

2010 -- S 2542

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- HEALTH INSURANCE
OVERSIGHT

Introduced By: Senators Gallo, P Fogarty, Sosnowski, and DiPalma

Date Introduced: February 11, 2010

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 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. [Contingent effective date; see notes under section 42-**
5 **14.5-1] --** The health insurance commissioner shall have the following powers and duties:

6 (a) To conduct quarterly public meetings throughout the state, separate and distinct from
7 rate hearings pursuant to section 42-62-13, regarding the rates, services and operations of insurers
8 licensed to provide health insurance in the state the effects of such rates, services and operations
9 on consumers, medical care providers, patients, and the market environment in which such
10 insurers operate and efforts to bring new health insurers into the Rhode Island market. Notice of
11 not less than ten (10) days of said hearing(s) shall go to the general assembly, the governor, the
12 Rhode Island Medical Society, the Hospital Association of Rhode Island, the director of health,
13 the attorney general and the chambers of commerce. 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 house of representatives and
17 senate finance committees regarding health care insurance and the regulations, rates, services,
18 administrative expenses, reserve requirements, and operations of insurers providing health

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

9 (c) To establish a consumer/business/labor/medical advisory council to obtain
10 information and present concerns of consumers, business and medical providers affected by
11 health insurance decisions. The council shall develop proposals to allow the market for small
12 business health insurance to be affordable and fairer. The council shall be involved in the
13 planning and conduct of the quarterly public meetings in accordance with subsection (a) above.
14 The advisory council shall develop measures to inform small businesses of an insurance
15 complaint process to ensure that small businesses that experience rate increases in a given year
16 may request and receive a formal review by the department. The advisory council shall assess
17 views of the health provider community relative to insurance rates of reimbursement, billing and
18 reimbursement procedures, and the insurers' role in promoting efficient and high quality health
19 care. The advisory council shall issue an annual report of findings and recommendations to the
20 governor and the general assembly and present their findings at hearings before the house and
21 senate finance committees. The advisory council is to be diverse in interests and shall include
22 representatives of community consumer organizations; small businesses, other than those
23 involved in the sale of insurance products; and hospital, medical, and other health provider
24 organizations. Such representatives shall be nominated by their respective organizations. The
25 advisory council shall be co-chaired by the health insurance commissioner and a community
26 consumer organization or small business member to be elected by the full advisory council.

27 (d) To establish and provide guidance and assistance to a subcommittee ("The
28 Professional Provider-Health Plan Work Group") of the advisory council created pursuant to
29 subsection (c) above, composed of health care providers and Rhode Island licensed health plans.
30 This subcommittee shall include in its annual report and presentation before the house and senate
31 finance committees the following information:

32 (i) A method whereby health plans shall disclose to contracted providers the fee
33 schedules used to provide payment to those providers for services rendered to covered patients;

34 (ii) A standardized provider application and credentials verification process, for the

- 1 purpose of verifying professional qualifications of participating health care providers;
- 2 (iii) The uniform health plan claim form utilized by participating providers;
- 3 (iv) Methods for health maintenance organizations as defined by section 27-41-1, and
4 nonprofit hospital or medical service corporations as defined by chapters 27-19 and 27-20, to
5 make facility-specific data and other medical service-specific data available in reasonably
6 consistent formats to patients regarding quality and costs. This information would help consumers
7 make informed choices regarding the facilities and/or clinicians or physician practices at which to
8 seek care. Among the items considered would be the unique health services and other public
9 goods provided by facilities and/or clinicians or physician practices in establishing the most
10 appropriate cost comparisons.
- 11 (v) All activities related to contractual disclosure to participating providers of the
12 mechanisms for resolving health plan/provider disputes; and
- 13 (vi) The uniform process being utilized for confirming in real time patient insurance
14 enrollment status, benefits coverage, including co-pays and deductibles.
- 15 (vii) Information related to temporary credentialing of providers seeking to participate in
16 the plan's network and the impact of said activity on health plan accreditation;
- 17 (viii) The feasibility of regular contract renegotiations between plans and the providers
18 in their networks;
- 19 (ix) Efforts conducted related to reviewing impact of silent PPOs on physician practices;
- 20 and
- 21 (x) A method whereby health plans shall disclose to health care providers the formularies
22 of prescription drugs covered by the health plans.
- 23 (e) To enforce the provisions of Title 27 and Title 42 as set forth in section 42-14-5(d).
- 24 (f) To provide analysis of the Rhode Island Affordable Health Plan Reinsurance Fund.
25 The fund shall be used to effectuate the provisions of sections 27-18.5-8 and 27-50-17.
- 26 (g) To analyze the impact of changing the rating guidelines and/or merging the
27 individual health insurance market as defined in chapter 27-18.5 and the small employer health
28 insurance market as defined in chapter 27-50 in accordance with the following:
- 29 (i) The analysis shall forecast the likely rate increases required to effect the changes
30 recommended pursuant to the preceding subsection (g) in the direct pay market and small
31 employer health insurance market over the next five (5) years, based on the current rating
32 structure, and current products.
- 33 (ii) The analysis shall include examining the impact of merging the individual and small
34 employer markets on premiums charged to individuals and small employer groups.

1 (iii) The analysis shall include examining the impact on rates in each of the individual
2 and small employer health insurance markets and the number of insureds in the context of
3 possible changes to the rating guidelines used for small employer groups, including: community
4 rating principles; expanding small employer rate bonds beyond the current range; increasing the
5 employer group size in the small group market; and/or adding rating factors for broker and/or
6 tobacco use.

7 (iv) The analysis shall include examining the adequacy of current statutory and
8 regulatory oversight of the rating process and factors employed by the participants in the
9 proposed new merged market.

10 (v) The analysis shall include assessment of possible reinsurance mechanisms and/or
11 federal high-risk pool structures and funding to support the health insurance market in Rhode
12 Island by reducing the risk of adverse selection and the incremental insurance premiums charged
13 for this risk, and/or by making health insurance affordable for a selected at-risk population.

14 (vi) The health insurance commissioner shall work with an insurance market merger task
15 force to assist with the analysis. The task force shall be chaired by the health insurance
16 commissioner and shall include, but not be limited to, representatives of the general assembly, the
17 business community, small employer carriers as defined in section 27-50-3, carriers offering
18 coverage in the individual market in Rhode Island, health insurance brokers and members of the
19 general public.

20 (vii) For the purposes of conducting this analysis, the commissioner may contract with
21 an outside organization with expertise in fiscal analysis of the private insurance market. In
22 conducting its study, the organization shall, to the extent possible, obtain and use actual health
23 plan data. Said data shall be subject to state and federal laws and regulations governing
24 confidentiality of health care and proprietary information.

25 (viii) The task force shall meet as necessary and include their findings in the annual
26 report and the commissioner shall include the information in the annual presentation before the
27 house and senate finance committees.

28 SECTION 2. This act shall take effect on October 1, 2010.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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1 This act would require the professional provider-health plan work group to develop a
2 method whereby health plans would disclose to health care providers the formularies of
3 prescription drugs covered by the health plans.

4 This act would take effect on October 1, 2010.

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