

2024 -- S 2345

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- RHODE ISLAND INDIVIDUAL
MARKET AFFORDABILITY ACT OF 2024

Introduced By: Senators Miller, Ujifusa, DiPalma, Valverde, Lauria, and DiMario

Date Introduced: February 12, 2024

Referred To: Senate Finance

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 157.2

4 RHODE ISLAND INDIVIDUAL MARKET AFFORDABILITY ACT OF 2024

5 **42-157.2-1. Short title and purpose.**

6 (a) This chapter shall be known and may be cited as the "Rhode Island Individual Market
7 Affordability Act of 2024."

8 (b) The purpose of this chapter is to create a state affordability program to reduce out-of-
9 pocket costs for low- and moderate-income consumers enrolled in health insurance coverage
10 through the Rhode Island health benefits exchange.

11 (c) Nothing in this chapter shall be construed as obligating the state to make general
12 revenue appropriations to support the state affordability program.

13 **42-157.2-2. Definitions.**

14 As used in this chapter:

15 (1) "Affordability program" means a program to improve affordability for health care or
16 health insurance coverage as implemented by the board established by § 42-157.2-6.

17 (2) "Assessment" means the health insurance affordability assessment established by § 42-
18 157.2-5.

1 (3) "Board" means the health insurance affordability board established by § 42-157.2-7.

2 (4) "Commissioner" means the commissioner of the office of the health insurance
3 commissioner.

4 (5) "Cost-sharing reduction" means the program set forth in 42 U.S.C. § 18071 by which
5 certain individuals eligible to purchase health insurance coverage through the exchange are entitled
6 to purchase a plan with an adjusted actuarial value to lower out-of-pocket expenses.

7 (6) "Director" means the director of the Rhode Island health benefits exchange.

8 (7) "Exchange" means the Rhode Island health benefits exchange established within the
9 department of administration by § 42-157-1.

10 (8) "Federal poverty line" has the same meaning as "poverty line" as set forth in 42 U.S.C.
11 § 9902(2).

12 (9) "Health insurance carrier" or "carrier" has the same meaning as set forth in § 27-18.5-
13 2.

14 (10) "Health insurance coverage" has the same meaning as set forth in § 27-18.5-2.

15 (11) "Household income" has the same meaning as set forth in 26 U.S.C. § 36B(d)(2).

16 (12) "Individual market" has the same meaning as set forth in § 27-18.5-2.

17 (13) "Office of the health insurance commissioner" means the entity established by § 42-
18 14.5-1 within the department of business regulation.

19 (14) "Premium tax credit" means the refundable tax credit available pursuant to assist
20 certain individuals in purchasing health insurance coverage through the exchange.

21 (15) "Program" means the individual market affordability program established by § 42-
22 157.2-3.

23 (16) "Program fund" or "fund" means the fund established by § 42-157.2-4.

24 (17) "State" means the State of Rhode Island.

25 **42-157.2-3. Establishment of the Rhode Island individual market affordability**
26 **program.**

27 (a) The director is authorized to establish a state-based affordability program, to be known
28 as the Rhode Island individual market affordability program:

29 (1) To provide for improved affordability for individuals who purchase health insurance
30 coverage through the exchange;

31 (2) That is consistent with state and federal law.

32 (b) The program is intended to mitigate the impact of high and rising healthcare costs for
33 low- and middle-income Rhode Islanders who purchase health insurance coverage through the
34 exchange by reducing out-of-pocket costs through expanded affordability programs.

1 (c) The director is authorized, based on recommendations advanced by the board, to
2 implement affordability programs and direct payment to carriers to reduce the cost of health
3 insurance coverage purchased through the exchange, and to improve the actuarial value of health
4 insurance coverage, for individuals determined eligible for state-based subsidies.

5 (d) The director, in consultation with the commissioner, the secretary of the executive
6 office of health and human services, and the Medicaid director, shall collaborate to identify any
7 federal or other external sources of funding for the program, including funding available through
8 the state's existing Section 1115 Medicaid Demonstration Waiver, the state's existing Section 1332
9 State Innovation Waiver, or new funding available under those authorities or any other authority.

10 (1) The director is authorized to apply for and obtain any available identified funding for
11 the program.

12 (2) The secretary of the executive office of health and human services is authorized to apply
13 for, submit, and negotiate any necessary changes to the Medicaid state plan, the state Section 1115
14 Medicaid Demonstration Waiver, or any other necessary authorities in order to facilitate the
15 obtaining of identified funding for the program.

