

2009 -- S 0711

LC02081

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2009

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT

Introduced By: Senators Miller, Perry, Sosnowski, Connors, and C Levesque

Date Introduced: February 26, 2009

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 14.6

4 RHODE ISLAND HEALTH INSURANCE HUB ACT OF 2009

5 **42-14.6-1. Short Title.** – This chapter shall be known and may be cited as the “Rhode
6 Island Health Insurance Hub Act of 2009.”

7 **42-14.6-2. Creation - Purpose.** – (a) There is authorized, created, and established a
8 public corporation of the state having a distinct legal existence from the state and not constituting
9 a department of state government, which is a governmental agency and public instrumentality of
10 the state, to be known as the “Rhode Island Health Insurance Hub,” and which may be referred to
11 as the “Health Hub,” with those powers that are set forth in this chapter, for the purposes of
12 implementing the Rhode Island health insurance hub, the purpose of which is to facilitate the
13 availability, choice and adoption of private health insurance plans to eligible individuals and
14 groups as described in this section.

15 (b) The exercise by the corporation of the powers conferred by this chapter shall be
16 deemed and held to be the performance of an essential governmental function of the state for
17 public purposes. It is the intent of the general assembly by the passage of this chapter to vest in
18 the corporation all powers, authority, rights, privileges, and titles which may be necessary to
19 enable it to accomplish the purposes herein set forth, and this chapter and the powers granted

1 hereby shall be liberally construed in conformity with those purposes.

2 (c) The corporation and its corporate existence shall continue until terminated by law or
3 until the corporation shall cease entirely and continuously to conduct or be involved in any
4 business whatsoever in furtherance of its purposes; provided, that no termination shall take effect,
5 so long as the corporation shall have bonds, notes, or other obligations outstanding, unless
6 adequate provision shall have been made for the payment thereof pursuant to the documents
7 securing the obligations or to the terminating law. Upon termination of the existence of the
8 corporation, all of its rights and properties shall pass to and be vested in the state. At no time shall
9 the assets or other property of the corporation inure to the benefit of any person or other
10 corporation or entity.

11 **42-14.6-3. Definitions.** – As used in this section the following words shall have the
12 following meanings:

13 (1) “Health Hub” means the Rhode Island health insurance hub.

14 (2) “Board” means the board of the Rhode Island health insurance hub, established by
15 this chapter.

16 (3) “Carrier” means all entities licensed, or required to be licensed, in this state that offer
17 health benefit plans in Rhode Island including, but not limited to, nonprofit hospital service
18 corporations and nonprofit medical service corporations established pursuant to chapters 27-19
19 and 27-20, and health maintenance organizations established pursuant to chapter 27-41 or as
20 defined in chapter 42-62, a fraternal benefit society or any other entity subject to state insurance
21 regulation that provides medical care on the basis of a periodic premium, paid directly or through
22 an association, trust, or other intermediary, and issued, renewed, or delivered within or without
23 Rhode Island.

24 (4) “Commissioner” means the health insurance commissioner.

25 (5) “Health insurance plan” means any individual, general, blanket or group policy of
26 health, accident and sickness insurance issued by an insurer licensed to provide such insurance in
27 Rhode Island including, but not limited to, nonprofit hospital service corporations and nonprofit
28 medical service corporations established pursuant to chapters 27-19 and 27-20, and health
29 maintenance organizations established pursuant to chapter 27-41. The commissioner may by
30 regulation define other health coverage as a health benefit plan for the purposes of this chapter.

31 (6) “Mandated benefits” means a health service or category of health service provider
32 which a carrier is required by its licensing or other statute to include in its health benefit plan.

33 **42-14.6-4. Board membership. – duties and powers.-** (a) There shall be a board, with
34 duties and powers established by this section, that shall govern the health hub. The hub board

1 shall consist of nine (9) members: one of whom shall be the secretary of health and human
2 services, ex-officio, who shall serve as chairperson; one of whom shall be the director of
3 Medicaid , ex-officio; one of whom shall be the health insurance commissioner, ex-officio, and
4 six (6) members appointed by the governor, one of whom shall be a member in good standing of
5 the American Academy of Actuaries, one of whom shall be a health economist, one of whom
6 shall represent the interests of small businesses, one of whom shall be an employee health
7 benefits plan specialist, one of whom shall be a representative of a health consumer organization,
8 and one of whom shall be a representative of organized labor. No appointee may be an employee
9 of any licensed carrier authorized to do business in Rhode Island. All appointments shall serve a
10 term of three (3) years, but a person appointed to fill a vacancy shall serve only for the unexpired
11 term. An appointed member of the board shall be eligible for reappointment. The board shall
12 annually elect one of its members to serve as vice-chairperson. Each member of the board serving
13 ex-officio may appoint a designee.

