

# 2024 Arkansas Legislative Update - 2025 Session Outlook

*October 17, 2024*



# Elections Matter – November 5, 2024

- Senate General (8)
  - Senator Mark Johnson v Maureen Skinner (D)
  - Senator Dan Sullivan v Erika Askeland (D)
  - Senator John Payton v Sandy Maier (D)
  - Senator Breanne Davis v Michelle Justice (D)
  - Senator Jim Dotson v Kaylee Wedgeworth (D)
  - Senator Steve Crowell v David Lutmer (L)
  - Senator Ben Gilmore v Asher Williams (L)
  - Senator Jimmy Hickey v Lonny Goodwin (L)
- House General (58)
  - AHAPAC
    - 62 General Election Checks
      - 54 House of Representatives
      - 8 Senators
  - Speaker Evans
  - *pro tem* Hester



# Judicial Elections ALSO Matter

- Justice Karen Baker
- Justice Rhonda Wood



# Arkansas's Tax Dollar

What Your Arkansas Tax Dollar Pays For



**2¢**  
Dept. of  
Public  
Safety

**41.8¢**  
Public School  
Fund & Dept. of  
Education

**9.2¢**  
Dept. of  
Corrections

**12.6¢**  
Institutions of  
Higher  
Education

**30.9¢**  
DHS & Dept. of  
Health

**3.5¢**  
General Gov't  
& Local Aid

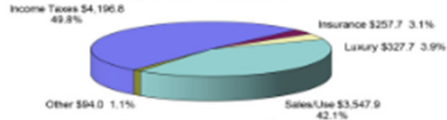
- Education (41.8%)
- DHS and ADH (30.9%)
- Higher Education (12.6%)
- Corrections (9.2%)
- General Government and Local Aid (3.5%)
- Public Safety (2%)

*Excludes "Off The Top" deductions and payments such as income tax refunds, claims, debt services, etc.*

# Arkansas's Gross General Revenue '25

Revenue Reporting – Arkansas Department of Finance and Administration

**STATE OF ARKANSAS**  
**FISCAL YEAR 2025**  
**ESTIMATED**  
**Gross General Revenue**  
**\$8,424.1 Million**

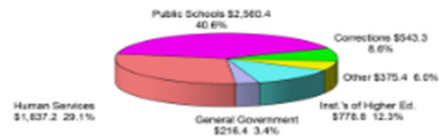


**Less:**



**Projected Surplus: \$280.2M**

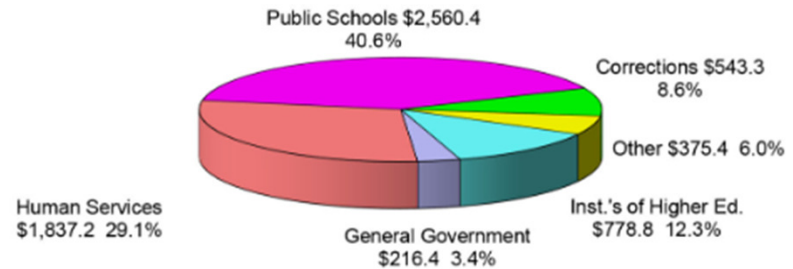
**Total General Revenue Available for Distribution**  
**\$6,311.5 Million**



8/22/24 Forecast

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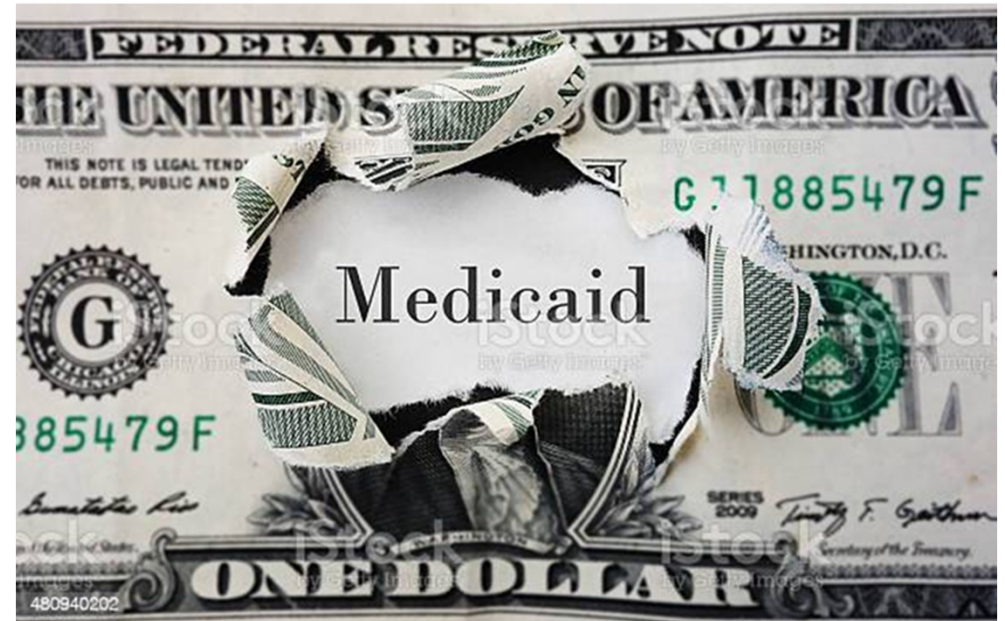


