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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2007

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT

Introduced By: Senators Miller, C Levesque, Walaska, and Sosnowski

Date Introduced: February 15, 2007

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1           SECTION 1. Sections 42-14.5-3 of the General Laws in Chapter 42-14.5 entitled "The  
2 Rhode Island Health Care Reform Act of 2004 - Health Insurance Oversight" is hereby amended  
3 to read as follows:

4           **42-14.5-3. Powers and duties. [Effective July 1, 2007.][Contingent effective date; see**  
5 **notes under section 42-14.5-1.] --** The health insurance commissioner shall have the following  
6 powers and duties:

7           (a) To conduct an annual public meeting or meetings, separate and distinct from rate  
8 hearings pursuant to section 42-62-13, regarding the rates, services and operations of insurers  
9 licensed to provide health insurance in the state the effects of such rates, services and operations  
10 on consumers, medical care providers and patients, and the market environment in which such  
11 insurers operate. Notice of not less than ten (10) days of said hearing(s) shall go to the general  
12 assembly, the governor, the Rhode Island medical society, the Hospital Association of Rhode  
13 Island, the director of health, and the attorney general. Public notice shall be posted on the  
14 department's web site and given in the newspaper of general circulation, and to any entity in  
15 writing requesting notice.

16           (b) To make recommendations to the governor and the joint legislative committee on  
17 health care oversight regarding health care insurance and the regulations, rates, services,  
18 administrative expenses, reserve requirements, and operations of insurers providing health  
19 insurance in the state, and to prepare or comment on, upon the request of the co-chairs of the joint

1 committee on health care oversight or upon the request of the governor, draft legislation to  
2 improve the regulation of health insurance. In making such recommendations, the commissioner  
3 shall recognize that it is the intent of the legislature that the maximum disclosure be provided  
4 regarding the reasonableness of individual administrative expenditures as well as total  
5 administrative costs. The commissioner shall also make recommendations on the levels of  
6 reserves including consideration of: targeted reserve levels; trends in the increase or decrease of  
7 reserve levels; and insurer plans for distributing excess reserves.

8 (c) To establish a consumer/business/labor/medical advisory council to obtain  
9 information and present concerns of consumers, business and medical providers affected by  
10 health insurance decisions. The council shall be involved in the planning and conduct of the  
11 public meeting in accordance with subsection (a) above. The advisory council shall assist in the  
12 design of an insurance complaint process to ensure that small businesses whom experience  
13 extraordinary rate increases in a given year could request and receive a formal review by the  
14 department. The advisory council shall assess views of the health provider community relative to  
15 insurance rates of reimbursement, billing and reimbursement procedures, and the insurers' role in  
16 promoting efficient and high quality health care. The advisory council shall issue an annual report  
17 of findings and recommendations to the governor and the joint legislative committee on health  
18 care oversight. The advisory council is to be diverse in interests and shall include representatives  
19 of community consumer organizations; small businesses, other than those involved in the sale of  
20 insurance products; and hospital, medical, and other health provider organizations. Such  
21 representatives shall be nominated by their respective organizations. The advisory council shall  
22 be co-chaired by the health insurance commissioner and a community consumer organization or  
23 small business member to be elected by the full advisory council.

24 (d) To establish and provide guidance and assistance to a subcommittee ("The  
25 Professional Provider-Health Plan Work Group") of the advisory council created pursuant to  
26 subsection (c) above, composed of health care providers and Rhode Island licensed health plans.  
27 This subcommittee shall develop a plan to implement the following activities:

28 (i) By January 1, 2006, a method whereby health plans shall disclose to contracted  
29 providers the fee schedules used to provide payment to those providers for services rendered to  
30 covered patients;

31 (ii) By April 1, 2006, a standardized provider application and credentials verification  
32 process, for the purpose of verifying professional qualifications of participating health care  
33 providers;

34 (iii) By September 1, 2006, a uniform health plan claim form to be utilized by

1 participating providers;

2 (iv) By March 15, 2007, a report to the legislature on proposed methods for health  
3 maintenance organizations as defined by section 27-41-1, and nonprofit hospital or medical  
4 service corporations as defined by chapters 27-19 and 27-20, to make facility-specific data and  
5 other medical service-specific data available in reasonably consistent formats to patients  
6 regarding quality and costs. This information would help consumers make informed choices  
7 regarding the facilities and/or clinicians or physician practices at which to seek care. Among the  
8 items considered would be the unique health services and other public goods provided by  
9 facilities and/or clinicians or physician practices in establishing the most appropriate cost  
10 comparisons.

