary or to such estate. All other indemnities
32 will be payable to the insured."

33 (b) ~~The~~ Except as provided under subsection (c) of this section,
34 either of the following provisions, ~~or either of them,~~ may be included with
35 ~~the foregoing provision~~ subsection (a) of this section at the option of the
36 healthcare insurer:



1 (1) "If any indemnity of this policy shall be payable to the
 2 estate of the insured, or to an insured or beneficiary who is a minor or
 3 otherwise not competent to give a valid release, the insurer may pay such
 4 indemnity, up to an amount not exceeding \$..... (insert an amount
 5 which shall not exceed one thousand dollars (\$1,000)), to any relative by
 6 blood or connection by marriage of the insured or beneficiary who is deemed
 7 by the insurer to be equitably entitled thereto. Any payment made by the
 8 insurer in good faith pursuant to this provision shall fully discharge the
 9 insurer to the extent of payment."

10 (2) "Subject to any written direction of the insured in the
 11 application or otherwise, all or a portion of any indemnities provided by
 12 this policy on account of hospital, nursing, medical, or surgical services
 13 may be paid, at the insurer's option and unless the insured requests
 14 otherwise in writing not later than the time of filing proofs of such loss,
 15 directly to the hospital or person rendering such services, but it is not
 16 required that the service be rendered by a particular hospital or person."

17 (c) A healthcare insurer shall pay a claim for any indemnity provided
 18 by a health benefit plan on account of hospital, nursing, medical, or
 19 surgical services directly to the healthcare provider that provided the
 20 service for an out-of-network claim.

21 (d) As used in this section:

22 (1)(A) "Health benefit plan" means:

23 (i) An individual, blanket, or group plan or a
 24 policy or contract for healthcare services offered, issued, renewed,
 25 delivered, or extended in this state by a healthcare insurer; and

26 (ii) A health benefit program receiving state or
 27 federal appropriations from the State of Arkansas, including the Arkansas
 28 Medicaid Program and the Arkansas Health and Opportunity for Me Program
 29 established by the Arkansas Health and Opportunity for Me Act of 2021, § 23-
 30 61-1001 et seq., or any successor program.

31 (B) "Health benefit plan" includes:

32 (i) Indemnity and managed care plans; and
 33 (ii) Nonfederal governmental plans as defined in 29
 34 U.S.C. § 1002(32), as it existed on January 1, 2025.

35 (C) "Health benefit plan" does not include:

36 (i) A plan that provides only dental benefits or eye

1 and vision care benefits;

2 (ii) A disability income plan;

3 (iii) A credit insurance plan;

4 (iv) Insurance coverage issued as a supplement to
5 liability insurance;

6 (v) A medical payment under an automobile or
7 homeowners insurance plan;

8 (vi) A health benefit plan provided under Arkansas
9 Constitution, Article 5, § 32, the Workers' Compensation Law, § 11-9-101 et
10 seq., or the Public Employee Workers' Compensation Act, § 21-5-601 et seq.;

11 (vii) A plan that provides only indemnity for
12 hospital confinement;

13 (viii) An accident-only plan;

14 (ix) A specified disease plan; or

15 (x) A long-term-care-only plan; and

16 (2)(A) "Healthcare insurer" means an entity subject to the
17 insurance laws of this state or the jurisdiction of the Insurance
18 Commissioner that contracts or offers to contract to provide health insurance
19 coverage, including without limitation an insurance company, a hospital and
20 medical service corporation, a health maintenance organization, a self-
21 insured governmental or church plan in this state, or the Arkansas Medicaid
22 Program.

23 (B) "Healthcare insurer" does not include an entity that
24 provides only dental benefits or eye and vision care benefits.

25
26
27 SECTION 2. Arkansas Code § 23-86-104 is amended to read as follows:

28 23-86-104. Blanket accident and health insurance – Payment of
29 benefits.

30 (a)(1) ~~All~~ Except as provided under subsection (c) of this section,
31 all benefits under any blanket accident and health insurance policy or health
32 benefit plan shall be payable to the person insured, to the designated
33 beneficiaries, or to his or her estate.

34 (2) However, if the person insured is a minor or mental
35 incompetent, the benefits may be made payable to the parent, guardian, or
36 other person actually supporting the minor or mental incompetent. If the

1 entire cost of the insurance has been borne by the employer, the benefits may
2 be made payable to the employer.

3 (b)(1) However, except as provided under subsection (c) of this
4 section, the policy or health benefit plan may provide that all or any
5 portion of any indemnities provided by the policy or health benefit plan on
6 account of hospital, nursing, medical, or surgical services, at the
7 healthcare insurer's option, may be paid directly to the hospital or person
8 rendering the services, but the policy or health benefit plan may not shall
9 not require that the service be rendered by a particular hospital or person.

10 (2) ~~Payment so made shall discharge~~ made under subdivision
11 (b)(1) of this section discharges the healthcare insurer's obligation with
12 respect to the amount of insurance paid.

13 (c) A healthcare insurer shall pay a claim for any indemnity provided
14 by a health benefit plan on account of hospital, nursing, medical, or
15 surgical services directly to the healthcare provider that provided the
16 service for an out-of-network claim.