8/22/24 Forecast



# Arkansas's Overall Budget : Medicaid

- > \$39 Billion TOTAL
  - \$9.2 Billion Medicaid
- \$6.3 Billion General Revenue
  - \$1.8 Billion for Medicaid
- > \$12 Billion Federal Funds for State Agencies
  - \$7.4 Billion DHS/Medicaid



# Hospital Cost Drivers

- Complexity of Patients
- Supply Chain
- Pharmaceutical Costs and Limited Distribution
- Personnel and Contract Labor
- Administrative Costs
- Health Care System Failure
- Low government reimbursement
  - Medicaid
    - Traditional Fee-for-service
    - PASSE
    - Qualified Health Plans
  - Medicare
    - Area Wage Index
    - Medicare Advantage
- Commercial Payor
  - Prior authorizations and denials
  - Narrow Networks
  - Premiums:Payment

# State Legislative Priorities



- Medicaid Sustainability
- Workforce Sustainability
- Insurance Plan Accountability
- Women's Health Focus
- Defense



# Important Moments since 1751

- 1898-1899
  - The Association of Hospital Superintendents is Founded (in 1906 becomes the American Hospital Association)
- 1910
  - A US Bureau of the Census published a list of benevolent institutions
- 1910 – 1915
  - Worker's Compensation insurance
- 1921
  - National Hospital Week created to promote trust in hospitals in the wake of the Spanish Flu Outbreak
- 1930s
  - "health insurance" and "prepaid group practice"
- 1933
  - American Hospital Association established Committee on Hospital Service (becomes the Blue Cross Commission in 1946)
    - Covered hospital charges only
    - Exclusive market area
- 1939
  - Blue Shield medical services plans established
    - Required free choice of physician
    - Indemnity plans – plan paid patient; patient paid doc
- 1943
  - Wartime Services Bureau created to ensure hospitals had adequate supplies during rationing and shortages during WWII
- 1946
  - Hill-Burton Hospital Survey and Construction Act gave hospitals grants and loans for construction and modernization (signed by President Truman)
- 1947
  - Taft-Hartley Act, which defined health insurance as a condition of employment and allowed collective bargaining
- 1951
  - Joint Commission on Accreditation of Hospitals



# 1965 – Medicare and Medicaid

- Social Security in 1935 did not include health insurance provisions
- Truman wanted a national health insurance plan in 1945
- Wilbur Mills (D-AR) chair of Ways and Means refused to tie medical care to SS (payroll taxes)
- 1960 - Kerr-Mills Act, which provided federal funding to states for medical care for seniors receiving welfare benefits
- Three-layer cake - LBJ
  - Medicare Part A
    - Hospital and limited nursing home coverage tied to SS eligibility and funded by payroll taxes
  - Medicare Part B
    - Physician and ambulatory services funded by general tax revenues and premiums on seniors
  - Medicaid
    - Federal-state match program

# More Important Moments

- 1973
  - Patient's Bill of Rights outlines the standard for patient care and treatment in America
- 1974
  - Employee Retirement Income Security Act (ERISA) designed to protect defined benefit pension plans – included provisions for health insurance plans
    - Health insurance plans under ERISA are NOT subject to state regulation
    - Premiums based solely on its own claims experience
    - Employers can shop for less costly claims administrators
    - Avoids paying state premium taxes
    - Can buy stop-loss coverage to mitigate expenses
    - Third-party administrators (TPA) and administrative services only (ASO) industries were created to handle the claims processing of self-insured firms
    - Benefit to advocacy: large employers no longer lobbied against increased coverage costs on state insurance plan mandates on covered procedures
- 1977
  - Blue Cross and Blue Shield merge
- 1980s
  - Expansion of Medicaid for children and pregnant women
  - Hundreds of rural hospitals close (over 400 during 80s and early 90s)
- 1982-1983
  - Medicare Inpatient Prospective Payment System begins (DRGs)
- 1990s
  - Shift to emphasizing outpatient care
  - Insurance companies more prominent
  - Health maintenance organizations or prepaid group plans (HMOs); preferred provider organizations (PPOs); point-of-service (POS)
  - More than 100 hospital mergers
- 1996
  - Aid to Families with Dependent Children changed Medicaid eligibility – reduced time for cash assistance welfare benefits
- 1997
  - State Children's Health Insurance Program (CHIP) allows states to extend coverage for children up to 300% FPL (2000 – ARKids A and B)
  - Balanced Budget Act decreased Medicare payments to hospitals by \$115 b over 5 years – created Critical Access Hospitals
- 2006
  - Medicare Part D – private prescription drug coverage subsidized from general federal tax revenues
- Mid-2000s
  - High Deductible Health Plans
- 2009
  - Arkansas Trauma System funded with tobacco tax
- 2010
  - Patient Protection and Affordable Care Act

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