

2025 -- H 5996

LC001839

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- RHODE ISLAND INDIVIDUAL
MARKET AFFORDABILITY ACT OF 2025

Introduced By: Representatives Speakman, Tanzi, Cotter, Alzate, Kislak, Boylan,
Donovan, and Ajello

Date Introduced: February 28, 2025

Referred To: House 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 2025

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 2025."

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

12 As used in this chapter:

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

15 (2) "Assessment" means the health insurance affordability assessment established by § 42-
16 157.2-5.

17 (3) "Board" means the health insurance affordability board established by § 42-157.2-6.

18 (4) "Commissioner" means the commissioner of the office of the health insurance

1 commissioner.

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

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

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

8 (8) "Federal poverty line" has the same meaning as "poverty line" as set forth in 42 U.S.C.
9 § 9902(2).

10 (9) "Health insurance carrier" or "carrier" has the same meaning as set forth in § 27-18.5-
11 2.

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

13 (11) "Household income" has the same meaning as set forth in 26 U.S.C. § 36B(d)(2) in
14 effect as of January 1, 2025.

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

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

18 (14) "Premium assistance credit amount" has the same meaning as set forth in § 26 USC
19 36(b)(1), effective January 1, 2025.

20 (15) "Premium tax credit" means the refundable tax credit available, pursuant to federal
21 law, to assist certain individuals in purchasing health insurance coverage through the exchange.

22 (16) "Program" means the individual market affordability program established by § 42-
23 157.2-3.

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

25 (18) "State" means the State of Rhode Island.

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

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

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

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

33 (b) The program is intended to mitigate the impact of high and rising healthcare costs for
34 low- and middle-income Rhode Islanders who purchase health insurance coverage through the

1 exchange by reducing out-of-pocket costs through expanded affordability programs.

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

6 (d) In addition to the funding contribution established by § 42-157.2-4, the director, in
7 consultation with the commissioner, the secretary of the executive office of health and human
8 services, and the Medicaid director, shall collaborate to identify any federal or other external
9 sources of funding for the program, including funding available through the state's existing section
10 1115 Medicaid demonstration waiver, the state's existing section 1332 state innovation waiver, or
11 new funding available under those authorities or any other authority.

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

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

18 **42-157.2-4. Establishment of program fund.**

19 (a) There is created within the general fund a restricted receipt account to be known as the
20 “health insurance individual market affordability account”. All money in the account shall be
21 utilized by the exchange to effectuate the provisions of § 42-157.2-3. All money received pursuant
22 to this section shall be deposited into the health insurance individual market affordability account.
23 Funding dedicated exclusively to effectuate the provisions of § 42-157.2-3 and this subsection
24 received by the exchange from sources other than those identified in this section may also be
25 deposited in the health insurance individual market affordability account. The general treasurer is
26 authorized and directed to draw the general treasurer's orders on the account upon receipt of
27 properly authenticated vouchers from the exchange.

28 (b) Beginning July 1, 2025, a portion of the amount collected pursuant to § 42-7.4-3, up to
29 the actual amount expended or projected to be expended for the state for the services described in
30 subsection (a) of this section, less any amount collected in excess of the prior year’s funding
31 requirement as indicated in subsection (c) of this section, shall be deposited in the health insurance
32 individual market affordability account. The funds shall be used solely for the purposes of the
33 health insurance individual market affordability account, and no other.

34 (c) The exchange shall submit to the general assembly an annual report on the program and

1 costs related to the program, on or before February 1 of each year. The exchange shall make
2 available to any entity making a contribution pursuant to § 42-7.4-3, upon its request, detailed
3 information regarding the health insurance individual market affordability program described in
4 subsection (a) of this section and the costs related to those programs. Any funds collected in excess
5 of funds needed to carry out the programs shall be deducted from the subsequent year's funding
6 requirements.

7 (d) The health insurance individual market affordability account shall be exempt from the
8 indirect cost recovery provisions of § 35-4-27.

9 (e) Nothing in this chapter shall be construed as obligating the state to make general
10 revenue appropriations to support the state affordability program.