16 **42-157.2-4. Establishment of program fund.**

17 (a) The health insurance individual market affordability fund shall be established to provide
18 funding for the operation and administration of the program in carrying out the purposes of the
19 program under this chapter.

20 (b) The director is authorized to administer the fund.

21 (c) The general assembly may appropriate general revenue to support the annual budget
22 for the program.

23 (d) The fund shall consist of:

24 (1) The assessment established by § 42-157.2-5;

25 (2) Any federal funding obtained to improve affordability under this chapter;

26 (3) Any general revenue appropriated by the general assembly to improve affordability
27 under this chapter; and

28 (4) Any other money from any other source accepted for the benefit of the fund.

29 (e) A restricted receipt account shall be established for the fund which may be used for the
30 purposes set forth in this section and shall be exempt from the indirect cost recovery provisions of
31 § 35-4-27.

32 **42-157.2-5. Health insurance affordability assessment.**

33 Effective for the 2025 calendar year, there is established a health insurance affordability
34 assessment. The assessment amount for 2025 and for each subsequent year shall be set at two

1 percent (2%) of premiums collected by health insurance carriers for health insurance plans issued
2 within the state for coverage during the previous calendar year.

3 **42-157.2-6. Utilization of program fund -- Affordability programs.**

4 (a) The director shall allocate the program fund, pursuant to regulations adopted under this
5 chapter:

6 (1) To provide subsidies to reduce cost sharing for individuals enrolled in health insurance
7 coverage through the exchange who are determined eligible for state subsidies;

8 (2) To provide payments to carriers to increase the affordability of health insurance on the
9 individual market for individuals who receive federal premium tax credits;

10 (3) To provide payments to carriers to increase the affordability of health insurance on the
11 individual market who are over the household income limit, as established by federal law, for
12 federal premium tax credits; and

13 (4) To pay for the actual administrative costs for implementing and administering the
14 program established under this chapter. These actual administrative costs include the following:

15 (i) The costs to implement the market affordability board established by § 42-157.2-7;

16 (ii) The actual costs related to implementing and maintaining the assessment established
17 by § 42-157.2-5;

18 (iii) The costs for conducting analyses necessary to determine the payments to be made to
19 carriers for the purposes described in subsections (a)(1), (a)(2), and (a)(3) of this section; and

20 (iv) Any other costs which accrue to the state traceable to the operation of this program.

21 (b) The program fund shall be allocated as the director, pursuant to recommendations
22 established by the board, determines is best in the interest of advancing consumer affordability,
23 with the following limitations:

24 (1) The director shall appropriate no less than fifty percent (50%) of the program fund
25 toward the subsidies to reduce cost sharing established pursuant to subsection (a)(1) of this section;

26 (2) The director shall appropriate no more of the program fund toward the carrier payments
27 established pursuant to subsection (a)(3) of this section than are appropriated to the carrier
28 payments established pursuant to subsection (a)(2) of this section.

29 **42-157.2-7. Individual market affordability board.**

30 (a) There is hereby created the individual market affordability board, which is responsible
31 for issuing recommendations to the director for the specific terms of the affordability programs
32 established in § 42-157.2-6.

33 (b) The board consists of the following voting members:

34 (1) The director of the exchange or designee;

1 (2) The commissioner of the office of the health insurance commissioner or designee;

2 (3) Eleven (11) additional members as follows:

3 (i) One member employed by a carrier;

4 (ii) One member who is a representative of a statewide association of health benefit plans;

5 (iii) One member representing primary care healthcare providers who does not represent a
6 carrier;

7 (iv) One member who represents a healthcare advocacy organization;

8 (v) One member who is a representative of a business that purchases or otherwise provides
9 health insurance coverage for its employees;

10 (vi) One member who represents a hospital;

11 (vii) Five (5) members who are consumers of healthcare who are not representatives or
12 employees of a hospital, carrier, or other healthcare industry entity. To the extent possible, the
13 governor shall ensure that the consumer members of the board are individuals who lack affordable
14 offers of coverage from their employers and who otherwise struggle to afford to purchase health
15 insurance or who struggle to afford to pay for their healthcare.

16 (c) The members under subsection (b)(3) of this section shall be appointed by the governor
17 and submitted by the governor to the senate, who may within twelve (12) legislative days confirm
18 or reject that appointment. If the senate shall fail for twelve (12) legislative days after the
19 submission to confirm the appointment, the governor shall submit another appointment and so on
20 in like manner until the senate shall confirm the person named by the governor; however, terms of
21 current members of the board of review shall not be altered by this chapter.