14 (b) Six (6) members of the board shall constitute a quorum, and the affirmative votes of
15 six (6) members of the board shall be necessary and sufficient for any action taken by the board.
16 No vacancy in the membership of the board shall impair the right of quorum to exercise all the
17 rights and duties of the health hub. Members shall serve without pay. The chairperson of the
18 board shall report to the governor and to the general assembly no less than annually.

19 (c) Meetings of the hub shall be subject to the open meetings act, chapter 42-46 and
20 records pertaining to the administration of the health hub shall be subject to the public records
21 act, chapter 38-2.

22 (d) The purpose of the board of the health hub shall be to plan and implement the Rhode
23 Island health insurance hub. The goal of the board is to facilitate the purchase of health insurance
24 plans at an affordable price by individuals and groups. For these purposes, the board is authorized
25 and empowered as follows:

26 (1) Establish standards for the health insurance plans that will be approved to be
27 displayed on a health hub sponsored consumer resource website for offer to individuals and
28 groups with fifty (50) or fewer employees;

29 (2) Establish standards for the elements of a minimum basic health insurance plan that
30 will be approved to be displayed on the health hub sponsored website for offer to individuals and
31 group with fifty (50) or fewer employees, including an examination of mandated benefits as they
32 relate to affordability. Health insurance plans that exceed the requirements for the minimum basic
33 health insurance plan may be approved to be displayed on the health hub sponsored website for
34 offer to individuals and groups with fifty (50) or fewer employees, however health insurance

1 plans that do not meet the minimum standards may not be approved for display on the health hub
2 sponsored website;

3 (3) Establish procedures for the determination of what constitutes an “affordable” health
4 insurance plan for individuals at all income levels, expressed as a proportion of income;

5 (4) Establish a health hub sponsored website that displays comprehensive comparative
6 information about the costs and coverage of all health insurance plans that have been approved
7 for display on the health hub sponsored website for offer to individuals and groups with fifty (50)
8 or fewer employees. This consumer resource website shall be hosted by the vendor that has the
9 contract to host and design the official website of the state of Rhode Island and the costs of
10 establishing this consumer resource website shall be defrayed by the assessment of a service
11 charge on the sale of each health insurance plan that is purchased after clicking through the
12 website to purchase from the offeror of the health insurance plan. All health insurance plans
13 offered for purchase in Rhode Island by individuals and groups of fewer than fifty (50)
14 employees must be approved for display on the health hub sponsored website and must be
15 available for direct purchase by clicking through that consumer resource website to purchase
16 directly from the plan offeror.

17 (5) Develop criteria for determining that certain health benefit plans shall no longer be
18 displayed on the health hub sponsored website, and to develop a plan to decertify and remove the
19 seal of approval from certain health benefit plans;

20 (6) Evaluate and establish requirements with regard to health care delivery network
21 design for health insurance plans that are approved to be displayed on the health hub sponsored
22 consumer resource website;

23 (7) Develop a standard application form for individuals, and groups who may seek to
24 purchase health insurance that has been approved for display on the health hub sponsored
25 consumer resource website;

26 (8) Make recommendations to the general assembly, not later than November, 2010, for
27 legislation mandating the purchase of health insurance by Rhode Island residents for whom there
28 is a health insurance plan available, either for direct purchase through an employer sponsored
29 option, that is determined to be “affordable” for that individual based upon a proportion of their
30 income consistent with the guidelines set by the health hub board pursuant to their authority
31 under subdivision (d)(3) of this section;

32 (9) Make recommendations to the general assembly, not later than November, 2010, for
33 legislation mandating the continuation of employer financial contribution to the purchase of
34 health insurance plans for those Rhode Island residents who may be mandated to purchase

1 insurance pursuant to any statutory provisions adopted based upon recommendations brought
2 forward under subdivision (d)(8) of this section;

3 (10) Seek and receive any grant funding from the federal government, departments or
4 agencies of the state, and private foundations to fulfill the purposes and activities set forth in this
5 chapter;

6 (11) Adopt by-laws for the regulation of its affairs and the conduct of its business;

7 (12) To adopt an official seal and alter the same;

8 (13) To sue and be sued in its own name, plead and be impleaded;

9 (14) To approve the use of its trademarks, brand names, seals, logos and similar
10 instruments by participating carriers, employers or organizations;

11 (15) To enter into interdepartmental agreements with any other state agencies or boards
12 as the board deems necessary;

13 (16) Determine the applicability of the reinsurance provisions established in chapter 27-
14 18.5 to any health insurance products for plans that may be approved for display on the health
15 hub sponsored website.

