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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

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A N A C T

RELATING TO INSURANCE -- THE RHODE ISLAND HEALTH REFORM ACT OF 2010

Introduced By: Senator Joshua Miller

Date Introduced: February 11, 2010

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 27 of the General Laws entitled "INSURANCE" is hereby amended  
2 by adding thereto the following chapter:

3 CHAPTER 27-18.7

4 THE RHODE ISLAND HEALTH REFORM ACT OF 2010

5 27-18.7-1. Legislative findings. -- It is hereby found and declared by the general  
6 assembly as follows:

7 (a) Our current health care system is the most expensive in the world yet our health  
8 outcomes do not compare favorably with other developed countries.

9 (b) Unbated health care cost inflation is greatly outstripping the public's and businesses'  
10 ability to pay, often bankrupting individuals, causing both states and businesses to increase the  
11 already unacceptable number of uninsured Rhode Islanders.

12 (c) The current fragmented system of funding health care services among private, public,  
13 employer and employee payers contributes to increases in health care costs due to cost-shifting  
14 and thereby weakens Rhode Island's ability to reform our health care system.

15 (d) Efficient administration and planning of health care services and strengthening of  
16 primary care and prevention are a public need and thereby make strong state involvement  
17 imperative for the health of all Rhode Islanders.

18 (e) Any reform of our health care system should maintain and promote access to health  
19 services for both the insured as well as those who are currently uninsured.

1 (f) Access to quality affordable health care services is and ought to be considered a right  
2 of all Rhode Island residents and assuring such access to care is the responsibility of every  
3 citizen, business, and government.

4 **27-18.7-2. Establishment of the "HealthRIght Authority".** -- By January 31, 2012, a  
5 quasi-public non-profit organization shall be established through which all public and private  
6 purchases of insurance or health care services will be transacted for all Rhode Island employers  
7 and individuals. The responsibilities of the HealthRIght authority shall include, but not be limited  
8 to:

9 (1) Establishing a health insurance from which Rhode Island residents can purchase  
10 insurance coverage from a range of insurers.

11 (2) Establishing a comprehensive insurance product which shall serve as a basic plan for  
12 all Rhode Islanders (the "plan"), which shall include setting and limiting the amount of co-pays  
13 and deductibles for the plan.

14 (3) Determining the set amount paid to each insurer per insured life which shall be equal  
15 for all insurers.

16 (4) Reviewing and implementing the recommendations of the Coordinated Health  
17 Planning and Accountability Advisory Council (CHP), the Health Services Council (HSC) and  
18 the Certificate of Need (CON) program regarding health planning, distribution of services, capital  
19 improvements, and introduction and use of technology.

20 (5) Introducing incentives for the advancement of primary care, outcome-based treatment  
21 of chronic disease, promotion of wellness and preventative services, and the use of electronic  
22 medical records.

23 (6) Reviewing and recommending to the general assembly the advisability of any new  
24 mandated insurance benefit.

25 (7) Establishing the parameters of and implementing a sliding-scale income-based  
26 subsidy for the uninsured.

27 (8) Establishing and administering efficiencies among the insurers and health practitioner  
28 offices.

29 (9) Providing access to a public insurance plan modeled on RIte Care.

30 **27-18.7-3. Health coverage to all Rhode Islanders.** -- The State of Rhode Island shall  
31 assure that health coverage is extended to all uninsured Rhode Islanders by January 31, 2012 after  
32 determining the amount and source of funds required to do so by means of, but not limited to,  
33 individual and employer contributions, federal and state funds, savings identified from the  
34 restructuring of the health care delivery system and the health insurance market, and from the

1 reallocation of current public health care expenditures.

2 **27-18.7-4. Appointment of the HealthRight Commissioner.** -- The HealthRight  
3 commissioner (hereafter referred to as the "HealthRight commissioner" or (the "commissioner")  
4 shall be appointed to a ten (10) year term by the governor with the advice and consent of the  
5 Rhode Island senate.

6 **27-18.7-5. Consolidation of Regulatory Agencies under the HealthRight Authority.** -  
7 (a) The office of the health insurance commissioner (OHIC) shall be transferred from the  
8 department of business regulation to the HealthRight authority and shall report to the HealthRight  
9 commissioner.

10 (b) The Coordinated Health Planning and Accountability Advisory Council (CHP), the  
11 Certificate of Need program (CON), and the Health Services Council (HSC) shall be transferred  
12 from their current departments to the HealthRight authority and shall be subject to the authority  
13 of the HealthRight commissioner. Future appointments to these entities shall be made consistent  
14 with the representational requirements as set in current law.

15 (c) The coordinated health planning and accountability advisory council shall serve as the  
16 advisory board to the Health Right commissioner.

