

**2023 -- S 0290 SUBSTITUTE A**

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LC001062/SUB A  
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**STATE OF RHODE ISLAND**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2023**

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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 DiMario, Pearson, LaMountain, Miller, Valverde, Lauria,  
Lawson, Murray, Euer, and Ujifusa

Date Introduced: February 16, 2023

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.**

5           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 § 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 the insurers  
10 operate; and efforts to bring new health insurers into the Rhode Island market. Notice of not less  
11 than ten (10) days of the hearing(s) shall go to the general assembly, the governor, the Rhode Island  
12 Medical Society, the Hospital Association of Rhode Island, the director of health, the attorney  
13 general, and the chambers of commerce. Public notice shall be posted on the department's website  
14 and given in the newspaper of general circulation, and to any entity in writing requesting notice.

15           (b) To make recommendations to the governor and the house of representatives and senate  
16 finance committees regarding healthcare insurance and the regulations, rates, services,  
17 administrative expenses, reserve requirements, and operations of insurers providing health  
18 insurance in the state, and to prepare or comment on, upon the request of the governor or

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

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

26 (d) To establish and provide guidance and assistance to a subcommittee ("the professional-  
27 provider-health-plan work group") of the advisory council created pursuant to subsection (c),  
28 composed of healthcare providers and Rhode Island licensed health plans. This subcommittee shall  
29 include in its annual report and presentation before the house and senate finance committees the  
30 following information:

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

33 (2) A standardized provider application and credentials verification process, for the  
34 purpose of verifying professional qualifications of participating healthcare providers;

1 (3) The uniform health plan claim form utilized by participating providers;

2 (4) Methods for health maintenance organizations, as defined by § 27-41-2, and nonprofit  
3 hospital or medical-service corporations, as defined by chapters 19 and 20 of title 27, to make  
4 facility-specific data and other medical service-specific data available in reasonably consistent  
5 formats to patients regarding quality and costs. This information would help consumers make  
6 informed choices regarding the facilities and clinicians or physician practices at which to seek care.  
7 Among the items considered would be the unique health services and other public goods provided  
8 by facilities and clinicians or physician practices in establishing the most appropriate cost  
9 comparisons;

10 (5) All activities related to contractual disclosure to participating providers of the  
11 mechanisms for resolving health plan/provider disputes;

12 (6) The uniform process being utilized for confirming, in real time, patient insurance  
13 enrollment status, benefits coverage, including co-pays and deductibles;

14 (7) Information related to temporary credentialing of providers seeking to participate in the  
15 plan's network and the impact of the activity on health plan accreditation;

16 (8) The feasibility of regular contract renegotiations between plans and the providers in  
17 their networks; and

18 (9) Efforts conducted related to reviewing impact of silent PPOs on physician practices.

19 (e) To enforce the provisions of title 27 and title 42 as set forth in § 42-14-5(d).

20 (f) To provide analysis of the Rhode Island affordable health plan reinsurance fund. The  
21 fund shall be used to effectuate the provisions of §§ 27-18.5-9 and 27-50-17.

22 (g) To analyze the impact of changing the rating guidelines and/or merging the individual  
23 health insurance market, as defined in chapter 18.5 of title 27, and the small-employer health  
24 insurance market, as defined in chapter 50 of title 27, in accordance with the following:

25 (1) The analysis shall forecast the likely rate increases required to effect the changes  
26 recommended pursuant to the preceding subsection (g) in the direct-pay market and small-employer  
27 health insurance market over the next five (5) years, based on the current rating structure and  
28 current products.

29 (2) The analysis shall include examining the impact of merging the individual and small-  
30 employer markets on premiums charged to individuals and small-employer groups.

31 (3) The analysis shall include examining the impact on rates in each of the individual and  
32 small-employer health insurance markets and the number of insureds in the context of possible  
33 changes to the rating guidelines used for small-employer groups, including: community rating  
34 principles; expanding small-employer rate bonds beyond the current range; increasing the employer

1 group size in the small-group market; and/or adding rating factors for broker and/or tobacco use.

2 (4) The analysis shall include examining the adequacy of current statutory and regulatory  
3 oversight of the rating process and factors employed by the participants in the proposed, new  
4 merged market.

