

2025 -- H 5463

LC000992

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- OFFICE OF HEALTH AND HUMAN SERVICES

Introduced By: Representatives Stewart, Potter, Cruz, Cotter, Kislak, Tanzi, and Handy

Date Introduced: February 12, 2025

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. The intent of this legislation is to protect Rhode Islanders and the state
2 Medicaid program from high prescription drug costs by requiring greater pharmacy benefit
3 manager (PBM) transparency and accountability.

4 SECTION 2. Section 42-7.2-5 of the General Laws in Chapter 42-7.2 entitled "Office of
5 Health and Human Services" is hereby amended to read as follows:

6 **42-7.2-5. Duties of the secretary.**

7 The secretary shall be subject to the direction and supervision of the governor for the
8 oversight, coordination, and cohesive direction of state-administered health and human services
9 and in ensuring the laws are faithfully executed, notwithstanding any law to the contrary. In this
10 capacity, the secretary of the executive office of health and human services (EOHHS) shall be
11 authorized to:

12 (1) Coordinate the administration and financing of healthcare benefits, human services, and
13 programs including those authorized by the state's Medicaid section 1115 demonstration waiver
14 and, as applicable, the Medicaid state plan under Title XIX of the U.S. Social Security Act.
15 However, nothing in this section shall be construed as transferring to the secretary the powers,
16 duties, or functions conferred upon the departments by Rhode Island public and general laws for
17 the administration of federal/state programs financed in whole or in part with Medicaid funds or
18 the administrative responsibility for the preparation and submission of any state plans, state plan

1 amendments, or authorized federal waiver applications, once approved by the secretary.

2 (2) Serve as the governor's chief advisor and liaison to federal policymakers on Medicaid
3 reform issues as well as the principal point of contact in the state on any such related matters.

4 (3)(i) Review and ensure the coordination of the state's Medicaid section 1115
5 demonstration waiver requests and renewals as well as any initiatives and proposals requiring
6 amendments to the Medicaid state plan or formal amendment changes, as described in the special
7 terms and conditions of the state's Medicaid section 1115 demonstration waiver with the potential
8 to affect the scope, amount, or duration of publicly funded healthcare services, provider payments
9 or reimbursements, or access to or the availability of benefits and services as provided by Rhode
10 Island general and public laws. The secretary shall consider whether any such changes are legally
11 and fiscally sound and consistent with the state's policy and budget priorities. The secretary shall
12 also assess whether a proposed change is capable of obtaining the necessary approvals from federal
13 officials and achieving the expected positive consumer outcomes. Department directors shall,
14 within the timelines specified, provide any information and resources the secretary deems necessary
15 in order to perform the reviews authorized in this section.

16 (ii) Direct the development and implementation of any Medicaid policies, procedures, or
17 systems that may be required to assure successful operation of the state's health and human services
18 integrated eligibility system and coordination with HealthSource RI, the state's health insurance
19 marketplace.

20 (iii) Beginning in 2015, conduct on a biennial basis a comprehensive review of the
21 Medicaid eligibility criteria for one or more of the populations covered under the state plan or a
22 waiver to ensure consistency with federal and state laws and policies, coordinate and align systems,
23 and identify areas for improving quality assurance, fair and equitable access to services, and
24 opportunities for additional financial participation.

25 (iv) Implement service organization and delivery reforms that facilitate service integration,
26 increase value, and improve quality and health outcomes.