11 (v) By December 1, 2006, contractual disclosure to participating providers of the  
12 mechanisms for resolving health plan/provider disputes; and

13 (vi) By February 1, 2007, a uniform process for confirming in real time patient insurance  
14 enrollment status, benefits coverage, including co-pays and deductibles.

15 A report on the work of the subcommittee shall be submitted by the health insurance  
16 commissioner to the joint legislative committee on health care oversight on March 1, 2006 and  
17 March 1, 2007.

18 (e) To enforce the provisions of Title 27 and Title 42 as set forth in section 42-14-5(d).

19 (f) There is hereby established the Rhode Island Affordable Health Plan Reinsurance  
20 Fund. The fund shall be used to effectuate the provisions of sections 27-18.5-8 and 27-50-17.

21 (g) To examine and study the impact of merging the individual health insurance market  
22 as defined in section 27-18.5 and the small employer health insurance market as defined in  
23 chapter 27-50 in accordance with the following:

24 (i) The study shall include examining the impact of merging the individual and small  
25 employer markets on premiums charged to individual's and small employer groups.

26 (ii) The health insurance commissioner shall establish an insurance market merger task  
27 force to assist with the study. The task force shall be chaired by the health insurance  
28 commissioner and include twelve (12) other members, as follows: three (3) members of the house  
29 of representatives, not more than two (2) from the same political party, to be appointed by the  
30 speaker of the house; three (3) members of the senate, not more than two (2) from the same  
31 political party, to be appointed by the president of the senate; one of whom shall be the lieutenant  
32 governor of the state of Rhode Island, or designee; one of whom shall be the director of the  
33 department of health, or designee; one of whom shall be the director of the department of human  
34 services, or designee; and three (3) members of the public, one of whom shall be a Rhode Island

1 business owner; one of whom shall be a representative of organized labor; and one of whom shall  
2 be a consumer, to be appointed by the governor.

3 (iii) For the purposes of conducting this study, the commissioner may contract with an  
4 outside organization with expertise in fiscal analysis of the private insurance market. In  
5 conducting its examination, the organization shall, to the extent possible, obtain and use actual  
6 health plan data, but such data shall be confidential and shall not be a public record.

7 (iv) The task force shall meet no later than October 1, 2007 and the commissioner shall  
8 file a report with the clerks of the senate and house of representatives no later than May 31, 2008.

9 SECTION 2. Chapter 42-14.5 of the General Laws entitled "The Rhode Island Health  
10 Care Reform Act of 2004 - Health Insurance Oversight" is hereby amended by adding thereto the  
11 following section:

12 **42-14.5-4. Actuary and subject matter experts.** – The health insurance commissioner  
13 may contract with an actuary and/or other subject matter experts to assist him or her in the  
14 performance of his or her duties, including, but not limited to, evaluating health insurance rates  
15 and forms, and developing, analyzing and reviewing, statutorily mandated health insurance  
16 programs such as those defined in sections 27-18.5-8 and 27-50-17 as well as evaluating the  
17 propriety and effectiveness of new and innovative approaches for addressing the affordability and  
18 availability of health insurance coverage, as well as conducting the study required under  
19 subsection 42-14.5-3(g). The actuary or other expert shall serve under the direction of the health  
20 insurance commissioner. Health insurance companies doing business in this state, including, but  
21 not limited to, nonprofit hospital corporations, service corporations and nonprofit medical service  
22 corporations established pursuant to chapters 27-19 and 27-10 and health maintenance  
23 organizations established pursuant to chapter 27-41 shall be assessed according to a schedule of  
24 their direct writing of health insurance in this state to pay for the compensation of the actuary.

25 SECTION 3. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO STATE AFFAIRS AND GOVERNMENT

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1           This act would establish a task force to study the impact of merging the individual health  
2 insurance market.

3           This act would take effect upon passage.

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