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

9 (6) The health insurance commissioner shall work with an insurance market merger task  
10 force to assist with the analysis. The task force shall be chaired by the health insurance  
11 commissioner and shall include, but not be limited to, representatives of the general assembly, the  
12 business community, small-employer carriers as defined in § 27-50-3, carriers offering coverage in  
13 the individual market in Rhode Island, health insurance brokers, and members of the general public.

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

19 (8) The task force shall meet as necessary and include its findings in the annual report, and  
20 the commissioner shall include the information in the annual presentation before the house and  
21 senate finance committees.

22 (h) To establish and convene a workgroup representing healthcare providers and health  
23 insurers for the purpose of coordinating the development of processes, guidelines, and standards to  
24 streamline healthcare administration that are to be adopted by payors and providers of healthcare  
25 services operating in the state. This workgroup shall include representatives with expertise who  
26 would contribute to the streamlining of healthcare administration and who are selected from  
27 hospitals, physician practices, community behavioral health organizations, each health insurer, and  
28 other affected entities. The workgroup shall also include at least one designee each from the Rhode  
29 Island Medical Society, Rhode Island Council of Community Mental Health Organizations, the  
30 Rhode Island Health Center Association, and the Hospital Association of Rhode Island. In any year  
31 that the workgroup meets and submits recommendations to the office of the health insurance  
32 commissioner, the office of the health insurance commissioner shall submit such recommendations  
33 in a report to the general assembly by January 1. The report shall include the recommendations the  
34 commissioner intends to implement, with supporting rationale. The workgroup shall consider and

1 make recommendations for:

2 (1) Establishing a consistent standard for electronic eligibility and coverage verification.

3 Such standard shall:

4 (i) Include standards for eligibility inquiry and response and, wherever possible, be  
5 consistent with the standards adopted by nationally recognized organizations, such as the Centers  
6 for Medicare and Medicaid Services;

7 (ii) Enable providers and payors to exchange eligibility requests and responses on a system-  
8 to-system basis or using a payor-supported web browser;

9 (iii) Provide reasonably detailed information on a consumer's eligibility for healthcare  
10 coverage; scope of benefits; limitations and exclusions provided under that coverage; cost-sharing  
11 requirements for specific services at the specific time of the inquiry; current deductible amounts;  
12 accumulated or limited benefits; out-of-pocket maximums; any maximum policy amounts; and  
13 other information required for the provider to collect the patient's portion of the bill;

14 (iv) Reflect the necessary limitations imposed on payors by the originator of the eligibility  
15 and benefits information;

16 (v) Recommend a standard or common process to protect all providers from the costs of  
17 services to patients who are ineligible for insurance coverage in circumstances where a payor  
18 provides eligibility verification based on best information available to the payor at the date of the  
19 request of eligibility.

20 (2) Developing implementation guidelines and promoting adoption of the guidelines for:

21 (i) The use of the National Correct Coding Initiative code-edit policy by payors and  
22 providers in the state;

23 (ii) Publishing any variations from codes and mutually exclusive codes by payors in a  
24 manner that makes for simple retrieval and implementation by providers;

25 (iii) Use of Health Insurance Portability and Accountability Act standard group codes,  
26 reason codes, and remark codes by payors in electronic remittances sent to providers;

27 (iv) ~~The~~ [Uniformity in the processing of claims by payors; and the](#) processing of  
28 corrections to claims by providers and payors.

29 (v) A standard payor-denial review process for providers when they request a  
30 reconsideration of a denial of a claim that results from differences in clinical edits where no single,  
31 common-standards body or process exists and multiple conflicting sources are in use by payors and  
32 providers.

33 (vi) Nothing in this section, nor in the guidelines developed, shall inhibit an individual  
34 payor's ability to employ, and not disclose to providers, temporary code edits for the purpose of

1 detecting and deterring fraudulent billing activities. The guidelines shall require that each payor  
2 disclose to the provider its adjudication decision on a claim that was denied or adjusted based on  
3 the application of such edits and that the provider have access to the payor's review and appeal  
4 process to challenge the payor's adjudication decision.

5 (vii) Nothing in this subsection shall be construed to modify the rights or obligations of  
6 payors or providers with respect to procedures relating to the investigation, reporting, appeal, or  
7 prosecution under applicable law of potentially fraudulent billing activities.