22 (d) To the extent possible, the governor shall attempt to appoint board members who reflect
23 the diversity of the state with regard to race, ethnicity, immigration status, income, wealth,
24 disability, and geography.

25 (e) The term of office of the members of the board appointed by the governor is four (4)
26 years, and those members may serve no more than two (2) four (4) year terms

27 (f) In order to ensure staggered terms of office, the initial term of office of the members of
28 the board is:

29 (1) Two (2) years for the members appointed pursuant to subsections (b)(3)(ii), (b)(3)(iii),
30 and (b)(3)(iv) of this section and for three (3) of the members appointed pursuant to subsection
31 (b)(3)(vii) of this section; and

32 (2) Four (4) years for the members appointed pursuant to subsections (b)(3)(ii), (b)(3)(iv),
33 and (b)(3)(vi) of this section and for two (2) of the members appointed pursuant to subsection
34 (b)(3)(vii) of this section.

1 (g) Members of the board appointed by the governor serve at the pleasure of the governor
2 and may be removed by the governor.

3 (h) In the case of a vacancy on the board while the senate is in session, the governor shall
4 appoint a replacement subject to the provisions of subsection (c) of this section. A member who is
5 so appointed to fill a vacancy shall serve the remainder of the unexpired term of the member whose
6 vacancy is being filled.

7 (i) In the case of a vacancy on the board while the senate is not in session, the governor
8 shall appoint a replacement who shall hold office until the beginning of the next session of the
9 senate.

10 (j) Members of the board may be reimbursed for actual and necessary expenses, including
11 any required dependent care and dependent or attendant travel, food, and lodging, while engaged
12 in the performance of official duties of the board.

13 (k) The board shall meet as often as necessary to carry out its duties.

14 (l) The board is authorized to recommend, for approval and establishment by the director
15 by rule:

16 (1) The timing and methodology for assessing and collecting the assessment established by
17 § 42-157.2-5;

18 (2) The distribution of program fund revenues allocated for carrier payments and for
19 subsidies in a manner that best improves affordability for subsidized populations;

20 (3) The parameters, including income limits, for implementing the program and for
21 identifying subsidized populations, including:

22 (i) The coverage required under state-subsidized individual health coverage plans, which
23 coverage shall maximize affordability for qualified individuals;

24 (ii) The criteria and procedures for determining whether an individual is a qualified
25 individual eligible to enroll in a state-subsidized individual health coverage plan; and

26 (iii) The appropriate balance of investment into the subsidies to reduce cost-sharing
27 established in § 42-157.2-6(a)(1) and the premium assistance established in §§ 42-157.2-6(a)(2)
28 and 42-157.2-6(a)(3).

29 **42-157.2-8. Rules and regulations.**

30 (a) The director may promulgate regulations as necessary to carry out the purposes of this
31 chapter.

32 (b) In establishing regulations relating to the parameters of the program, the director shall
33 consider the recommendations of the board and shall explain in writing the reasons for any
34 deviation from the recommendations of the board.

1 SECTION 2. Section 35-4-27 of the General Laws in Chapter 35-4 entitled "State Funds"
2 is hereby amended to read as follows:

3 **35-4-27. Indirect cost recoveries on restricted receipt accounts.**

4 Indirect cost recoveries of ten percent (10%) of cash receipts shall be transferred from all
5 restricted-receipt accounts, to be recorded as general revenues in the general fund. However, there
6 shall be no transfer from cash receipts with restrictions received exclusively: (1) From contributions
7 from nonprofit charitable organizations; (2) From the assessment of indirect cost-recovery rates on
8 federal grant funds; or (3) Through transfers from state agencies to the department of administration
9 for the payment of debt service. These indirect cost recoveries shall be applied to all accounts,
10 unless prohibited by federal law or regulation, court order, or court settlement. The following
11 restricted receipt accounts shall not be subject to the provisions of this section:

