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2 95th General Assembly
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A Bill

HOUSE BILL 1930

4
5 By: Representatives Wardlaw, Pilkington, Achor, Barker, Beaty Jr., Dalby, Duffield, Eubanks, Evans,
6 Jean, L. Johnson, Maddox, Milligan, Pearce, Perry, Richmond, M. Shepherd, Steimel, Warren
7 By: Senator J. Boyd

For An Act To Be Entitled

10 AN ACT TO MANDATE MINIMUM REIMBURSEMENT LEVELS FOR
11 HEALTHCARE SERVICES; AND FOR OTHER PURPOSES.

Subtitle

15 TO MANDATE MINIMUM REIMBURSEMENT LEVELS
16 FOR HEALTHCARE SERVICES.

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

20 SECTION 1. DO NOT CODIFY. Legislative findings and intent.

21 (a) The General Assembly finds that:

22 (1) Arkansas's healthcare providers are at a significant
23 disadvantage as a result of national reimbursement methodologies;

24 (2) Arkansas's healthcare providers receive some of the lowest
25 government and commercial reimbursement rates in the country;

26 (3) The cumulative impact of receiving some of the lowest
27 reimbursement rates in the country has resulted in scarce resources for
28 Arkansas's healthcare systems;

29 (4) The disparities in payment:
30 (A) Greatly affect the financial stability of healthcare
31 providers; and

32 (B) Make it harder for Arkansas to:
33 (i) Attract and retain qualified healthcare
34 professionals; and
35 (ii) Maintain adequate facilities and equipment;

36 (5)(A) On December 10, 2024, the Rand Corporation published its



1 fifth study that analyzed states' average reimbursement rates relative to
 2 Medicare prices.

3 (B) This study found that Arkansas had the lowest
 4 reimbursement rates in the nation with an overall relative rate below one
 5 hundred seventy percent (170%) of Medicare prices while the national average
 6 is two hundred fifty-four percent (254%) of Medicare prices; and

7 (6) The adjoining states to Arkansas all receive significantly
 8 higher reimbursement rates than Arkansas, which further exacerbates the
 9 healthcare disparities in Arkansas.

10 (b) It is the intent of the General Assembly to ensure that Arkansas
 11 has an adequate healthcare system to provide healthcare for all Arkansans and
 12 that Arkansas healthcare systems can recruit and retain a workforce and
 13 maintain adequate infrastructure to treat the needs of Arkansans.

14
 15 SECTION 2. Arkansas Code Title 23, Chapter 99, is amended to add an
 16 additional subchapter to read as follows:

17
 18 Subchapter 19 – Minimum Reimbursement Rates for Healthcare Services

19
 20 23-99-1901. Definitions.

21 As used in this subchapter:

22 (1) "Adjoining states" means Louisiana, Mississippi, Missouri,
 23 Oklahoma, Tennessee, and Texas;

24 (2) "Ambulatory surgery center" means an entity certified by the
 25 Department of Health as an ambulatory surgery center that operates for the
 26 purpose of providing surgical services to patients;

27 (3)(A) "Equivalent Medicare reimbursement" means the amount,
 28 based on prevailing reimbursement rates and methodologies, that a healthcare
 29 provider or health system is entitled to for healthcare services.

30 (B)(i) "Equivalent Medicare reimbursement" includes
 31 services that are not covered by Medicare or are set locally by Medicare
 32 contractors.

33 (ii) Services under this subdivision (3) will be
 34 priced at the healthcare provider's overall prevailing Medicare reimbursement
 35 collection-to-charge ratio;

36 (4)(A) "Health benefit plan" means an individual, blanket, or

1 group plan, policy, or contract for healthcare services issued, renewed, or
2 extended in this state by a healthcare insurer.

