

2017 -- S 0148 SUBSTITUTE A

LC000475/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

A N A C T

RELATING TO HEALTH AND SAFETY - LICENSING OF HEALTH CARE FACILITIES

Introduced By: Senator Joshua Miller

Date Introduced: February 01, 2017

Referred To: Senate Health & Human Services

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.**

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

13 (b) A charging hospital may not charge a risk-bearing hospital, its affiliates, or the
14 insurer(s) from which the risk-bearing hospital is accepting direct or indirect financial risk, more
15 than the fee for service reimbursement the charging hospital receives from Medicare for the same
16 unduplicated service.

17 (c) As used in this section:

18 (1) "Affiliate" means a legal entity that is in control of, is controlled by or is in common
19 control with, another legal entity.

1 (2) "Charging hospital" means a hospital that is charging a risk-bearing hospital directly
2 or indirectly, including through an arrangement with an insurer, for the cost of an unduplicated
3 service provided at the charging hospital.

4 (3) "Direct or indirect financial risk" means the potential for monetary gain or loss due to
5 variations in reimbursement based on the cost, volume or quality of care, including, but not
6 limited to, payments for unduplicated services provided by an unaffiliated hospital that are based
7 on shared savings, global budgets, per case reimbursement, capitation, parentage of premium,
8 and/or achieving quality or utilization measures.

9 (4) "Insurer" has the same meaning as set forth in §27-18.4-1.

10 (5) "Risk-bearing hospital" means a hospital that has direct or indirect financial risk for
11 one or more unduplicated services provided by a charging hospital.

12 (6) "Unaffiliated hospital" means a hospital that is not an affiliate of another hospital.

13 (7) "Unduplicated service" means a hospital service that is routinely provided at the
14 charging hospital but not at the risk-bearing hospital.

15 (d) The department of health shall have the discretion to penalize violations of this
16 section by either imposing monetary fines on the violating charging hospital not to exceed two
17 hundred percent (200%) of the financial benefit the charging hospital derived from the violation,
18 or assess such sanctions on the violating hospital's license as the department considers
19 appropriate.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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- 1 This act would prohibit a charging hospital from charging a risk-bearing hospital or the
- 2 insurer(s) for the cost of an unduplicated service provided at the charging hospital, more than the
- 3 charging hospital received from Medicare for the same unduplicated services.
- 4 This act would take effect upon passage.

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