16 **42-14.6-5. Authorized health plans.** – (a) No health insurance plan shall be approved for
17 display on the health hub sponsored consumer resource website unless it has been authorized by
18 the commissioner and underwritten by a carrier. Each health plan approved for display on the
19 health hub sponsored consumer resource website shall contain a detailed description of benefits
20 offered, including maximums, limitations, exclusions and other benefit limits. No health plan
21 shall be approved for display on the health hub sponsored consumer resource website that
22 excludes an individual from coverage because of race, color, religion, national origin, sex, sexual
23 orientation, marital status, health status, personal appearance, political affiliation, source of
24 income, or age.

25 (b) Plans eligible to be considered for approval for display on the health hub sponsored
26 consumer resource website shall meet all requirements of health benefit plans as defined in the
27 general laws unless a specific exception is made by the health hub board pursuant to its
28 authorities under subdivision 42-14.6-4(d)(1) after public review; provided, however, in order to
29 encourage lower cost, high quality health benefit plans, that such plans shall not necessarily be
30 required to meet health care delivery network design provisions in any other law or regulation,
31 and shall be free to contract on a mutually agreed basis with, or determine not to contract with,
32 any provider for covered services; provided, however, that the contracted network meets the
33 requirements set forth by the board of the health hub.

34 (c) All health insurance plans offered for purchase in Rhode Island by individuals and

1 groups fewer than fifty (50) employees must be approved for display on the health hub sponsored
2 website and must be available for direct purchase by clicking through that consumer resource
3 website to purchase directly from the plan offeror. Plans not approved and available for direct
4 purchase by clicking through the consumer resource website as set forth in this section shall not
5 be offered for purchase in Rhode Island to individuals and groups of fewer than fifty (50)
6 employees.

7 **42-14.6-6. Operation and accountability of the health hub.** – (a) The health hub may
8 indemnify or reimburse any person, or his/her personal representative, for losses or expenses,
9 including legal fees and costs, arising from any claim, actions, proceeding, award, compromise,
10 settlement or judgment resulting from such person’s activities, whether ministerial or
11 discretionary, as a member, officer or employee of the health hub; provided, that the defense of
12 settlement thereof shall have been made by counsel approved by the health hub. The health hub
13 may procure insurance for itself and for its board members and officers against liabilities, losses
14 and expenses which may be incurred by virtue of this section or otherwise. No civil action
15 hereunder shall be brought more than three (3) years after the date upon which the cause thereof
16 accrued.

17 (b) Upon dissolution, liquidation or other termination of the health hub, all rights and
18 properties of the health hub shall pass to and be vested in the state, subject to the rights of lien
19 holders and other creditors. In addition, any net earnings of the health hub, beyond that necessary
20 for retirement of any indebtedness or to implement the public purpose or purposes or program of
21 the state, shall not inure to the benefit of any person other than the state.

22 (c) The health hub shall keep an accurate account of all its activities and of all its receipts
23 and expenditures and shall annually make a report thereof as of the end of its fiscal year, to the
24 governor, to the general assembly, and to the auditor general, such reports to be in a form
25 prescribed by the auditor general. The auditor general may investigate the affairs of the health
26 hub, may examine the records of the health hub, and may prescribe methods of accounting and
27 the rendering of periodical reports in relation to projects undertaken by the health hub. The health
28 hub shall also be subject to biennial audit by the auditor general. No later than two (2) years after
29 the health hub board is established and every year thereafter, the health hub shall conduct a study
30 of the health hub and shall submit a written report to the governor, the president of the senate, and
31 the speaker of the house of representatives, on the status and activities of the hub based on data
32 collected in the study. The report shall also be available to the general public upon request. The
33 study shall review:

34 (1) The decisions of the health hub board, including surveys and reports of health benefits

1 plans approved for display on the consumer resource website. The experience on the plans shall
2 include data on those enrolled in these approved-for-display plans, including expenses, claims
3 statistics, complaints data, and other information deemed pertinent by the health hub; and

4 (2) Any significant observations regarding the effectiveness of the plans approved for
5 display by the health hub.

6 (d) The health insurance commissioner shall promulgate regulations to implement this
7 section.

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

=====
LC02081
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO STATE AFFAIRS AND GOVERNMENT

- 1 This act would create the health insurance hub, an entity separate and distinct from the
2 state, but which would operate as a government agency, whose members would serve without
3 pay, to monitor and make available to individuals, private health insurance choices.
4 This act would take effect upon passage.

=====
LC02081
=====