

2017 -- H 5529

LC000397

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

A N A C T

RELATING TO BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES AND HOSPITALS -- SELF-INSURANCE OF DEVELOPMENTAL DISABILITY AGENCIES

Introduced By: Representatives Hull, and Ruggiero

Date Introduced: February 16, 2017

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 40.1 of the General Laws entitled "BEHAVIORAL HEALTHCARE,
2 DEVELOPMENTAL DISABILITIES AND HOSPITALS" is hereby amended by adding thereto
3 the following chapter:

4 CHAPTER 24.6

5 SELF-INSURANCE OF DEVELOPMENTAL DISABILITY AGENCIES

6 **40.1-24.6-1. Definitions.**

7 As used in this chapter:

8 "Developmental disability agency" means any organization that has been established and
9 licensed by the department of behavioral healthcare, developmental disabilities and hospitals for
10 the purpose of providing either employment, vocational support, residential and/or day support
11 services for adults with developmental disabilities in Rhode Island.

12 **40.1-24.6-2. Purpose.**

13 The purpose of this chapter is to authorize operators of developmental disability agencies,
14 acting as a group, to self-insure health care costs for employees, retirees and other beneficiaries
15 and to allow a third-party administrator to administer said program.

16 **40.1-24.6-3. Authorization to self-insure - Establishment of fund.**

17 (a) Operators of developmental disability agencies are hereby authorized and empowered
18 to self-insure health care provided to their employees, and their dependents and their retirees and

1 their dependents and to create and establish a fund for this purpose.

2 (b) The fund shall have an oversight board consisting of a designated representative from
3 each participating developmental disability agency. The oversight board will be responsible for
4 drafting and adopting rules and regulations for the management and operation of the fund,
5 consistent with actuarially sound principles and in accordance with the requirements established
6 in §40.1-24.6-9.

7 **40.1-24.6-4. Obligations of participating entities.**

8 Operators of developmental disability agencies intending to self-insure and participate in
9 the self-insurance fund shall enter into contractual agreement with one another which shall,
10 among other provisions, describe and define each operator's obligations relative to funding,
11 length of commitment, and participation in the program. Such an agreement shall also define and
12 delineate the terms upon which an operator may disaffiliate from the fund and agreement.

13 **40.1-24.6-5. Amount of fund.**

14 Self-insurance funds may be established to insure the health costs of the employees, their
15 covered dependents, and the retirees and their covered dependents, not otherwise insured, to the
16 extent determined by the operators of developmental disability agencies, subject to approval by
17 the oversight board as established in §40.1-24.6-3(b).

18 **40.1-24.6-6. Payment to and from fund.**

19 (a) The self-insurance funds shall be used by the operators of developmental disability
20 agencies as non-lapsing, revolving funds for carrying out the provisions of this chapter.

21 (b) The financial notes and obligations issued by the fund pursuant to the provisions of
22 this chapter will not be deemed to constitute a debt or liability of the state or political subdivision
23 of the state, but will be payable solely from the revenues or assets of the fund.

24 **40.1-24.6-7. Investment of fund.**

25 Funds that are not needed to meet expenses and obligations of self-insurance shall be
26 deposited in a depository bank or may be invested in savings accounts or certificates of
27 commercial or savings banks or trust companies, or in obligations of the United States or its
28 agencies, or in any other short term investments, as would be made by prudent men or women of
29 discretion and intelligence. Investment earnings of the funds are deemed receipts and become
30 assets of the fund subject to the non-lapsing, revolving provisions of §40.1- 24.6-6(a).

31 **40.1-24.6-8. Expenses of operation.**

32 The operators of developmental disability agencies may, in their discretion, and with
33 approval of the oversight board, spend from the funds that which may be necessary for any
34 expenses of self-insurance including administrative, legal, or other service expenses.

1 **40.1-24.6-9. Stop-loss coverage.**

2 Any operator of a developmental disability agency authorized to self-insure health care
3 costs for employees, retirees, and other beneficiaries under this chapter shall participate in a
4 group stop-loss policy provided by a licensed insurance company. This group stop-loss policy
5 coverage shall include a specific deductible stop-loss policy and aggregate stop-loss coverage
6 both of which will apply to the pool of participating developmental disability agencies. Under the
7 specific deductible stop-loss coverage, the licensed insurance carrier will assume liability beyond
8 the specific deductible amount up to the limits of the policy and for the aggregate stop-loss
9 coverage, the licensed insurance carrier will assume all of the claims threshold beyond one
10 hundred twenty five percent (125%) of the expected claims for the policy year, up to the limits of
11 the policy. In addition to stop-loss policy coverage, the oversight board for the group of
12 participating developmental disability agencies shall provide for a reserve of an appropriate
13 amount of funds to cover the estimated cost of claims incurred, but unpaid, during the term of the
14 policy or contract which shall be added to the expected claim level. These funds shall be in
15 addition to funds reserved to cover the claims paid during the term of the policy or contract for
16 payment of health care costs for employees, retirees, and other beneficiaries. Contracts or other
17 documents evidencing stop-loss policy coverage in the amount consistent with this section shall
18 be delivered to the director of the Rhode Island department of administration for their review and
19 approval. The group of developmental disability agencies shall not be authorized to self-insure
20 health care costs for employees, retirees, and other beneficiaries until the director has reviewed
21 and approved the group stop-loss policy coverage as provided in this section.

22 **40.1-24.6-10. Oversight and reporting.**

23 (a) The group of developmental disability agencies and the oversight board shall not be
24 considered an insurance company and shall not be subject to the provisions of the general or
25 public laws of the state of Rhode Island or regulations regarding insurance companies and
26 therefore shall in no way be regulated by the department of business regulation or the office of
27 the health insurance commissioner.

28 (b) The oversight board shall issue an annual financial report that will include, but not be
29 limited to, a list of receipts, expenditures, and balances and the overall financial solvency of the
30 fund to the executive office of health and human services, the department of administration, and
31 the chairman of the joint committee on health care oversight.

32 **40.1-24.6-11. Severability.**

33 If any provision of this chapter or any rule or regulation created under this chapter, or the
34 application of any provision of this chapter to any person or circumstance shall be held invalid by

1 any court of competent jurisdiction, the remainder of the chapter, rule or regulation and the
2 application of such provision to other persons or circumstances shall not be affected thereby. The
3 invalidity of any section or sections or parts of any section of this chapter shall not affect the
4 validity of the remainder of this chapter and to this end the provisions of the chapter are declared
5 to be severable.

6 SECTION 2. This act shall take effect upon passage.

=====
LC000397
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES AND
HOSPITALS -- SELF-INSURANCE OF DEVELOPMENTAL DISABILITY AGENCIES

1 This act would authorize operators of developmental disability agencies, acting as a
2 group, to self-insure health care costs for employees, retirees and other beneficiaries and to allow
3 a third-party administrator to administer said program.

4 This act would take effect upon passage.

=====
LC000397
=====