- 12 Executive Office of Health and Human Services
- 13 Organ Transplant Fund
- 14 HIV Care Grant Drug Rebates
- 15 Health System Transformation Project
- 16 Rhode Island Statewide Opioid Abatement Account
- 17 HCBS Support-ARPA
- 18 HCBS Admin Support-ARPA
- 19 Department of Human Services
- 20 Veterans' home — Restricted account
- 21 Veterans' home — Resident benefits
- 22 Pharmaceutical Rebates Account
- 23 Demand Side Management Grants
- 24 Veteran's Cemetery Memorial Fund
- 25 Donations — New Veterans' Home Construction
- 26 Department of Health
- 27 Pandemic medications and equipment account
- 28 Miscellaneous Donations/Grants from Non-Profits
- 29 State Loan Repayment Match
- 30 Healthcare Information Technology
- 31 Department of Behavioral Healthcare, Developmental Disabilities and Hospitals
- 32 Eleanor Slater non-Medicaid third-party payor account
- 33 Hospital Medicare Part D Receipts
- 34 RICLAS Group Home Operations

1 Commission on the Deaf and Hard of Hearing
2 Emergency and public communication access account
3 Department of Environmental Management
4 National heritage revolving fund
5 Environmental response fund II
6 Underground storage tanks registration fees
7 De Coppet Estate Fund
8 Rhode Island Historical Preservation and Heritage Commission
9 Historic preservation revolving loan fund
10 Historic Preservation loan fund — Interest revenue
11 Department of Public Safety
12 E-911 Uniform Emergency Telephone System
13 Forfeited property — Retained
14 Forfeitures — Federal
15 Forfeited property — Gambling
16 Donation — Polygraph and Law Enforcement Training
17 Rhode Island State Firefighter’s League Training Account
18 Fire Academy Training Fees Account
19 Attorney General
20 Forfeiture of property
21 Federal forfeitures
22 Attorney General multi-state account
23 Forfeited property — Gambling
24 Department of Administration
25 OER Reconciliation Funding
26 [Health Insurance Individual Market Affordability Fund](#)
27 Health Insurance Market Integrity Fund
28 RI Health Benefits Exchange
29 Information Technology restricted receipt account
30 Restore and replacement — Insurance coverage
31 Convention Center Authority rental payments
32 Investment Receipts — TANS
33 OPEB System Restricted Receipt Account
34 Car Rental Tax/Surcharge-Warwick Share

1 Grants Management Administration
2 RGGI-Executive Climate Change Coordinating Council Projects
3 Executive Office of Commerce
4 Housing Resources Commission Restricted Account
5 Housing Production Fund
6 Department of Revenue
7 DMV Modernization Project
8 Jobs Tax Credit Redemption Fund
9 Legislature
10 Audit of federal assisted programs
11 Department of Children, Youth and Families
12 Children's Trust Accounts — SSI
13 Military Staff
14 RI Military Family Relief Fund
15 RI National Guard Counterdrug Program
16 Treasury
17 Admin. Expenses — State Retirement System
18 Retirement — Treasury Investment Options
19 Defined Contribution — Administration - RR
20 Violent Crimes Compensation — Refunds
21 Treasury Research Fellowship
22 Business Regulation
23 Banking Division Reimbursement Account
24 Office of the Health Insurance Commissioner Reimbursement Account
25 Securities Division Reimbursement Account
26 Commercial Licensing and Racing and Athletics Division Reimbursement Account
27 Insurance Division Reimbursement Account
28 Historic Preservation Tax Credit Account
29 Marijuana Trust Fund
30 Social Equity Assistance Fund
31 Judiciary
32 Arbitration Fund Restricted Receipt Account
33 Third-Party Grants
34 RI Judiciary Technology Surcharge Account

- 1 Department of Elementary and Secondary Education
- 2 Statewide Student Transportation Services Account
- 3 School for the Deaf Fee-for-Service Account
- 4 School for the Deaf — School Breakfast and Lunch Program
- 5 Davies Career and Technical School Local Education Aid Account
- 6 Davies — National School Breakfast & Lunch Program
- 7 School Construction Services
- 8 Office of the Postsecondary Commissioner
- 9 Higher Education and Industry Center
- 10 IGT STEM Scholarships
- 11 Department of Labor and Training
- 12 Job Development Fund
- 13 Rhode Island Council on the Arts
- 14 Governors' Portrait Donation Fund
- 15 Statewide records management system account
- 16 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 -- RHODE ISLAND INDIVIDUAL
MARKET AFFORDABILITY ACT OF 2024

1 This act would create the Rhode Island Individual Market Affordability Act of 2024 to help
2 reduce out-of-pocket costs for low- and moderate-income consumers enrolled in the health
3 insurance exchanges.

4 This act would take effect upon passage.

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