8 (3) Developing and promoting widespread adoption by payors and providers of guidelines  
9 to:

10 (i) Ensure payors do not automatically deny claims for services when extenuating  
11 circumstances make it impossible for the provider to obtain a preauthorization before services are  
12 performed or notify a payor within an appropriate standardized timeline of a patient's admission;

13 (ii) Require payors to use common and consistent processes and time frames when  
14 responding to provider requests for medical management approvals. Whenever possible, such time  
15 frames shall be consistent with those established by leading national organizations and be based  
16 upon the acuity of the patient's need for care or treatment. For the purposes of this section, medical  
17 management includes prior authorization of services, preauthorization of services, precertification  
18 of services, post-service review, medical-necessity review, and benefits advisory;

19 (iii) Develop, maintain, and promote widespread adoption of a single, common website  
20 where providers can obtain payors' preauthorization, benefits advisory, and preadmission  
21 requirements;

22 (iv) Establish guidelines for payors to develop and maintain a website that providers can  
23 use to request a preauthorization, including a prospective clinical necessity review; receive an  
24 authorization number; and transmit an admission notification;

25 (v) Require the use of programs that implement prior authorization requirements,  
26 uniformly across payors and utilization review agents, based on stratification of health care  
27 providers' performance and adherence to evidence-based medicine and develop uniform criteria to  
28 select and maintain health care providers in such selective prior authorization programs with the  
29 input of contracted health care providers and/or provider organizations. Such criteria shall be  
30 transparent and easily accessible to contracted providers. Such selective prior authorization  
31 programs shall encourage appropriate adjustments to prior authorization requirements when health  
32 care providers participate in risk-based payment contracts;

33 (vi) Require the review of medical services, including behavioral health services, and  
34 prescription drugs, subject to prior authorization on at least an annual basis, with the input of

1 contracted health care providers and/or provider organizations. Based on this review, require the  
2 revision of prior authorization requirements, including the list of services subject to prior  
3 authorization, based on the prior year's data analytics and up-to-date clinical criteria provided to  
4 the office of the health insurance commissioner by insurers. Any changes to the list of medical  
5 services, including behavioral health services, and prescription drugs requiring prior authorization,  
6 shall be shared via provider-accessible websites, and communicated at least annually to health care  
7 providers;

8 (vii) Improve communication channels between health plans, health care providers, and  
9 patients by:

10 (A) Requiring transparency and easy accessibility of prior authorization requirements,  
11 criteria, rationale, and program changes to contracted health care providers and patients/health plan  
12 enrollees; and

13 (B) Supporting:

14 (I) Timely submission by health care providers of the complete information necessary to  
15 make a prior authorization determination, as early in the process as possible; and

16 (II) Timely notification of prior authorization determinations by health plans to impacted  
17 patients, health plan enrollees, and health care providers, including, but not limited to, ordering  
18 providers, rendering providers, and dispensing pharmacists; and

19 (viii) Increase and strengthen continuity of patient care by:

20 (A) Defining protections for continuity of care during a transition period for patients  
21 undergoing an active course of treatment, when there is a formulary or treatment coverage change  
22 or change of health plan that may disrupt their current course of treatment;

23 (B) Requiring continuity of care for medical services, including behavioral health services,  
24 and prescription medications for patients on appropriate, chronic, stable therapy through  
25 minimizing repetitive prior authorization requirements; and

26 (C) Requiring communication between health care providers, health plans, and patients to  
27 facilitate continuity of care and minimize disruptions in needed treatment.

28 (4) To provide a report to the house and senate, on or before January 1, 2017, with  
29 recommendations for establishing guidelines and regulations for systems that give patients  
30 electronic access to their claims information, particularly to information regarding their obligations  
31 to pay for received medical services, pursuant to 45 C.F.R. § 164.524.

32 (i) To issue an anti-cancer medication report. Not later than June 30, 2014, and annually  
33 thereafter, the office of the health insurance commissioner (OHIC) shall provide the senate  
34 committee on health and human services, and the house committee on corporations, with: (1)

1 Information on the availability in the commercial market of coverage for anti-cancer medication  
2 options; (2) For the state employee's health benefit plan, the costs of various cancer-treatment  
3 options; (3) The changes in drug prices over the prior thirty-six (36) months; and (4) Member  
4 utilization and cost-sharing expense.

5 (j) To monitor the adequacy of each health plan's compliance with the provisions of the  
6 federal Mental Health Parity Act, including a review of related claims processing and  
7 reimbursement procedures. Findings, recommendations, and assessments shall be made available  
8 to the public.