17 **27-18.7-6. Implementing Planning and Health Service Recommendations.** -- The  
18 commissioner shall integrate the recommendations of the coordinating health planning and  
19 accountability council, the health services council, and the department of health into the  
20 reimbursement and regulatory process in all matters regarding, but not limited to, the  
21 appropriateness of services and products, utilization of care, health promotion and disease  
22 prevention.

23 **27-18.7-7. Mandated Health Insurance Benefits Commission.** -- The commissioner  
24 shall appoint a commission the purpose of which will be to assess the need and the cost for any  
25 new mandated insurance benefit and advise the general assembly with a recommendation of  
26 approval or disapproval. Prior to the passage of any new insurance benefit mandate the general  
27 assembly shall ask for a review and decision by the mandated benefits commission.

28 **27-18.7-8. Health Services Adjustment Board.** -- From time to time, the commissioner  
29 shall impanel the Health Services Adjustment Board (HSAB) which shall consist of selected  
30 members of the Coordinated Health Planning and Accountability Advisory Council (CHP), the  
31 Health Services Council (HSC), the Office of the Health Insurance Commissioner (OHIC), and  
32 any health services experts, health economists, and any public members the HealthRight  
33 commissioner requires. It shall be the duty of the board to evaluate the recommendations of the  
34 Coordinated Health Planning and Accountability Advisory Council (CHP), Health Services

1 Council (HSC), Office of the Health Insurance Commissioner (OHIC), and other public and  
2 private sources regarding the number, concentration, and distribution of health care services in  
3 Rhode Island and, in the case where a service, group of services, or health care institution is  
4 found to be either noncontributory, unnecessary, or detrimental to the health of the residents of  
5 the state, the board shall place the service or institution onto a "Warning Status" list. The  
6 commissioner at any time thereafter shall have the power to commence divestiture of financial  
7 support from any service or institution on the warning status list and to plan to redistribute care  
8 and employment alternatively. The general assembly shall have recourse to overrule a divestiture  
9 decision of the commissioner but must select an alternative item or items of equal cost savings for  
10 divestiture from the warning status list.

11 **27-18.7-9. Health Promotion and Disease Prevention Fund.** -- The commissioner shall  
12 establish a health promotion and disease prevention fund for the purposes of reducing tobacco  
13 usage and obesity, and for other primary public health interventions and which fund shall be  
14 administered by the Rhode Island department of health.

15 **27-18.7-10. Health Insurance Purchases through the Health Insurance Exchange**  
16 **and Determination of Payment to Insurers.** -- (a) After the term of current health insurance  
17 coverage lapses for all covered Rhode Island residents, all subsequent purchases of health  
18 insurance shall be transacted through the health insurance exchange. Residents shall have their  
19 choice of health insurer from a list of fit insurers doing business in the state in addition to the  
20 ability to purchase a state-sponsored public plan.

21 (b) Insurance products shall be available at a set price without regard to risk adjustment  
22 for the individual, public entity, or business purchasing the product.

23 (c) The commissioner in turn shall distribute payments to insurers that are equal for each  
24 insured life so as to encourage insurer competition on matters of quality and service rather than  
25 perceived risk of the insured.

26 **27-18.7-11. Insurer fitness and mandated medical-loss-ratio threshold.** -- All health  
27 insurers doing business in the State of Rhode Island must meet fitness criteria that are based, but  
28 not limited to, a medical-loss-ratio threshold which has been deemed free of unnecessary  
29 overhead costs, the level of said threshold to be determined by the HealthRIght commissioner. At  
30 the discretion of the HealthRIght commissioner, downward adjustments may be made to the listed  
31 administrative costs of an insurer if those costs are shown to be consistent with the health care  
32 quality and access priorities delineated by the HealthRIght authority. Any insurer deemed unfit  
33 may be subject to financial penalties up to the amount which exceeds the minimum medical-loss-  
34 ratio. The proceeds from such penalties shall accrue to the HealthRIght authority fund for the

1 uninsured. Additional fitness criteria shall include adherence to standardized administrative  
2 policies such as payment protocols, credentialing of caregivers, demonstrated restraint in  
3 advertising, and compliance with the regulatory and reimbursement goals as stated in section 27-  
4 18.7-15 hereof. The commissioner annually shall determine the fitness of each insurer doing  
5 business in the state and any insurer deemed unfit shall not be eligible for preferred contractor  
6 status with the Health RIght program until it subsequently has been ruled fit by the commissioner  
7 as set forth in section 27-18.7-12 hereof.

8 **27-18.7-12. Power to selectively contract.** -- The commissioner is empowered to  
9 directly contract solely or severally with any provider, network of providers, or insurers who are  
10 in good standing.

11 **27-18.7-13. Extending coverage to uninsured Rhode Islanders.** -- The HealthRIght  
12 commissioner shall establish the eligibility criteria for an income-based sliding-scale subsidized  
13 program of coverage for uninsured Rhode Island residents making up to four hundred percent  
14 (400%) of the federal poverty limit (FPL).

