

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT

Introduced By: Representatives A Rice, Aje llo, McNamara, Ferri, and Naughton

Date Introduced: February 25, 2010

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 42 of the General Laws entitled "STATE AFFAIRS AND  
2 GOVERNMENT" is hereby amended by adding thereto the following chapter:

3 CHAPTER 14.6

4 RHODE ISLAND HEALTH INSURANCE ACCESS HUB ACT OF 2010

5 **42-14.6-1. Short Title.** – This chapter shall be known and may be cited as the “Rhode  
6 Island Health Insurance Access Hub Act of 2010.”

7 **42-14.6-2. Creation – Purpose.** – The health insurance commissioner shall, by  
8 September 1, 2010, create a Rhode Island health insurance access hub authority which shall be an  
9 independent public entity not subject to the supervision and control of any other executive office,  
10 department, commission, board, bureau, agency or political subdivision except as specifically  
11 provided in this chapter. The purpose of the authority is to implement the Rhode Island health  
12 insurance access hub, which is to be designed to facilitate the availability, choice and purchase of  
13 private health insurance plans by eligible individuals and groups as described in this section.

14 **42-14.6-3. Definitions.** – As used in this chapter the following words shall have the  
15 following meanings:

16 (1) “Authority” means the Rhode Island health insurance access hub authority.

17 (2) “Board” means the board of the Rhode Island health insurance access hub, established  
18 by this chapter.

19 (3) "Business entity" means a corporation, association, partnership, limited liability

1 company, limited liability partnership or other legal entity.

2 (4) "Carrier" means all entities licensed, or required to be licensed, in this state that offer  
3 health benefit plans in Rhode Island including, but not limited to, nonprofit hospital service  
4 corporations and nonprofit medical service corporations established pursuant to chapters 27-19  
5 and 27-20, and health maintenance organizations established pursuant to chapter 27-41 or as  
6 defined in chapter 42-62, a fraternal benefit society or any other entity subject to state insurance  
7 regulation that provides medical care on the basis of a periodic premium, paid directly or through  
8 an association, trust, or other intermediary, and issued, renewed, or delivered within or without  
9 Rhode Island.

10 (5) "Commissioner" means the health insurance commissioner.

11 (6) "Hub" means the Rhode Island health insurance access hub and shall be referred to as  
12 the "Health Hub of RI."

13 (7) "Rhode Island resident without access to employer sponsored health insurance"  
14 means an individual who is a resident of Rhode Island; provided, however, that the individual is  
15 not offered subsidized health insurance by an employer with more than fifty (50) employees.

16 (8) "Small groups" means groups, any sole proprietorship, labor union, educational  
17 professional, civic, trade, church, not-for-profit or social organization or firms, corporations,  
18 partnerships, or associations actively engaged in business that on at least fifty percent (50%) of its  
19 working days during the preceding year employed at least one but not more than fifty (50)  
20 employees.

21 (9) "Health benefit plan" means any individual, general, blanket or group policy of  
22 health, accident and sickness insurance issued by an insurer licensed to provide such insurance in  
23 Rhode Island including, but not limited to, nonprofit hospital service corporations and nonprofit  
24 medical service corporations established pursuant to chapters 27-19 and 27-20, and health  
25 maintenance organizations established pursuant to chapter 27-41. The commissioner may by  
26 regulation define other health coverage as a health benefit plan for the purposes of this chapter.

27 (10) "Mandated benefits" means a health service or category of health service provider  
28 which a carrier is required by its licensing or other statute to include in its health benefit plan.

29 (11) "Participating institution" means an eligible group that purchases health benefit  
30 plans through the hub.

31 (12) "Premium assistance payment" means a payment made to carriers by the hub.

32 (13) "Rating factor" means characteristics including, but not limited to, age, industry, rate  
33 basis type, geography, wellness program usage or tobacco usage.