11 **42-157.2-5. Utilization of program fund -- Affordability programs.**

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

14 (1) To provide payments to carriers to increase the affordability of health insurance on the
15 individual market for individuals who receive federal premium tax credits in the form of
16 supplemental state premium tax credits;

17 (2) To provide payments to carriers to increase the affordability of health insurance on the
18 individual market for individuals who are over the household income limit, as established by federal
19 law, for federal premium tax credits in the form of state premium tax credits;

20 (3) To provide subsidies to reduce cost sharing for individuals enrolled in health insurance
21 coverage through the exchange who are determined eligible for state subsidies; and

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

24 (i) The costs to implement the market affordability board established by § 42-157.2-6;

25 (ii) The actual costs related to implementing and maintaining the program fund established
26 by § 42-157.2-4;

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

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

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

33 (1) For the coverage year beginning January 1, 2026, the director shall rely upon the
34 recommendations advanced by the marketplace coverage affordability work group and summarized

1 in the report delivered to the general assembly entitled “coverage at risk: state actions to keep Rhode
2 Islanders covered” and shall make allocations of the program fund accordingly;

3 (2) In establishing the amount of the program fund:

4 (i) For the year beginning January 1, 2026, and so long as federal premium tax credits
5 remain in place that are no less generous than the federal premium tax credits utilizing the
6 applicable percentages of household income established in the version of 26 U.S.C. 36B(b)(3)(A)(i)
7 in effect on January 1, 2025, the director shall set a total funding amount equal to the greater of:

8 (A) Twenty million dollars (\$20,000,000); or

9 (B) An amount necessary to provide state premium tax credits to enrollees which shall
10 provide a total premium assistance credit amount for each enrollee, including both federal and state
11 premium tax credits, which sets an applicable percentage utilizing the following income tier table
12 in lieu of the income table established in 26 U.S.C. 36B(b)(3)(A)(i):

<u>In the case of household income</u>	<u>The initial premium</u>	<u>The final premium</u>
<u>(expressed as a percent of the</u>	<u>percentage is:</u>	<u>percentage is:</u>
<u>Federal Poverty Line) within</u>		
<u>the following income tier:</u>		
<u>Up to 150.0 percent</u>	<u>0.0</u>	<u>0.0</u>
<u>150.0 percent up to 200.0 percent</u>	<u>0.0</u>	<u>2.0</u>
<u>200.0 percent up to 250.0 percent</u>	<u>2.0</u>	<u>4.0</u>
<u>250.0 percent up to 300.0 percent</u>	<u>4.0</u>	<u>6.0</u>
<u>300.0 percent up to 400.0 percent</u>	<u>6.0</u>	<u>8.5</u>
<u>400.0 percent and higher</u>	<u>8.5</u>	<u>8.5</u>

23 (ii) For the year beginning January 1, 2026, if the federal premium tax credits in place are
24 less generous than those that would exist utilizing the applicable percentages established in the
25 version of 26 U.S.C. 36B(b)(3)(A)(i) in effect on January 1, 2025, the director shall set a total
26 funding amount no lower than forty million dollars (\$40,000,000).

27 (iii) For subsequent years, the director shall set a total funding amount informed by the
28 recommendations of the board established in § 42-157.2-6, but shall not recommend a year-over-
29 year reduction in the total funding amount for the program unless accompanied by a report to the
30 general assembly communicating the decrease along with an explanation of why such a reduction
31 would align with the goal of improved affordability in the individual market.

32 **42-157.2-6. Individual market affordability board.**

33 (a) There is hereby created the individual market affordability board, which is responsible
34 for issuing recommendations to the director for the specific terms of the affordability programs

1 established in § 42-157.2-5.