15 All Rhode Island residents whose annual income exceeds four hundred percent (400%) of  
16 federal poverty limit (FPL) and who are not provided insurance through another source shall be  
17 required to privately purchase health insurance coverage and will be required to document  
18 coverage annually to the Rhode Island division of taxation.

19 The Rhode Island division of taxation shall certify the income eligibility of all state  
20 residents to the commissioner on request.

21 **27-18.7-14. Global Payment reimbursement for health care services.** -- By January  
22 2014, the commissioner shall phase out fee-for-service payments for health care services in  
23 Rhode Island and shall institute global payments for total care per patient, per year, for both  
24 physicians and hospitals. Such payments may be graded by treatment complexity of the patient's  
25 condition and by complexity of procedure required by the condition.

26 **27-18.7-15. Regulatory and reimbursement goals.** -- The HealthRIght commissioner  
27 shall issue regulations and the office health insurance commissioner shall direct reimbursements  
28 that:

29 (a) Increase reimbursement to primary care services and promote the Patient Centered  
30 Medical Home (PCMH).

31 (b) Promote coordination-of-care networks among practitioners and between practitioners  
32 and hospitals.

33 (c) Work to better equalize the reimbursement rates among all hospitals regardless of size  
34 including rates paid to hospital-affiliated physicians regardless of the hospital in which a

1 procedure is performed.

2 (d) Progress toward regional parity in payments to hospitals and practitioners.

3 (e) Promote health information technology and a standard electronic medical record  
4 system.

5 (f) Increase the adherence of caregivers to quality measures of care and cost-effective  
6 protocols.

7 **27-18.7-16. Treatment protocols. --** The commissioner may certify high-quality but  
8 cost-effective research-based protocols of care that shall serve as the model for care for a given  
9 condition.

10 **27-18.7-17. Choice of provider, of plan, and of insurer. --** Rhode Island residents shall  
11 be assured their choice of primary caregiver, choice of health plan (as long as such plan is no less  
12 comprehensive than the basic plan), and choice of insurer (as long as the insurer has met the  
13 fitness criteria of the HealthRIght program). All residents will be required to select a primary  
14 caregiver and those failing to select one will have one assigned to them.

15 **27-18.7-18. The basic health plan. --** The commissioner with the advice of the office of  
16 health insurance commissioner, the director of the department of human services, the director of  
17 the department of health, health care professionals, insurance experts, and consumers shall  
18 determine the coverage benefits constituting the basic plan based on their comprehensiveness and  
19 affordability and modeled in part after the RIte Care benefits package. No plan deemed less  
20 comprehensive than the basic plan shall be offered for sale in the State of Rhode Island, but the  
21 insured will have a choice to "buy up" for additional coverage. Any Rhode Island resident  
22 currently insured with a plan deemed sub par to the basic plan will have to upgrade to the basic  
23 plan and shall be eligible for income-based support to do so.

24 **27-18.7-19. Waivers. --** The State of Rhode Island shall seek waivers from the federal  
25 department of health and human services where needed to assure that all funds from, but not  
26 limited to, Medicaid, Medicare, SCHIP, and any funds identified in the federal Health Care  
27 Reform Act of 2010 are integrated into the Rhode Island Health RIght Authority.

28 **27-18.7-20. New funding --** (a) Individuals and/or their families making over four  
29 hundred percent (400%) of the federal poverty limit will be required to purchase health insurance  
30 coverage.

31 (b) All corporations doing business in the State of Rhode Island and employing more than  
32 ten (10) part-time or full-time employees shall be required to demonstrate that they are  
33 contributing to the health of their employees.

34 (c) Employers of ten (10) to ninety-nine (99) employees shall spend at least one dollar

1 and twenty cents (\$1.20) per employee, per hour worked and employers of one hundred (100)  
2 employees or greater shall spend at least one dollar and ninety three cents (\$1.93) per employee,  
3 per hour worked on employee health.

4 (d) Employers can utilize said contributions for their own employee health programs or  
5 they may make the contributions to the Health RRight authority fund for the uninsured.

6 (e) The receipts from employer contributions into the HealthRRight program fund will be  
7 restricted from the general fund and used solely for the purposes of the administration of the  
8 program and the purchase of insurance for uninsured Rhode Islanders.

9 (f) The HealthRRight authority shall be authorized to charge a levy of up to one percent  
10 (1%) of insurance premiums for administration of its functions.

11 SECTION 2. This act shall take effect on January 1, 2011.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO INSURANCE -- THE RHODE ISLAND HEALTH REFORM ACT OF 2010

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- 1 This act would establish a state-sponsored system of universal health care.
- 2 This act would take effect on January 1, 2011.

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