34 **42-14.6-4. Board membership. – Duties and powers. –** (a) There shall be a board, with

1 duties and powers established by this chapter, that shall govern the hub. The hub board shall  
2 consist of nine (9) members: one of whom shall be the director of the department of health, ex-  
3 officio, who shall serve as chairperson; one of whom shall be the director of Medicaid, ex-officio;  
4 one of whom shall be the health insurance commissioner, ex-officio; and six (6) members  
5 appointed by the governor, one of whom shall be a member in good standing of the American  
6 Academy of Actuaries; one of whom shall be a health economist; one of whom shall represent the  
7 interests of small businesses; one of whom shall be an employee health benefits plan specialist;  
8 one of whom shall be a representative of a health consumer organization; and one of whom shall  
9 be a representative of organized labor. No appointee may be an employee of any licensed carrier  
10 authorized to do business in Rhode Island. All appointees shall serve a term of three (3) years, but  
11 a person appointed to fill a vacancy shall serve only for the unexpired term. An appointed  
12 member of the board shall be eligible for reappointment. The board shall annually elect one of its  
13 members to serve as vice-chairperson. Each member of the board serving ex-officio may appoint  
14 a designee.

15 (b) Six (6) members of the board shall constitute a quorum, and the affirmative votes of  
16 six (6) members of the board shall be necessary and sufficient for any action taken by the board.  
17 No vacancy in the membership of the board shall impair the right of quorum to exercise all the  
18 rights and duties of the hub. Members shall serve without pay. The chairperson of the board shall  
19 report to the governor and to the general assembly no less than annually.

20 (c) Any action of the hub may take effect immediately and need not be published or  
21 posted unless otherwise provided by law. Meetings of the hub shall be subject to the open  
22 meetings act, chapter 42-46 and records pertaining to the administration of the hub shall be  
23 subject to the public records act, chapter 38-2. All moneys of the hub shall be considered to be  
24 public funds.

25 (d) Not later than July 1, 2011, the board shall contract with an appropriate vendor  
26 through a process consistent with all requirements in state law for public procurement, to develop  
27 and operate a web portal for the online comparison, selection and purchase of health insurance by  
28 Rhode Island residents without access to employer sponsored health insurance and small groups.  
29 The web portal and all insurance products offered through the web portal shall meet all criteria  
30 and follow all policies and procedures established by the hub board.

31 (e) Not later than July 1, 2011, the hub shall begin offering health benefit plans to Rhode  
32 Island residents without access to employer sponsored health insurance and to small groups.

33 (f) The purpose of the board of the hub shall be to implement the Rhode Island health  
34 insurance access hub. The goal of the board is to facilitate the purchase of health care insurance

1 products through the hub at an affordable price by individuals and small groups. For these  
2 purposes, the board is authorized and empowered as follows:

3 (1) To develop a plan of operation for the hub, which shall include, but not be limited to,  
4 the following:

5 (i) Establish procedures for operations of the hub;

6 (ii) Establish the procurement process for subcontracting the web portal and  
7 administration of all insurance product sales;

8 (iii) Establish procedures for the selection of and the seal of approval certification for  
9 health benefit plans to be offered through the hub;

10 (iv) Establish procedures for the enrollment of eligible individuals and groups;

11 (v) Establish procedures for granting an annual certification upon request of a resident  
12 who has sought health insurance coverage through the hub, attesting either that the resident has  
13 purchased creditable health insurance coverage through the hub, for the purposes of complying  
14 with any individual mandate for health insurance coverage imposed by state or federal statute, or  
15 that no health benefit plan which meets the definition of creditable coverage was deemed  
16 affordable by the hub for said individual. The hub shall maintain a list of individuals for whom  
17 such certificates have been granted;

18 (vi) Establish procedures for appeals of eligibility decisions for any health insurance  
19 program developed by the State of Rhode Island for individuals who are below the income level  
20 that would require them to be mandated to purchase health insurance pursuant to any individual  
21 mandate for health insurance coverage imposed by statute;

22 (vii) Establish appeals procedures for any enforcement actions relating to any individual  
23 mandate for health insurance coverage imposed by statute;

24 (viii) Establish a plan for publicizing the existence of the hub and the hub's requirements  
25 and enrollment procedures;

26 (ix) Develop criteria for determining that certain health benefit plans shall no longer be  
27 made available through the hub, and to develop a plan to decertify and remove the seal of  
28 approval from certain health benefit plans; and

29 (x) Develop criteria for plans that may become eligible for premium assistance payments  
30 through any health insurance program developed by the state for individuals who are below the  
31 income level that would require them to be mandated to purchase health insurance pursuant to  
32 any individual mandate for health insurance coverage imposed by statute.