17 (d) As used in this section:

18 (1)(A) "Health benefit plan" means:

19 (i) An individual, blanket, or group plan or a
20 policy or contract for healthcare services offered, issued, renewed,
21 delivered, or extended in this state by a healthcare insurer; and

22 (ii) A health benefit program receiving state or
23 federal appropriations from the State of Arkansas, including the Arkansas
24 Medicaid Program and the Arkansas Health and Opportunity for Me Program
25 established by the Arkansas Health and Opportunity for Me Act of 2021, § 23-
26 61-1001 et seq., or any successor program.

27 (B) "Health benefit plan" includes:

28 (i) Indemnity and managed care plans; and

29 (ii) Nonfederal governmental plans as defined in 29
30 U.S.C. § 1002(32), as it existed on January 1, 2025.

31 (C) "Health benefit plan" does not include:

32 (i) A plan that provides only dental benefits or eye
33 and vision care benefits;

34 (ii) A disability income plan;

35 (iii) A credit insurance plan;

36 (iv) Insurance coverage issued as a supplement to

1 liability insurance;

2 (v) A medical payment under an automobile or
3 homeowners insurance plan;

4 (vi) A health benefit plan provided under Arkansas
5 Constitution, Article 5, § 32, the Workers' Compensation Law, § 11-9-101 et
6 seq., or the Public Employee Workers' Compensation Act, § 21-5-601 et seq.;

7 (vii) A plan that provides only indemnity for
8 hospital confinement;

9 (viii) An accident-only plan;

10 (ix) A specified disease plan; or

11 (x) A long-term-care-only plan; and

12 (2)(A) "Healthcare insurer" means an entity subject to the
13 insurance laws of this state or the jurisdiction of the Insurance
14 Commissioner that contracts or offers to contract to provide health insurance
15 coverage, including without limitation an insurance company, a hospital and
16 medical service corporation, a health maintenance organization, a self-
17 insured governmental or church plan in this state, or the Arkansas Medicaid
18 Program.

19 (B) "Healthcare insurer" does not include an entity that
20 provides only dental benefits or eye and vision care benefits.

21
22 SECTION 3. Arkansas Code § 23-86-112 is amended to read as follows:

23 23-86-112. Group accident and health insurance – Direct payment of
24 hospital or medical services.

25 (a) ~~On~~ Except as provided under subsection (c) of this section, on
26 request by the group policyholder, any group accident and health insurance
27 policy or health benefit plan may provide that all or any portion of any
28 indemnities provided by any policy or health benefit plan on account of
29 hospital, nursing, medical, or surgical services may be paid, at the
30 healthcare insurer's option, directly to the hospital or person rendering
31 such services, but the policy or health benefit plan ~~may not~~ shall not
32 require that the service be rendered by a particular hospital or person.

33 (b) ~~Payment so made~~ made under subsection (a) of this section shall
34 discharge the healthcare insurer's obligation with respect to the amount of
35 insurance paid.

36 (c) A healthcare insurer shall pay a claim for any indemnity provided

1 by a health benefit plan on account of hospital, nursing, medical, or
2 surgical services directly to the healthcare provider that provided the
3 service for an out-of-network claim.

4 (d) As used in this section:

5 (1)(A) "Health benefit plan" means:

6 (i) An individual, blanket, or group plan or a
7 policy or contract for healthcare services offered, issued, renewed,
8 delivered, or extended in this state by a healthcare insurer; and

9 (ii) A health benefit program receiving state or
10 federal appropriations from the State of Arkansas, including the Arkansas
11 Medicaid Program and the Arkansas Health and Opportunity for Me Program
12 established by the Arkansas Health and Opportunity for Me Act of 2021, § 23-
13 61-1001 et seq., or any successor program.

14 (B) "Health benefit plan" includes:

15 (i) Indemnity and managed care plans; and

16 (ii) Nonfederal governmental plans as defined in 29
17 U.S.C. § 1002(32), as it existed on January 1, 2025.

18 (C) "Health benefit plan" does not include:

19 (i) A plan that provides only dental benefits or eye
20 and vision care benefits;

21 (ii) A disability income plan;

22 (iii) A credit insurance plan;

23 (iv) Insurance coverage issued as a supplement to
24 liability insurance;

25 (v) A medical payment under an automobile or
26 homeowners insurance plan;

27 (vi) A health benefit plan provided under Arkansas
28 Constitution, Article 5, § 32, the Workers' Compensation Law, § 11-9-101 et
29 seq., or the Public Employee Workers' Compensation Act, § 21-5-601 et seq.;

30 (vii) A plan that provides only indemnity for
31 hospital confinement;

32 (viii) An accident-only plan;

33 (ix) A specified disease plan; or

34 (x) A long-term-care-only plan; and

35 (2)(A) "Healthcare insurer" means an entity subject to the
36 insurance laws of this state or the jurisdiction of the Insurance

1 Commissioner that contracts or offers to contract to provide health insurance
2 coverage, including without limitation an insurance company, a hospital and
3 medical service corporation, a health maintenance organization, a self-
4 insured governmental or church plan in this state, or the Arkansas Medicaid
5 Program.
6 (B) "Healthcare insurer" does not include an entity that
7 provides only dental benefits or eye and vision care benefits.

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36

/s/L. Johnson