3 (B) "Health benefit plan" includes any group plan, policy,
4 or contract for healthcare services issued outside this state that provides
5 benefits to residents of this state;

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

7 (i) A plan that provides only dental benefits;

8 (ii) A plan that provides only eye and vision
9 benefits;

10 (iii) A disability income plan;

11 (iv) A credit insurance plan;

12 (v) Insurance coverage issued as a supplement to
13 liability insurance;

14 (vi) Medical payments under an automobile or
15 homeowners' insurance plan;

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

19 (viii) A plan that provides only indemnity for
20 hospital confinement;

21 (ix) An accident-only plan;

22 (x) A specified disease plan;

23 (xi) A policy, contract, certificate, or agreement
24 offered or issued by a healthcare insurer to provide, deliver, arrange for,
25 pay for, or reimburse any of the costs of healthcare services, including
26 pharmacy benefits, to an entity of the state under § 21-5-401 et seq;

27 (xii) A qualified health plan that is a health
28 benefit plan under the Patient Protection and Affordable Care Act, Pub. L.
29 No. 111-148, and purchased on the Arkansas Health Insurance Marketplace
30 created under the Arkansas Health Insurance Marketplace Act, § 23-61-801 et.
31 seq., for an individual up to four hundred percent (400%) of the federal
32 poverty level;

33 (xiii) A health benefit plan provided by a trust
34 established under § 14-54-104 to provide benefits, including accident and
35 health benefits, death benefits, dental benefits, and disability income
36 benefits; or

1 (ix) A long-term care insurance plan

2
3 (5) "Health system" means an organization that owns or operates
4 more than one (1) hospital;

5 (6)(A) "Healthcare insurer" means an entity that is authorized
6 by this state to offer or provide health benefit plans, policies, subscriber
7 contracts, or any other contracts of a similar nature that indemnify or
8 compensate a healthcare provider for the provision of healthcare services.

9 (B) "Healthcare insurer" includes without limitation:

10 (i) An insurance company;

11 (ii) A health maintenance organization;

12 (iii) A hospital and medical service corporation;

13 and

14 (iv) An entity that provides or administers a self-
15 funded health benefit plan.

16 (C) "Healthcare insurer" does not include:

17 (i) The Arkansas Medicaid Program;

18 (ii) The Arkansas Health and Opportunity for Me
19 Program under the Arkansas Health and Opportunity for Me Act of 2021, § 23-
20 61-1001 et seq., or any successor program;

21 (iii) A provider-led Arkansas shared savings entity;

22 or

23 (iv) An entity that offers a plan providing health
24 benefits to state and public school employees under § 21-5-401 et seq.;

25 (7) "Healthcare provider" means:

26 (A) A hospital;

27 (B) A health system;

28 (C) A physician;

29 (D)(i) A physician extender.

30 (ii) A physician extender includes without
31 limitation:

32 (a) A physician assistant who is licensed in
33 this state;

34 (b) A nurse practitioner who is licensed in
35 this state;

36 (c) An advanced practice nurse who is licensed

1 in this state; and

2 (d) A certified midwife who is licensed in
 3 this state;

4 (E) A licensed ambulatory surgery center; and

5 (F) An outpatient facility that performs healthcare
 6 services, including without limitation primary care clinics, urgent care
 7 centers, specialty clinics, dialysis centers, and imaging centers;

8 (8) "Healthcare service" means a service or good that is
 9 provided for the purpose of or incidental to the purpose of preventing,
 10 diagnosing, treating, alleviating curing, or healing human illness, disease,
 11 condition, disability, or injury;

12 (9) "Hospital" means a healthcare facility licensed as a
 13 hospital by the Division of Health Facilities Services under § 20-9-213;

14 (10) "Minimum reimbursement level" means the minimum ratio of
 15 reimbursement to equivalent Medicare reimbursement that a healthcare provider
 16 or health system is entitled to by a healthcare insurer for healthcare
 17 services;

18 (11) "Physician" means a person authorized or licensed to
 19 practice medicine under the Arkansas Medical Practices Act, § 17-95-201 et
 20 seq., § 17-95-301 et seq., and § 17-95-401 et seq.; and

21 (12) "Reimbursement rate" means the amount that a healthcare
 22 provider is entitled to receive for healthcare services.

