

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2006

A N A C T

**RELATING TO INSURANCE - THE RHODE ISLAND HEALTH CARE AFFORDABILITY
ACT OF 2006 - PART II - TRANSPARENCY OF INFORMATION ON HEALTH CARE
QUALITY AND COST**

Introduced By: Senators Roberts, Perry, Tassoni, Pichardo, and Gibbs

Date Introduced: June 15, 2006

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. This act shall be known and may be cited as "The Rhode Island Health Care
2 Affordability Act in 2006 – Part II – Transparency of Information on Health Care Quality and
3 Cost.

4 SECTION 2. Sections 23-17.17-2, 23-17.17-3 and 23-17.17-4 of the General Laws in
5 Chapter 23-17.17 entitled "Health Care Quality Program" are hereby amended to read as follows:

6 **23-17.17-2. Definitions.** -- (a) "Clinical outcomes" means information about the results
7 of patient care and treatment.

8 (b) "Director" means the director of the department of health or his or her duly
9 authorized agent.

10 (c) "Health care facility" has the same meaning as contained in the regulations
11 promulgated by the director of health pursuant to chapter 17 of this title.

12 (d) "Patient satisfaction" means the degree to which the facility or provider meets or
13 exceeds the patients' expectations as perceived by the patient by focusing on those aspects of care
14 that the patient can judge.

15 (e) "Quality of care" means the result or outcome of health care efforts.

16 (f) "Risk-adjusted" means the use of statistically valid techniques to account for patient
17 variables that may include, but need not to be limited to, age, chronic disease history, and
18 physiologic data.

1 (g) "Performance measure" means a quantitative tool that provides an indication of an
2 organization's performance in relation to a specified process or outcome.

3 (h) "Reporting program" means an objective feedback mechanism regarding individual
4 or facility performance that can be used internally to support performance improvement activities
5 and externally to demonstrate accountability to the public and other purchasers, payers, and
6 stakeholders.

7 (i) "Health care provider" means any physician, or other licensed practitioners with
8 responsibility for the care, treatment, and services rendered to a patient.

9 (j) "Insurer" means any entity subject to the insurance laws and regulations of this state,
10 that contracts or offers to contract to provide, deliver, arrange for, pay for, or reimburse any of the
11 costs of health care services, including, without limitation, an insurance company offering
12 accident and sickness insurance, a health maintenance organization, as defined by section 27-41-
13 1, a nonprofit hospital or medical service corporation, as defined by chapters 27-19 and 27-20, or
14 any other entity providing a plan of health insurance or health benefits.

15 **23-17.17-3. Establishment of health care quality performance measurement and**
16 **reporting program.** -- The director of health is authorized and directed to develop a state health
17 care quality performance measurement and reporting program. The health care quality
18 performance measurement and reporting program shall include quality performance measures and
19 reporting for health care facilities licensed in Rhode Island. The program shall be phased in over
20 a multi-year period and shall begin with the establishment of a program of quality performance
21 measurement and reporting for hospitals. In subsequent years, quality performance measurement
22 and reporting requirements will be established for other types of health care facilities such as
23 nursing facilities, home nursing care providers, ~~and~~ other licensed facilities, and licensed health
24 care providers as determined by the director of health. Prior to developing and implementing a
25 quality performance measurement and reporting program for hospitals or any other health care
26 facility or health care provider, the director shall seek public comment regarding the type of
27 performance measures to be used and the methods and format for collecting the data.

28 **23-17.17-4. Program requirements -- Adoption of rules and regulations.** -- (a) The
29 quality performance measurement and reporting program established under this chapter shall, at a
30 minimum, incorporate the following:

31 (1) A standardized data set of clinical performance measures, risk-adjusted for patient
32 variables, that shall be collected and reported periodically to the department, and

33 (2) Comparable, statistically valid patient satisfaction measures that shall be conducted
34 periodically by facilities and/or health care providers and reported to the department.

1 (b) In accordance with the provisions of section 42-35-3, the director is authorized to
2 adopt, promulgate, and enforce rules and regulations designed to implement the provisions of this
3 chapter including the details and format for the periodic reporting requirements.

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

7 **42-14.5-3. Powers and duties. [Contingent effective date; see notes under section 42-**

8 **14.5-1.]** -- The health insurance commissioner shall have the following powers and duties:

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

18 (b) To make recommendations to the governor and the joint legislative committee on
19 health care oversight regarding health care insurance and the regulations, rates, services,
20 administrative expenses, reserve requirements, and operations of insurers providing health
21 insurance in the state, and to prepare or comment on, upon the request of the co-chairs of the joint
22 committee on health care oversight or upon the request of the governor, draft legislation to
23 improve the regulation of health insurance. In making such recommendations, the commissioner
24 shall recognize that it is the intent of the legislature that the maximum disclosure be provided
25 regarding the reasonableness of individual administrative expenditures as well as total
26 administrative costs. The commissioner shall also make recommendations on the levels of
27 reserves including consideration of: targeted reserve levels; trends in the increase or decrease of
28 reserve levels; and insurer plans for distributing excess reserves.

29 (c) To establish a consumer/business/labor/medical advisory council to obtain
30 information and present concerns of consumers, business and medical providers affected by
31 health insurance decisions. The council shall be involved in the planning and conduct of the
32 public meeting in accordance with subsection (a) above. The advisory council shall assist in the
33 design of an insurance complaint process to ensure that small businesses whom experience
34 extraordinary rate increases in a given year could request and receive a formal review by the

1 department. The advisory council shall assess views of the health provider community relative to
2 insurance rates of reimbursement, billing and reimbursement procedures, and the insurers' role in
3 promoting efficient and high quality health care. The advisory council shall issue an annual report
4 of findings and recommendations to the governor and the joint legislative committee on health
5 care oversight. The advisory council is to be diverse in interests and shall include representatives
6 of community consumer organizations; small businesses, other than those involved in the sale of
7 insurance products; and hospital, medical, and other health provider organizations. Such
8 representatives shall be nominated by their respective organizations. The advisory council shall
9 be co-chaired by the health insurance commissioner and a community consumer organization or
10 small business member to be elected by the full advisory council.

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

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

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

21 (iii) By September 1, 2006, a uniform health plan claim form to be utilized by
22 participating providers;

23 (iv) By October 1, 2006, a method whereby health plans including, without limitation,
24 health maintenance organizations as defined by section 27-41-1, and nonprofit or medical service
25 corporations as defined by chapters 27-19 and 27-20, shall make hospital specific data available
26 to patients regarding the quality and insurer costs of hospital services; and a plan for the
27 implementation of a method whereby health plans shall make data available to patients regarding
28 the quality and insurer cost of non hospital based medical services.

29 (1) Insurer cost information is intended to allow consumers with deductible or
30 coinsurance-based plans to make informed choices regarding at which facilities and/or clinicians
31 or physician group practices to seek care.

32 (2) Quality information shall be reported based on the data collected and measures
33 determined by the health care quality steering committee, as defined in section 23-17.7.

34 ~~(iv)~~(v) By December 1, 2006, contractual disclosure to participating providers of the

1 mechanisms for resolving health plan/provider disputes; and

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

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

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

8 SECTION 4. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO INSURANCE - THE RHODE ISLAND HEALTH CARE AFFORDABILITY
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1 This act would expand the application of the chapter on health care quality to include
2 health care providers where it now applies language of "facilities". It would further explain the
3 powers and duties of the health insurance commission to require a method to make specific data
4 regarding cost and quality of services be implemented by October 1, 2006.

5 This act would take effect upon passage.

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