27 (4) Beginning in 2020, prepare and submit to the governor, the chairpersons of the house
28 and senate finance committees, the caseload estimating conference, and to the joint legislative
29 committee for health-care oversight, by no later than September 15 of each year, a comprehensive
30 overview of all Medicaid expenditures outcomes, administrative costs, and utilization rates. The
31 overview shall include, but not be limited to, the following information:

32 (i) Expenditures under Titles XIX and XXI of the Social Security Act, as amended;

33 (ii) Expenditures, outcomes, and utilization rates by population and sub-population served
34 (e.g., families with children, persons with disabilities, children in foster care, children receiving

1 adoption assistance, adults ages nineteen (19) to sixty-four (64), and elders);

2 (iii) Expenditures, outcomes, and utilization rates by each state department or other
3 municipal or public entity receiving federal reimbursement under Titles XIX and XXI of the Social
4 Security Act, as amended;

5 (iv) Expenditures, outcomes, and utilization rates by type of service and/or service
6 provider;

7 (v) Expenditures by mandatory population receiving mandatory services and, reported
8 separately, optional services, as well as optional populations receiving mandatory services and,
9 reported separately, optional services for each state agency receiving Title XIX and XXI funds; and

10 (vi) Information submitted to the Centers for Medicare & Medicaid Services for the
11 mandatory annual state reporting of the Core Set of Children's Health Care Quality Measures for
12 Medicaid and Children's Health Insurance Program, behavioral health measures on the Core Set of
13 Adult Health Care Quality Measures for Medicaid and the Core Sets of Health Home Quality
14 Measures for Medicaid to ensure compliance with the Bipartisan Budget Act of 2018, Pub. L. No.
15 115-123.

16 The directors of the departments, as well as local governments and school departments,
17 shall assist and cooperate with the secretary in fulfilling this responsibility by providing whatever
18 resources, information and support shall be necessary.

19 (5) Resolve administrative, jurisdictional, operational, program, or policy conflicts among
20 departments and their executive staffs and make necessary recommendations to the governor.

21 (6) Ensure continued progress toward improving the quality, the economy, the
22 accountability, and the efficiency of state-administered health and human services. In this capacity,
23 the secretary shall:

24 (i) Direct implementation of reforms in the human resources practices of the executive
25 office and the departments that streamline and upgrade services, achieve greater economies of scale
26 and establish the coordinated system of the staff education, cross-training, and career development
27 services necessary to recruit and retain a highly-skilled, responsive, and engaged health and human
28 services workforce;

29 (ii) Encourage EOHHS-wide consumer-centered approaches to service design and delivery
30 that expand their capacity to respond efficiently and responsibly to the diverse and changing needs
31 of the people and communities they serve;

32 (iii) Develop all opportunities to maximize resources by leveraging the state's purchasing
33 power, centralizing fiscal service functions related to budget, finance, and procurement,
34 centralizing communication, policy analysis and planning, and information systems and data

1 management, pursuing alternative funding sources through grants, awards, and partnerships and
2 securing all available federal financial participation for programs and services provided EOHHS-
3 wide;

4 (iv) Improve the coordination and efficiency of health and human services legal functions
5 by centralizing adjudicative and legal services and overseeing their timely and judicious
6 administration;

7 (v) Facilitate the rebalancing of the long-term system by creating an assessment and
8 coordination organization or unit for the expressed purpose of developing and implementing
9 procedures EOHHS-wide that ensure that the appropriate publicly funded health services are
10 provided at the right time and in the most appropriate and least restrictive setting;

11 (vi) Strengthen health and human services program integrity, quality control and
12 collections, and recovery activities by consolidating functions within the office in a single unit that
13 ensures all affected parties pay their fair share of the cost of services and are aware of alternative
14 financing;

15 (vii) Assure protective services are available to vulnerable elders and adults with
16 developmental and other disabilities by reorganizing existing services, establishing new services
17 where gaps exist, and centralizing administrative responsibility for oversight of all related
18 initiatives and programs.

19 (7) Prepare and integrate comprehensive budgets for the health and human services
20 departments and any other functions and duties assigned to the office. The budgets shall be
21 submitted to the state budget office by the secretary, for consideration by the governor, on behalf
22 of the state's health and human services agencies in accordance with the provisions set forth in §
23 35-3-4.

24 (8) Utilize objective data to evaluate health and human services policy goals, resource use
25 and outcome evaluation and to perform short and long-term policy planning and development.

26 (9) Establishment of an integrated approach to interdepartmental information and data
27 management that complements and furthers the goals of the unified health infrastructure project
28 initiative and that will facilitate the transition to a consumer-centered integrated system of state-
29 administered health and human services.

