

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- THE RHODE ISLAND HEALTH CARE REFORM ACT OF 2004 -- HEALTH INSURANCE OVERSIGHT

Introduced By: Senators Sosnowski, Pearson, Miller, Valverde, Lauria, and DiMario

Date Introduced: March 05, 2024

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 42-14.5-2 and 42-14.5-2.1 of the General Laws in Chapter 42-14.5
2 entitled "The Rhode Island Health Care Reform Act of 2004 — Health Insurance Oversight" are
3 hereby amended to read as follows:

4 **42-14.5-2. Purpose.**

5 With respect to health insurance as defined in § 42-14-5, the health insurance commissioner
6 shall discharge the powers and duties of office to:

- 7 (1) Guard the solvency of health insurers and the health systems, physicians and advance
8 practice providers impacted by the commissioner's regulation of insurers;
- 9 (2) Protect the interests of consumers. For purposes of this section, "interests" means high
10 quality, accessible, safe and contemporary health systems situated with substantially similar
11 providers, facilities and digital systems of coordination;
- 12 (3) Encourage fair treatment of hospitals and health care providers through the
13 establishment of regional rate parity;
- 14 (4) Encourage policies and developments that improve the quality and efficiency of health
15 care service delivery and outcomes, and which advance health equity, quality, safety and
16 substantially similar facilities and digital systems of coordinated healthcare for all Rhode Islanders;
17 ~~and~~
- 18 (5) View the health care system as a comprehensive entity and encourage and direct

1 insurers towards policies that advance the welfare of the public through overall efficiency,
2 improved health care quality, and appropriate access-; and

3 (6) Encourage through the regulation of payment by insurers to hospitals and physicians
4 and providers, a healthcare market in which consumers enjoy high quality primary care, in-state
5 specialists, and an adequate clinical workforce including, but not limited to, advanced practice
6 providers, nurses, physical therapists, pharmacists, social workers, and other critical caregivers at
7 vacancy rates consistent with the region in which it competes.

8 **42-14.5-2.1. Definitions.**

9 As used in this chapter:

10 (1) “Accountability standards” means measures including service processes, client and
11 population outcomes, practice standard compliance and fiscal integrity of social and human service
12 providers on the individual contractual level and service type for all state contacts of the state or
13 any subdivision or agency to include, but not limited to, the department of children, youth and
14 families (DCYF), the department of behavioral healthcare, developmental disabilities and hospitals
15 (BHDDH), the department of human services (DHS), the department of health (DOH), and
16 Medicaid. This may include mandatory reporting, consolidated, standardized reporting, audits
17 regardless of organizational tax status, and accountability dashboards of aforementioned state
18 departments or subdivisions that are regularly shared with the public.

19 (2) “Executive Office of Health and Human Services (EOHHS)” means the department
20 that serves as “principal agency of the executive branch of state government” (§ 42-7.2-2)
21 responsible for managing the departments and offices of: health (RIDOH), human services (DHS),
22 healthy aging (OHA), veterans services (VETS), children, youth and families (DCYF), and
23 behavioral healthcare, developmental disabilities and hospitals (BHDDH). EOHHS is also
24 designated as the single state agency with authority to administer the Medicaid program in Rhode
25 Island.

26 (3) “Rate review” means the process of reviewing and reporting of specific trending factors
27 that influence the cost of service that informs rate setting.

28 (4) “Rate setting” means the process of establishing rates for social and human service
29 programs that are based on a thorough rate review process.

30 (5) "Region" means Rhode Island, Massachusetts, and Connecticut.

31 (6) "Regional average rate" means the average of rates paid by commercial insurers for
32 hospital, physician, and advanced practice provider healthcare services in Massachusetts and
33 Connecticut.

34 (7) "Regional rate parity" means payment by commercial insurers to hospitals and

1 physicians and advanced practice providers in Rhode Island for healthcare services which is
2 materially equivalent to what commercial insurers in Massachusetts and Connecticut would pay to
3 hospitals and physicians and advanced practice providers in those states for providing the same
4 services.

5 (8) "Rhode Island payment shortfall" means the difference between the total amount paid
6 by commercial insurers to Rhode Island hospitals, physicians and advanced practice providers for
7 their healthcare services and the amount that they would have been paid at the regional average
8 rate.

9 (9) "Social and human service program" means a social, mental health, developmental
10 disability, child welfare, juvenile justice, prevention services, habilitative, rehabilitative, substance
11 use disorder treatment, residential care, adult or adolescent day services, vocational, employment
12 and training, or aging service program or accommodations purchased by the state.

13 ~~(6)~~(10) "Social and human service provider" means a provider of social and human service
14 programs pursuant to a contract with the state or any subdivision or agency to include, but not be
15 limited to, the department of children, youth and families (DCYF), the department of behavioral
16 healthcare, developmental disabilities and hospitals (BHDDH), the department of human services
17 (DHS), the department of health (DOH), and Medicaid.

18 ~~(7)~~(11) "State government and the provider network" refers to the contractual relationship
19 between a state agency or subdivision of a state agency and private companies the state contracts
20 with to provide the network of mandated and discretionary social and human services.

21 SECTION 2. Chapter 42-14.5 of the General Laws entitled "The Rhode Island Health Care
22 Reform Act of 2004 — Health Insurance Oversight" is hereby amended by adding thereto the
23 following section:

24 **42-14.5-3.2. Regional rate parity.**

25 (a) Beginning in 2028, insurers shall be prohibited from entering into contracts with
26 hospitals and physicians and advanced practice providers, which fail to provide for payment of not
27 less than the regional average rate; provided that, up to twenty-five percent (25%) of the available
28 rate increase for hospitals in any year may be comprised of quality incentive payments. No
29 reduction in the rate increase to any hospital based upon quality incentive payments shall carryover
30 from one year to the next.

31 (b) During each of the three (3) years beginning in the first full calendar year after the
32 effective date of this section, insurers shall enter into annual contracts with hospitals and physicians
33 and advanced practice providers providing for pay rate increases equal to at least thirty-three and
34 one-third percent (33.33%) of the Rhode Island payment shortfall plus the rate of healthcare

1 inflation.

2 (c) Beginning in 2028 and at regular intervals, not less frequently than every two (2) years,
3 the commissioner shall update and publish the regional average rate.

4 (d) The commissioner shall rescind any regulation of the commissioner inconsistent with
5 this section and the achievement and maintenance of regional rate parity.

6 (e) Any insurance contract in effect as of the effective date of this section which provides
7 for an increase below the rate required by this section shall be reopened for the purposes of
8 reforming such contract to comply with the requirements of this section.

9 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 -- THE RHODE ISLAND HEALTH
CARE REFORM ACT OF 2004 -- HEALTH INSURANCE OVERSIGHT

1 This act would protect the solvency of health systems, physicians, and advance practice
2 providers and insurers, encourage fair treatment of hospitals and ensure adequate clinical workforce
3 while advancing health equity. This act would further define the healthcare competitive region of
4 Massachusetts, Rhode Island and Connecticut. This act would further establish reporting mandates
5 of a regional average rate based on hospitals, physicians and advanced practice providers in
6 Massachusetts and Connecticut. Lastly, this act would establish a regional parity floor to be
7 achieved over a three (3) year period, whereby hospitals, physicians and advanced practice
8 providers are paid materially equivalent rates to average payment rates in Massachusetts and
9 Connecticut by 2027, while creating contract opener in first year of enactment if rates fall below
10 thirty-three and one-third percent (33.33%) of the regional average rate.

11 This act would take effect upon passage.

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