2 (b) The board shall consist of the following voting members:

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

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

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

6 (i) One member employed by a health insurance carrier;

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

8 (iii) One member representing primary care healthcare providers who does not represent a
9 health insurance carrier;

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

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

13 (vi) One member who represents a hospital;

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

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

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

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

30 (f) In order to ensure staggered terms of office, the initial terms of office of the members
31 of the board are:

32 (1) Two (2) years for the members appointed pursuant to subsections (b)(3)(i), (b)(3)(iii),
33 and (b)(3)(v) of this section and for three (3) of the members appointed pursuant to subsection
34 (b)(3)(vii) of this section; and

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

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

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

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

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

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

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

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

21 (2) The parameters, including income limits, for implementing the program and for
22 identifying subsidized populations, including the appropriate balance between affordability
23 programs and the most effective method to improve the availability and comprehensiveness of
24 coverage to serve the goal of improved consumer access to care across all populations;

25 (m) In formulating recommendations for the year beginning January 1, 2026, the board
26 shall consider the recommendations advanced by the marketplace coverage affordability work
27 group and summarized in the report delivered to the general assembly entitled "coverage at risk:
28 state actions to keep Rhode Islanders covered."

29 **42-157.2-7. 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 Account](#)
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. Sections 42-7.4-3 and 42-7.4-11 of the General Laws in Chapter 42-7.4
17 entitled "The Healthcare Services Funding Plan Act" are hereby amended to read as follows:

18 **42-7.4-3. Imposition of healthcare services funding contribution. [As amended by P.L.**
19 **2024, ch. 423, § 1; See Compiler's Note.]**

20 (a) Each insurer is required to pay the healthcare services funding contribution for each
21 contribution enrollee of the insurer at the time the contribution is calculated and paid, at the rate set
22 forth in this section.

23 (1) Beginning July 1, 2024, the secretary shall set the healthcare services funding
24 contribution each fiscal year in an amount equal to: (i) The child immunization funding requirement
25 described in § 23-1-46; plus (ii) The adult immunization funding requirement described in § 23-1-
26 46; plus (iii) The children's health services funding requirement described in § 42-12-29; plus (iv)
27 The psychiatry resource network funding requirement described in § 23-1-46.1; [plus \(v\) The health](#)
28 [insurance individual market funding requirement described in § 42-157.2-4;](#) and all as divided by;
29 ~~(v)~~[\(vi\)](#) The number of contribution enrollees of all insurers.

30 (2) The contribution set forth herein shall be in addition to any other fees or assessments
31 upon the insurer allowable by law.

32 (b) The contribution shall be paid by the insurer; provided, however, a person providing
33 health benefits coverage on a self-insurance basis that uses the services of a third-party
34 administrator shall not be required to make a contribution for a contribution enrollee where the

1 contribution on that enrollee has been or will be made by the third-party administrator.

2 (c) The secretary shall create a process to facilitate the transition to the healthcare services
3 funding contribution method that: (i) assures adequate funding beginning July 1, 2016, (ii) reflects
4 that funding via the healthcare services funding contribution method initially will be for only a
5 portion of the state’s fiscal year, and (iii) avoids duplicate liability for any insurer that made a
6 payment under the premium assessment method in effect prior to January 1, 2016, for a period for
7 which it would also be liable for a contribution under the healthcare services funding contribution
8 method as described in this chapter.

9 **42-7.4-11. Method of payment and deposit of contribution.**

10 (a) The payments required by this chapter may be made by electronic transfer of monies to
11 the general treasurer.

12 (b) The general treasurer shall take all steps necessary to facilitate the transfer of monies
13 to:

14 (1) The “childhood immunization account” described in § 23-1-45(a) in the amount
15 described in § 23-1-46(a);

16 (2) To the “adult immunization account” described in § 23-1-45(c) in the amount described
17 in § 23-1-46(a);

18 (3) To the “children’s health account” described in § 42-12-29(a) in the amount described
19 in § 42-12-29(b); ~~and~~

20 (4) To the “health insurance individual market affordability account” described in § 42-
21 157.2-4(a) in the amount described in § 42-157.2-4(b); and

22 ~~(5)~~ Any remainder of the payments shall be proportionally distributed to those accounts
23 and credited against the next year’s healthcare services funding contribution.

24 (c) The general treasurer shall provide the secretary with a record of any monies transferred
25 and deposited.

26 SECTION 4. 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 2025

1 This act would create the Rhode Island individual market affordability act of 2025 to help
2 reduce out-of-pocket costs for low- and moderate-income consumers enrolled in health insurance
3 coverage through the Rhode Island health benefits exchange.

4 This act would take effect upon passage.

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