33 (2) To determine eligibility standards for any health insurance program developed by the  
34 state for individuals who are below the income level that would require them to be mandated to

1 purchase health insurance pursuant to any individual mandate for health insurance coverage  
2 imposed by statute.

3 (3) To seek and receive any grant funding from the federal government, departments or  
4 agencies of the state and private foundations.

5 (4) To contract with professional service firms as may be necessary in its judgment, and  
6 to fix their compensation.

7 (5) To develop a system of charges and equitable apportionment of costs of operating the  
8 hub among participating institutions, accounting for its administrative costs and expenses  
9 incurred in the exercise of the powers and duties granted by this chapter.

10 (6) To adopt by-laws for the regulation of its affairs and the conduct of its business.

11 (7) To adopt an official seal and alter the same.

12 (8) To sue and be sued in its own name, plead and be impleaded.

13 (9) To establish lines of credit and establish one or more cash and investment accounts to  
14 receive payments for services rendered, appropriations from the state and for all other business  
15 activity granted by this chapter.

16 (10) To approve the use of its trademarks, brand names, seals, logos and similar  
17 instruments by participating carriers, employers or organizations.

18 (11) To enter into interdepartmental agreements with the department of revenue, the  
19 office of health and human services, the division of insurance and any other state agencies as the  
20 board deems necessary.

21 (12) To create and deliver to the department of revenue a form for the department to  
22 distribute to every person to whom it distributes information regarding personal income tax  
23 liability, including, without limitation, every person who filed a personal income tax return in the  
24 most recent calendar year, informing the recipient of any statutory requirements to establish and  
25 maintain health care coverage.

26 (13) To create for publication, by December 1 of each year, commencing with 2012, the  
27 Rhode Island insurance access hub consumer price schedule for all available insurance products,  
28 and to create for publication the price schedule for all available insurance products in the initial  
29 year of implementation by March 1, 2011 for products to be offered commencing with July 1,  
30 2011.

31 (14) To create for publication, by December 1 of each year, commencing with 2011, a  
32 premium schedule, which, accounting for maximum pricing in all rating factors with an exception  
33 for age, shall include the lowest premium on the market for which an individual would be eligible  
34 for "creditable coverage" as defined by the board and to create for publication an initial premium

1 schedule as described in this subdivision by March 1, 2011, for products to be offered  
2 commencing with July 1, 2011. The schedule shall publish premiums allowing variance for age  
3 and rate basis type. The premium schedule shall be delivered to the department of revenue for  
4 use in establishing compliance with any individual mandate for health insurance coverage  
5 imposed by statute.

6 (15) To publish and review annually, commencing with 2011, affordability guidelines  
7 establishing which insurance cost are affordable for individuals at varying income levels who  
8 may be subject to any individual mandate for health insurance coverage imposed by statute.

9 (16) To define and set by regulation minimum requirements for health plans meeting the  
10 requirement of "creditable coverage" as determined by the board.

11 (17) To establish and evaluate requirements for health insurance plans offered through  
12 the hub with regard to health care delivery network design.

13 (18) To determine the applicability of the reinsurance provisions established in chapter  
14 27-18.5 to any health insurance products for plans that may become eligible for premium  
15 assistance payments through any health insurance program developed by the state for individuals  
16 who are below the income level that would require them to be mandated to purchase health  
17 insurance pursuant to any individual mandate for health insurance coverage imposed by statute or  
18 otherwise offered to individuals through the hub.

19 (19) To determine the applicability of the reinsurance provisions established in section  
20 27-6-50 to any health insurance products for small groups that may be offered through the hub.

