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LC005817/SUB A
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- HEALTH CARE--HEALTH
INSURANCE

Introduced By: Senator Joshua Miller

Date Introduced: May 29, 2018

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 42 of the General Laws entitled "STATE AFFAIRS AND
2 GOVERNMENT" is hereby amended by adding thereto the following chapter:

3 CHAPTER 157.1

4 RHODE ISLAND MARKET STABILITY AND REINSURANCE ACT

5 **42-157.1-1. Short title and purpose.**

6 (a) This chapter shall be known and may be cited as the "Rhode Island Market Stability
7 and Reinsurance Act."

8 (b) The purpose of this chapter is to authorize the director to create the Rhode Island
9 reinsurance program to stabilize health insurance rates and premiums in the individual market and
10 provide greater financial certainty to consumers of health insurance in this state.

11 (c) Nothing in this chapter shall be construed as obligating the state to appropriate funds
12 or make payments to carriers.

13 **42-157.1-2. Definitions.**

14 As used in this chapter:

15 (1) "Director" means the director of the Rhode Island health benefits exchange.

16 (2) "Exchange" means the Rhode Island health benefits exchange established within the
17 department of administration by § 42-157-1.

18 (3) "Health insurance carrier" or "carrier" has the same meaning as it does in § 27-18.5-2.

1 (4) "Health insurance coverage" has the same meaning as it does in § 27-18.5-2.

2 (5) "Individual market" has the same meaning as it does in §27-18.5-2.

3 (6) "Office of the health insurance commissioner" means the entity established by § 42-
4 14.5-1 within the department of business regulation.

5 (7) "Program" means the Rhode Island reinsurance program established by § 42-157.1-3.

6 (8) "Program fund" or "fund" means the fund established by § 42-157.1-5.

7 (9) "State" means the state of Rhode Island.

8 **42-157.1-3. Establishment of the Rhode Island reinsurance program.**

9 (a) The director is authorized to establish and implement a state-based reinsurance
10 program, to be known as the Rhode Island reinsurance program:

11 (1) To provide reinsurance to carriers that offer health insurance coverage on the
12 individual market in the state;

13 (2) That meets the requirements of a waiver approved under 42 U.S.C. § 18052; and

14 (3) That is consistent with state and federal law.

15 (b) The program is intended to mitigate the impact of high-risk individuals on health
16 insurance rates offered in the individual insurance market on and off of the exchange.

17 (c) The director is authorized to establish reinsurance payment parameters for calendar
18 year 2020 and each subsequent calendar year that include:

19 (1) An attachment point;

20 (2) A coinsurance rate; and

21 (3) A coinsurance cap.

22 (d) Carriers must provide the exchange and the office of the health insurance
23 commissioner with data the director prescribes by rules and regulations as necessary to determine
24 reinsurance payments in a time and manner determined by the director.

25 (e) The director may alter the parameters established in accordance with §§ 42-157.1-3(c)
26 and 42-157.1-3 (d) as necessary to secure federal approval for a waiver submitted in accordance
27 with § 42-157.1-6.

28 **42-157.1-4. Powers of the director.**

29 (a) The director may:

30 (1) Contract with the federal government or another unit of government to ensure
31 coordination of the program;

32 (2) Apply for any available federal funding for the program;

33 (3) Undertake, directly or through contracts with other persons or entities, studies or
34 demonstration programs to develop awareness of the benefits of this chapter; and

1 (4) Formulate general policy and adopt rules and regulations that are reasonably
2 necessary to administer this chapter, including regulations establishing a reinsurance program to
3 mitigate the impact of high-risk individuals on health insurance rates.

4 **42-157.1-5. Establishment of program fund.**

5 (a) A fund shall be established to provide funding for the operation and administration of
6 the program in carrying out the purposes of the program under this chapter.

7 (b) The director is authorized to administer the fund.

8 (c) The fund shall consist of:

9 (1) Any pass-through funds received from the federal government under a waiver
10 approved under 42 U.S.C. § 18052;

11 (2) Any funds designated by the federal government to provide reinsurance to carriers
12 that offer individual health benefit plans in the state;

13 (3) Any funds designated by the state to provide reinsurance to carriers that offer
14 individual health benefit plans in the state; and

15 (4) Any other money from any other source accepted for the benefit of the fund.

16 (d) Nothing in this chapter shall be construed as obligating the state to appropriate funds
17 or make payments to carriers.

18 **42-157.1-6. State innovation waiver.**

19 In accordance with § 42-157-5, the director may apply to the United States Secretary of
20 Health and Human Services under 42 U.S.C. § 18052, for a state innovation waiver to implement
21 the program and seek federal pass-through funding for calendar years beginning January 1, 2020,
22 and future years, to maximize federal funding.

23 **42-157.1-7. Program contingent on federal waiver and appropriation of state**
24 **funding.**

25 If the state innovation waiver request in § 42-157.1-6 is not approved, the director shall
26 not implement the program or provide reinsurance payments to eligible carriers.

27 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 -- HEALTH CARE--HEALTH
INSURANCE

1 This act would establish the Rhode Island reinsurance program that will provide
2 reinsurance to insurance carriers that offer health insurance coverage on the individual market, to
3 mitigate the impact of high-risk individuals on health insurance rates. The director of the Rhode
4 Island health benefits exchange would be authorized to establish payment parameters for this
5 program.

6 This act would take effect upon passage.

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