23
 24 23-99-1902. Minimum reimbursement level.

25 (a)(1) A health benefit plan shall reimburse a healthcare provider
 26 that provides a healthcare service the minimum reimbursement level for the
 27 healthcare service as determined by the Insurance Commissioner.

28 (2) The commissioner is not required to establish a minimum
 29 reimbursement level for each healthcare service.

30 (3) The minimum reimbursement level shall be established at the
 31 healthcare provider's contract level based on the healthcare provider's
 32 specific compliment of services.

33 (b) The minimum reimbursement level under subdivision (a)(1) of this
 34 section shall be phased in according to the schedule below:

35 (1) On or after January 1, 2026, eighty-five percent (85%);

36 (2) On or after January 1, 2027, ninety-five percent (95%); and

1 (3) On or after January 1, 2028, one hundred percent (100%).

2 (c)(1) The commissioner shall determine the minimum reimbursement
3 level for a healthcare service by calculating the weighted average ratio of
4 commercial prices as a percentage of Medicare reimbursement for the
5 healthcare service in adjoining states as derived from the RAND Corporation's
6 Prices Paid to Hospitals by Private Plans findings as adopted by rule of the
7 commissioner.

8 (2) If the RAND Corporation's Prices Paid to Hospitals by
9 Private Plans findings are discontinued, delayed, or deemed unsuitable by the
10 commissioner, the commissioner shall compute an adjusted ratio of commercial
11 prices as a percentage of Medicare by applying a factor of the annual change
12 in the Consumer Price Index: Medical Care, commonly known as the "medical
13 care index", published by the United States Bureau of Labor Statistics and
14 adopted by rule of the commissioner to the weighted average increase of
15 Medicare reimbursement for a healthcare provider to the most recently
16 published minimum reimbursement level.

17 (d) Beginning September 1, 2025, the commissioner shall publish
18 annually on the State Insurance Department's website the minimum
19 reimbursement level as determined under subsection (c) of this section.

20
21 23-99-1903. Disclosures.

22 (a)(1) A healthcare insurer shall document compliance with this
23 subchapter for each healthcare provider.

24 (2) A healthcare insurer shall include documentation of
25 compliance required in subdivision (a)(1) of this section for each health
26 benefit plan offered by the healthcare insurer to a healthcare provider.

27 (b)(1) A healthcare insurer shall disclose to each contracted
28 healthcare provider summary documentation, including the supporting detailed
29 calculations and assumptions.

30 (2) The summary documentation under subdivision (b)(1) of this
31 section shall be made available to:

32 (A) The contracted healthcare provider before the
33 execution or renewal of a contract and within fifteen (15) days of a formal
34 request; and

35 (B) The Insurance Commissioner within fifteen (15) days of
36 a formal request.

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23-99-1904. Enforcement.

(a) A dispute under this subchapter shall be filed with the Insurance Commissioner.

(b)(1) After notice and opportunity for a hearing, if a healthcare insurer or a health benefit plan is found to have violated this subchapter, the commissioner may revoke or suspend the authority of the healthcare insurer or health benefit plan to do business in this state.

(2) The commissioner shall rule on a dispute within sixty (60) days.

(c) A healthcare insurer or health benefit plan that has violated this subchapter shall be required to repay the healthcare provider all amounts in violation of this subchapter plus eight percent (8%) interest and five percent (5%) in administrative fees, inclusive of amounts otherwise due from the patient.

23-99-1905. Rules.

The Insurance Commissioner may promulgate rules to implement and enforce this subchapter.

SECTION 3. DO NOT CODIFY. Severability.

The provisions of this act are severable, and the invalidity of any provision of this act shall not affect other provisions of this act that can be given effect without the invalid provision.