30 (10) At the direction of the governor or the general assembly, conduct independent reviews
31 of state-administered health and human services programs, policies and related agency actions and
32 activities and assist the department directors in identifying strategies to address any issues or areas
33 of concern that may emerge thereof. The department directors shall provide any information and
34 assistance deemed necessary by the secretary when undertaking such independent reviews.

1 (11) Provide regular and timely reports to the governor and make recommendations with
2 respect to the state's health and human services agenda.

3 (12) Employ such personnel and contract for such consulting services as may be required
4 to perform the powers and duties lawfully conferred upon the secretary.

5 (13) Assume responsibility for complying with the provisions of any general or public law
6 or regulation related to the disclosure, confidentiality, and privacy of any information or records,
7 in the possession or under the control of the executive office or the departments assigned to the
8 executive office, that may be developed or acquired or transferred at the direction of the governor
9 or the secretary for purposes directly connected with the secretary's duties set forth herein.

10 (14) Hold the director of each health and human services department accountable for their
11 administrative, fiscal, and program actions in the conduct of the respective powers and duties of
12 their agencies.

13 (15) Identify opportunities for inclusion with the EOHHS' October 1, 2023 budget
14 submission, to remove fixed eligibility thresholds for programs under its purview by establishing
15 sliding scale decreases in benefits commensurate with income increases up to four hundred fifty
16 percent (450%) of the federal poverty level. These shall include but not be limited to, medical
17 assistance, childcare assistance, and food assistance.

18 (16) Ensure managed care organizations ("MCOs") and pharmacy benefit managers
19 ("PBMs") working for the Rhode Island Medicaid program are transparent, do not increase
20 unnecessary costs for the Rhode Island Medicaid program and patients, and demonstrate that they
21 improve patient health outcomes, by:

22 (i) Requiring contracts with MCOs ensure PBMs:

23 (A) Cease activities that result in spread pricing, a payment model where the PBM charges
24 a health plan more than it reimburses the pharmacy for a prescription drug and retains the
25 difference;

26 (B) Use pass-through pricing, a payment model where the PBM charges the health plan or
27 insurer the same amount it reimburses the pharmacy, with no additional profit margin, and retains
28 only a pre-determined administrative fee;

29 (C) Prohibit discriminatory treatment of non-affiliated pharmacies and pharmacists;

30 (D) Cease utilization management processes, including prior authorizations, step therapy
31 and non-medical drug switching, that delay, reduce or prevent medically necessary care;

32 (E) Ensure enrollee benefits result from discounts, price reductions, or other financial
33 incentives provided to PBMs by drug manufacturers including, but not limited to, rebates for
34 formulary placements; and

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(F) Provide information and documents that permit enforcement of this subsection to EOHHS.

(ii) Analyzing and making recommendations to the governor and the general assembly by January 1, 2026 about:

(A) Creating a single Medicaid PBM;

(B) Carving out pharmacy benefits from the managed care program;

(C) Adopting a Medicaid uniform preferred prescription drug list (PDL); and

(D) Removing MCOs and moving to a Connecticut-style Medicaid program.

(iii) Promulgating rules and regulations, and employing staff and independent contractors familiar with pharmacy benefit managers' operations and finances to implement and enforce this section; and imposing civil fines up to ten thousand dollars (\$10,000) per violation and taking any other enforcement action not prohibited by law. This subsection does not limit the attorney general from taking any actions against PBMs. EOHHS may consult with OHIC, the commissioner of insurance, DBR and other state authorities to ensure effective MCO and PBM oversight.

SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO STATE AFFAIRS AND GOVERNMENT -- OFFICE OF HEALTH AND
HUMAN SERVICES

1 This act would set controls on Medicaid prescription drug costs by imposing transparency
2 and accountability requirements on managed care organizations (MCOs) and their pharmacy benefit
3 managers (PBMs).

4 This act would take effect upon passage.

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