21 **42-14.6-5. Authorized health plans.** – (a) After July 1, 2011, health insurance plans that  
22 have been authorized by the commissioner and underwritten by a carrier may be offered through  
23 the hub. Each health plan offered through the hub shall contain a detailed description of benefits  
24 offered, including maximums, limitations, exclusions and other benefit limits. No health plan  
25 shall be offered through the hub that excludes an individual from coverage because of race, color,  
26 religion, national origin, sex, sexual orientation, marital status, health status, personal appearance,  
27 political affiliation, source of income, or age.

28 (b) Plans receiving the hub seal of approval shall meet all requirements of health benefit  
29 plans as defined in the general laws; provided, however, in order to encourage lower cost, high  
30 quality health benefit plans, that plan shall not be required to meet health care delivery network  
31 design provisions in any other law or regulation, and shall be free to contract on a mutually  
32 agreed basis with, or determine not to contract with, any provider for covered services; provided,  
33 however, that the contracted network meets the requirements set forth by the board of the hub.

34 (c) After July 1, 2011, the hub shall be authorized to apply a surcharge to all health

1 benefit plans which shall be used only to pay for administrative and operational expenses of the  
2 hub; provided, however, that such a surcharge shall be applied uniformly to all health benefit  
3 plans offered through the hub. Each carrier participating in the hub shall be required to furnish  
4 such reasonable reports as the board determines necessary to enable the executive director to  
5 carry out his/her duties under this chapter. The board may withdraw a health plan from the hub  
6 only after notice to the carrier.

7 (d) The hub may indemnify or reimburse any person, or his/her personal representative,  
8 for losses or expenses, including legal fees and costs, arising from any claim, actions, proceeding,  
9 award, compromise, settlement or judgment resulting from such person's activities, whether  
10 ministerial or discretionary, as a member, officer or employee of the hub; provided, that the  
11 defense of settlement thereof shall have been made by counsel approved by the hub. The hub  
12 may procure insurance for itself and for its members, officers and employees against liabilities,  
13 losses and expenses which may be incurred by virtue of this section or otherwise. No civil action  
14 hereunder shall be brought more than three (3) years after the date upon which the cause thereof  
15 accrued.

16 (e) Upon dissolution, liquidation or other termination of the hub, all rights and properties  
17 of the hub shall pass to and be vested in the state, subject to the rights of lien holders and other  
18 creditors. In addition, any net earnings of the hub, beyond that necessary for retirement of any  
19 indebtedness or to implement the public purpose or purposes or program of the state, shall not  
20 inure to the benefit of any person other than the state.

21 (f) The hub shall keep an accurate account of all its activities and of all its receipts and  
22 expenditures and shall annually make a report thereof as of the end of its fiscal year, to its board,  
23 to the governor, to the general assembly, and to the auditor general, such reports to be in a form  
24 prescribed by the board with the written approval of the auditor general. The board or the auditor  
25 general may investigate the affairs of the hub, may severally examine the properties and records  
26 of the hub, and may prescribe methods of accounting and the rendering of periodical reports in  
27 relation to projects undertaken by the hub. The hub shall be subject to biennial audit by the  
28 auditor general. No later than two (2) years after the hub begins operations and every year  
29 thereafter, the hub shall conduct a study of the hub and the persons enrolled in the hub, and shall  
30 submit a written report to the governor, the president of the senate, and the speaker of the house  
31 of representatives, on the status and activities of the hub based on data collected in the study. The  
32 report shall also be available to the general public upon request. The study shall review:

33 (1) The operation and administration of the hub, including surveys and reports of health  
34 benefits plans available to eligible individuals and on the experience of the plans. The experience

1 on the plans shall include data on enrollees in the hub and enrollees purchasing health benefit  
2 plans outside of the hub, expenses, claims statistics, complaints data, how the hub met its goals,  
3 and other information deemed pertinent by the hub; and

4 (2) Any significant observations regarding utilization and adoption of the hub.

5 (g) The health insurance commissioner shall promulgate regulations to implement this  
6 section.

7 SECTION 2. 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 create the health insurance access hub, an entity separate and distinct from
- 2 the state, but which would operate as a government agency, whose members would serve without
- 3 pay, to monitor and make available to individuals, private health insurance choices.
- 4           This act would take effect upon passage.

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