

2014 -- H 7540

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO HEALTH AND SAFETY - LICENSING OF HEALTHCARE FACILITIES

Introduced By: Representatives Palangio, Carnevale, Slater, Williams, and Ajello

Date Introduced: February 26, 2014

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1           SECTION 1. Section 23-17-28 of the General Laws in Chapter 23-17 entitled "Licensing  
2 of Health Care Facilities" is hereby amended to read as follows:

3           **23-17-28. Health care cost containment.** -- (a) Each health care facility licensed under  
4 this chapter shall take any action consistent with the continued delivery of quality health care  
5 services that it deems appropriate to reduce, limit, or contain health care costs and improve the  
6 efficiency with which health care services are delivered to the citizens of this state. In furtherance  
7 of these goals, health care facilities licensed under this chapter may, to the extent not inconsistent  
8 with chapter 15 of this title, enter into agreements with other health care facilities, associations of  
9 health care facilities, suppliers, third-party payers, and/or agencies or branches of government  
10 providing, without limitation, for group planning, individual or group expenditure ceilings,  
11 allocation of services and/or specialties, and group purchasing and/or service sharing.

12           **(b) Except as specifically provided in this section, no healthcare facility licensed as a**  
13 **hospital under this chapter, or any affiliate thereof, may compensate an employee who the facility**  
14 **is required to list in United States Internal Revenue Service form 990, Part VII-A (or any**  
15 **successor provision) at a rate of compensation greater than one hundred and ten percent (110%)**  
16 **of the amount determined annually by the director to constitute the northeast regional average**  
17 **compensation level for comparable personnel serving in comparable hospitals (and their**  
18 **affiliates), with facilities' comparability being determined based on the compared facilities' annual**  
19 **collected revenue. Notwithstanding the foregoing, this section shall not apply to any person listed**

1 [in United States Internal Revenue Service form 990, Part VII-A who is a Rhode Island licensed](#)  
2 [healthcare professional, including without limitation, physicians and nurses.](#)

3 SECTION 2. This act shall take effect on October 1, 2014.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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1           This act would cap hospital employees' compensation at a rate not exceeding one hundred  
2    ten percent (110%) of the northeast regional average for comparable personnel at comparable  
3    hospitals. This act would not apply to physicians, nurses or other licensed healthcare personnel.

4           This act would take effect on October 1, 2014.

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