9 (k) To monitor the transition from fee-for-service and toward global and other alternative  
10 payment methodologies for the payment for healthcare services. Alternative payment  
11 methodologies should be assessed for their likelihood to promote access to affordable health  
12 insurance, health outcomes, and performance.

13 (l) To report annually, no later than July 1, 2014, then biannually thereafter, on hospital  
14 payment variation, including findings and recommendations, subject to available resources.

15 (m) Notwithstanding any provision of the general or public laws or regulation to the  
16 contrary, provide a report with findings and recommendations to the president of the senate and the  
17 speaker of the house, on or before April 1, 2014, including, but not limited to, the following  
18 information:

19 (1) The impact of the current, mandated healthcare benefits as defined in §§ 27-18-48.1,  
20 27-18-60, 27-18-62, 27-18-64, similar provisions in chapters 19, 20 and 41 of title 27, and §§ 27-  
21 18-3(c), 27-38.2-1 et seq., or others as determined by the commissioner, on the cost of health  
22 insurance for fully insured employers, subject to available resources;

23 (2) Current provider and insurer mandates that are unnecessary and/or duplicative due to  
24 the existing standards of care and/or delivery of services in the healthcare system;

25 (3) A state-by-state comparison of health insurance mandates and the extent to which  
26 Rhode Island mandates exceed other states benefits; and

27 (4) Recommendations for amendments to existing mandated benefits based on the findings  
28 in (m)(1), (m)(2), and (m)(3) above.

29 (n) On or before July 1, 2014, the office of the health insurance commissioner, in  
30 collaboration with the director of health and lieutenant governor's office, shall submit a report to  
31 the general assembly and the governor to inform the design of accountable care organizations  
32 (ACOs) in Rhode Island as unique structures for comprehensive healthcare delivery and value-  
33 based payment arrangements, that shall include, but not be limited to:

34 (1) Utilization review;



1 (2) Contracting; and

2 (3) Licensing and regulation.

3 (o) On or before February 3, 2015, the office of the health insurance commissioner shall  
4 submit a report to the general assembly and the governor that describes, analyzes, and proposes  
5 recommendations to improve compliance of insurers with the provisions of § 27-18-76 with regard  
6 to patients with mental health and substance use disorders.

7 (p) To work to ensure the health insurance coverage of behavioral health care under the  
8 same terms and conditions as other health care, and to integrate behavioral health parity  
9 requirements into the office of the health insurance commissioner insurance oversight and health  
10 care transformation efforts.

11 (q) To work with other state agencies to seek delivery system improvements that enhance  
12 access to a continuum of mental health and substance use disorder treatment in the state; and  
13 integrate that treatment with primary and other medical care to the fullest extent possible.

14 (r) To direct insurers toward policies and practices that address the behavioral health needs  
15 of the public and greater integration of physical and behavioral healthcare delivery.

16 (s) The office of the health insurance commissioner shall conduct an analysis of the impact  
17 of the provisions of § 27-38.2-1(i) on health insurance premiums and access in Rhode Island and  
18 submit a report of its findings to the general assembly on or before June 1, 2023.

19 (t) To undertake the analyses, reports, and studies contained in this section:

20 (1) The office shall hire the necessary staff and prepare a request for proposal for a qualified  
21 and competent firm or firms to undertake the following analyses, reports, and studies:

22 (i) The firm shall undertake a comprehensive review of all social and human service  
23 programs having a contract with or licensed by the state or any subdivision of the department of  
24 children, youth and families (DCYF), the department of behavioral healthcare, developmental  
25 disabilities and hospitals (BHDDH), the department of human services (DHS), the department of  
26 health (DOH), and Medicaid for the purposes of:

27 (A) Establishing a baseline of the eligibility factors for receiving services;

28 (B) Establishing a baseline of the service offering through each agency for those  
29 determined eligible;

30 (C) Establishing a baseline understanding of reimbursement rates for all social and human  
31 service programs including rates currently being paid, the date of the last increase, and a proposed  
32 model that the state may use to conduct future studies and analyses;

33 (D) Ensuring accurate and adequate reimbursement to social and human service providers  
34 that facilitate the availability of high-quality services to individuals receiving home and

1 community-based long-term services and supports provided by social and human service providers;

