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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO INSURANCE - MINIMUM PHYSICIANS' PAYMENT ACT OF 2012

Introduced By: Representative Donald J. Lally

Date Introduced: March 01, 2012

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 27 of the General Laws entitled "INSURANCE" is hereby amended
2 by adding thereto the following chapter:

3 CHAPTER 69.1

4 MINIMUM PHYSICIANS' PAYMENT ACT OF 2012

5 **27-69.1-1. Short title.** – This chapter shall be known, and may be cited as the “Minimum
6 Physicians’ Payment Act of 2012” or “MPPA”.

7 **27-69.1-2. Legislative findings.** – The general assembly hereby finds and declares as
8 follows:

9 (1) Most Rhode Island physicians are paid substantially less by commercial health
10 insurers than are physicians providing the same services in Connecticut and Massachusetts;

11 (2) This payment inequity has made it difficult to recruit and retain physicians in Rhode
12 Island;

13 (3) The inability to recruit and retain sufficient numbers of physicians poses a long-term
14 threat to Rhode Islanders’ ability to access high quality medical care;

15 (4) The federal Medicare program has a well established and generally fair method for
16 determining physician reimbursement;

17 (5) Commercial health insurers in Connecticut and Massachusetts generally reimburse
18 physicians at greater rates than does Medicare; and

19 (6) This chapter is necessary and proper, and constitutes an appropriate exercise of the

1 authority of this state to regulate the delivery of health care services in order to safeguard the
2 public health and safety of Rhode Islanders.

3 **27-69.1-3. Definitions.** – The following words and phrases, when used in this chapter,
4 shall have the meanings given to them in this section unless the context clearly indicates
5 otherwise:

6 (1) “Department” means the Rhode Island department of health.

7 (2) “Eligible physician” means any person licensed as a physician by the department
8 pursuant to chapter 5-37, who is a participating provider in Rhode Island of medical assistance
9 and RIteCare and certifies to the director of the department annually that at least five percent
10 (5%) of the care provided by the physician is free care as defined by the department and provides
11 medical services within a designated medically underserved practice area.

12 (3) “Health care insurer” means a health care insurer whose premiums are paid in whole
13 or in part by employers and as otherwise defined in section 27-20.6-1, including any health care
14 insurer affiliate or third-party administrator interacting with hospitals and enrollees on behalf of
15 such an insurer, but specifically not including the following types of insurance policy:

16 (i) Hospital confinement indemnity;

17 (ii) Disability income;

18 (iii) Accident only;

19 (iv) Long-term care;

20 (v) Medicare supplement;

21 (vi) Limited benefit health;

22 (vii) Specified disease indemnity;

23 (viii) Sickness or bodily injury or death by accident or both;

24 (ix) Other limited benefit policies; and

25 (x) Health care insurance issued or administered by a small health care insurer.

26 (4) “Health care insurer affiliate” means a health care insurer that is affiliated with
27 another entity by either the insurer or entity having a five percent (5%) or greater, direct or
28 indirect, ownership or investment interest in the other through equity, debt or other means.

29 (5) “Medically underserved practice area” means any recognized specialty medical
30 service provided by a licensed physician in accordance with chapter 5-37, that has a population to
31 physician ratio of one per ten thousand (10,000) Rhode Island residents.

32 **27-69.1-4. Designation of a medically underserved practice area.** – The director of the
33 department of health shall designate an area or population group a medically underserved area
34 based upon the ratio set forth in subdivision 69.1-3(5) of this chapter. The director may also take

1 into consideration other factors that may include, but not be limited to, indicators of insufficient
2 capacity to meet existing needs and the average age of the licensed physicians in a medical
3 specialty service. Said designations shall be made within ninety (90) days of enactment of this
4 chapter and shall be reviewed on an annual basis.

5 **27-69.1-5. Minimum payments.** – (a) Health insurers shall reimburse eligible
6 physicians, no less than one hundred forty percent (140%) of what Medicare would pay the
7 physician for providing the same service.

8 (b) Nothing in this chapter shall be construed to prohibit a physician, or the physician's
9 lawful employer, from contracting with a health insurer to receive greater reimbursement than
10 that required under this chapter.

11 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 INSURANCE - MINIMUM PHYSICIANS' PAYMENT ACT OF 2012

1 This act would require health insurers to reimburse physicians no less than one hundred
2 forty percent (140%) of what Medicare would pay the physician for providing the same service.

3 This act would take effect upon passage.

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