

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 83rd General Assembly  
3 Regular Session, 2001

# A Bill

HOUSE BILL 1317

4  
5 By: Representatives Bledsoe, Minton  
6  
7

## For An Act To Be Entitled

8  
9 AN ACT TO CREATE THE CATASTROPHIC HEALTH INSURANCE  
10 COVERAGE ACT OF 2001; AND FOR OTHER PURPOSES.  
11

## Subtitle

12  
13 THE CATASTROPHIC HEALTH INSURANCE  
14 COVERAGE ACT OF 2001.  
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17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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19 SECTION 1. Title.

20 This act may be referred to as the "Catastrophic Health Insurance  
21 Coverage Act of 2001".  
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23 SECTION 2. Definitions.

24 As used in this act, unless the context otherwise requires:

25 (1) "Basic health care services" includes, but is not limited to, the  
26 following:

27 (A) Inpatient hospital treatment, including room and board,  
28 general nursing services, diagnostic tests, supplies, and other medically  
29 necessary services;

30 (B) Outpatient services for surgery, presurgical diagnostic  
31 tests, emergency care, and chemotherapy;

32 (C) Surgery and anesthesia;

33 (D) Hospital and office visits and consultations;

34 (E) X-rays, laboratory tests, allergy tests, injections, and  
35 sera;

36 (F) Maternity care for the subscriber or enrolled spouse;

- 1           (G) Psychotherapy;
- 2           (H) Chemotherapy and radiation therapy;
- 3           (I) Physical, speech, occupational and respiratory therapies;
- 4           (J) Prescription drugs;
- 5           (K) Prostheses and durable medical equipment, such as artificial
- 6 limbs, hospital beds, and wheel chairs;
- 7           (L) Cardiac rehabilitation program;
- 8           (M) Local ambulance service;
- 9           (N) Alcohol and drug abuse rehabilitation;
- 10          (O) Rehabilitative care;
- 11          (P) Outpatient skilled nursing care up to two (2) hours per day
- 12 for up to fifty (50) days per calendar year; and
- 13          (Q) Home health care and hospice services provided by a state
- 14 approved home health agency or hospice agency;

15           (2) "Catastrophic health insurance" means a supplementary insurance  
 16 contract that indemnifies an Arkansas resident for medical expenses, including  
 17 at least the costs of the basic health care services that result from an  
 18 illness, injury, or disease, and that are greater than fifty thousand dollars  
 19 (\$50,000), subject to a lifetime benefit limit of two million dollars  
 20 (\$2,000,000);

21           (3) "Dependent child" means any individual who is:  
 22           (A) Under twenty-one (21) years of age;  
 23           (B) Legally entitled to or the subject of a court order for the  
 24 provision of proper or necessary subsistence, education, medical care, or any  
 25 other care necessary for the individual's health, guidance, or well-being and  
 26 who is not otherwise emancipated, self-supporting, married, or a member of the  
 27 armed forces of the United States; or

28           (C) So mentally or physically incapacitated that the individual  
 29 cannot provide for himself or herself;

30           (4) "Eligible medical expense" means any medical expense that is  
 31 deductible for purposes of Section 213(d) of the Internal Revenue Code as it  
 32 exists on January 1, 2001;

33           (5) "Employee" means an individual who resides in this state and is  
 34 employed by an employer;

35           (6) "Employer" means a person or entity employing one or more  
 36 individuals in this state, excluding the federal government or businesses

1 providing health insurance coverage through a self-insured plan which has  
2 benefits equal to or greater than a catastrophic health insurance plan;

3 (7) "Insurer" means a disability insurer that covers hospital, medical,  
4 or surgical expenses, and a nonprofit hospital service plan;

5 (8) "Qualified higher deductible health plan" means a health coverage  
6 policy, certificate, or contract that provides for the payment of covered  
7 benefits that exceed the deductible, which shall not exceed five thousand  
8 dollars (\$5,000) for self only coverage or alternatively seven thousand five  
9 hundred dollars (\$7,500) for family coverage and that is purchased by an  
10 employer for the benefit of an employee who makes deposits into a medical  
11 savings account;

12 (9) "Medical savings account" means an account established to pay the  
13 eligible medical expenses of an account holder and the account holder's spouse  
14 and dependant children, if any; and

15 (10) "Resident" means any individual who lives in Arkansas for at least  
16 ninety (90) consecutive days.

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18 SECTION 3. Catastrophic Health Insurance Coverage.

19 (a) Beginning January 1, 2001, any employer who does not offer other  
20 health insurance may offer catastrophic health insurance to its employees.

21 (b) Employees who elect coverage shall pay the cost of the insurance.

22 (c) Each catastrophic health insurance policy issued pursuant to this  
23 section shall:

24 (1) Be issued to the employer unless issued as an individual  
25 plan;

26 (2) Have a minimum deductible of at least one thousand five  
27 hundred dollars (\$1,500) but no more than five thousand dollars (\$5,000) for  
28 individual coverage or at least three thousand dollars (\$3,000) but no more  
29 than seven thousand five hundred dollars (\$7,500) for family coverage;

30 (3) Offer coverage for the spouse and dependent children of the  
31 insured employee at the employee's election;

32 (4) Cover all employees who elect coverage and are not otherwise  
33 covered by medicare or another employer's catastrophic health insurance  
34 policy;

35 (5) For group coverage, cover an employee and eligible dependents  
36 regardless of health status; except that a business group of one (1) person

1 may be restricted to obtaining coverage during an open enrollment period;

2 (6) Be priced according to appropriate rating requirements for  
3 health benefit plans if specified by law;

4 (7) Provide a clearly written contract of coverage including:

5 (A) Basic health care services; and

6 (B) A list of procedures covered under the policy which  
7 shall be:

8 (i) Updated annually; and

9 (ii) Sent to the insured annually;

10 (8) For group coverage, include a portability clause providing  
11 that:

12 (A) When an employee leaves employment for any reason the  
13 employee, the employee's spouse, and the employee's dependent children may  
14 each elect to continue coverage or convert coverage to an individual policy;  
15 and

16 (B) Conversion benefits shall be the insured's choice of  
17 the same coverage issued, without evidence of insurability, as an individual  
18 policy or the conversion coverage; and

19 (9) Comply with requirements for health benefit plans specified  
20 in this act, including those related to pre-existing conditions.

21 (d) The information to be taken into account by the insurer during the  
22 underwriting process is limited to the applicant's age, sex, health status,  
23 and the geographical area in which the applicant lives.

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25 SECTION 4. Premium payments - Pre-tax - Election - Reporting  
26 requirements.

27 (a)(1) If an employee purchases catastrophic health insurance, the  
28 employee is responsible for paying the entire cost of the insurance;

29 (2) The employer, at its option, may pay all or a part of the  
30 cost.

31 (b) An employee shall elect to purchase catastrophic health insurance  
32 by signing a written election. The election shall be in the form prescribed  
33 by the Director of the Department of Finance and Administration and shall be  
34 signed prior to the date the employer withholds the first contribution.

35 (c)(1) An employer shall withhold the premium payments for catastrophic  
36 health insurance from the wages of an employee who has elected coverage and

1 shall remit the premiums to the insuring entity on the employee's behalf;

2 (2) All premiums collected by an employer are withheld from the  
3 employee's wages on a pre-tax basis.

4 (d) An employer withholding premium payments from an employee's wages  
5 pursuant to this section shall report the amount withheld to the Department of  
6 Finance and Administration, pursuant to rules promulgated by the department.

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