2 (E) Ensuring the general assembly is provided accurate financial projections on social and  
3 human service program costs, demand for services, and workforce needs to ensure access to entitled  
4 beneficiaries and services;

5 (F) Establishing a baseline and determining the relationship between state government and  
6 the provider network including functions, responsibilities, and duties;

7 (G) Determining a set of measures and accountability standards to be used by EOHHS and  
8 the general assembly to measure the outcomes of the provision of services including budgetary  
9 reporting requirements, transparency portals, and other methods; and

10 (H) Reporting the findings of human services analyses and reports to the speaker of the  
11 house, senate president, chairs of the house and senate finance committees, chairs of the house and  
12 senate health and human services committees, and the governor.

13 (2) The analyses, reports, and studies required pursuant to this section shall be  
14 accomplished and published as follows and shall provide:

15 (i) An assessment and detailed reporting on all social and human service program rates to  
16 be completed by January 1, 2023, including rates currently being paid and the date of the last  
17 increase;

18 (ii) An assessment and detailed reporting on eligibility standards and processes of all  
19 mandatory and discretionary social and human service programs to be completed by January 1,  
20 2023;

21 (iii) An assessment and detailed reporting on utilization trends from the period of January  
22 1, 2017, through December 31, 2021, for social and human service programs to be completed by  
23 January 1, 2023;

24 (iv) An assessment and detailed reporting on the structure of the state government as it  
25 relates to the provision of services by social and human service providers including eligibility and  
26 functions of the provider network to be completed by January 1, 2023;

27 (v) An assessment and detailed reporting on accountability standards for services for social  
28 and human service programs to be completed by January 1, 2023;

29 (vi) An assessment and detailed reporting by April 1, 2023, on all professional licensed  
30 and unlicensed personnel requirements for established rates for social and human service programs  
31 pursuant to a contract or established fee schedule;

32 (vii) An assessment and reporting on access to social and human service programs, to  
33 include any wait lists and length of time on wait lists, in each service category by April 1, 2023;

34 (viii) An assessment and reporting of national and regional Medicaid rates in comparison

1 to Rhode Island social and human service provider rates by April 1, 2023;

2 (ix) An assessment and reporting on usual and customary rates paid by private insurers and  
3 private pay for similar social and human service providers, both nationally and regionally, by April  
4 1, 2023; and

5 (x) Completion of the development of an assessment and review process that includes the  
6 following components: eligibility; scope of services; relationship of social and human service  
7 provider and the state; national and regional rate comparisons and accountability standards that  
8 result in recommended rate adjustments; and this process shall be completed by September 1, 2023,  
9 and conducted biennially hereafter. The biennial rate setting shall be consistent with payment  
10 requirements established in § 1902(a)(30)(A) of the Social Security Act, 42 U.S.C. §  
11 1396a(a)(30)(A), and all federal and state law, regulations, and quality and safety standards. The  
12 results and findings of this process shall be transparent, and public meetings shall be conducted to  
13 allow providers, recipients, and other interested parties an opportunity to ask questions and provide  
14 comment beginning in September 2023 and biennially thereafter.

15 (3) In fulfillment of the responsibilities defined in subsection (t), the office of the health  
16 insurance commissioner shall consult with the Executive Office of Health and Human Services.

17 (u) Annually, each department (namely, EOHHS, DCYF, DOH, DHS, and BHDDH) shall  
18 include the corresponding components of the assessment and review (i.e., eligibility; scope of  
19 services; relationship of social and human service provider and the state; and national and regional  
20 rate comparisons and accountability standards including any changes or substantive issues between  
21 biennial reviews) including the recommended rates from the most recent assessment and review  
22 with their annual budget submission to the office of management and budget and provide a detailed  
23 explanation and impact statement if any rate variances exist between submitted recommended  
24 budget and the corresponding recommended rate from the most recent assessment and review  
25 process starting October 1, 2023, and biennially thereafter.

26 (v) The general assembly shall appropriate adequate funding as it deems necessary to  
27 undertake the analyses, reports, and studies contained in this section relating to the powers and  
28 duties of the office of the health insurance commissioner.

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

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1           This act would require a workgroup of health care providers and health insurers convened  
2 by the office of the health commissioner, to make recommendations regarding prior authorization  
3 policies.

4           This act would take effect upon passage.

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