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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO HEALTH AND SAFETY -- COMPREHENSIVE HEALTH INSURANCE  
PROGRAM

Introduced By: Representatives Regunberg, Tanzi, Handy, Maldonado, and Amore

Date Introduced: February 11, 2015

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 23 of the General Laws entitled "HEALTH AND SAFETY" is hereby  
2 amended by adding thereto the following chapter:

3 CHAPTER 94

4 THE RHODE ISLAND COMPREHENSIVE HEALTH INSURANCE PROGRAM

5 **23-94-1. Legislative findings and purpose.** -- The general assembly finds that Rhode  
6 Island residents face significant and increasingly overwhelming problems obtaining adequate  
7 affordable health insurance due to unnecessary costs and obstacles created by our current health  
8 insurance system, and that removing the burden on Rhode Island businesses to secure health  
9 insurance for employees will benefit the state's economic development. This chapter, therefore,  
10 creates an affordable, comprehensive, and effective health insurance program to benefit all Rhode  
11 Island residents.

12 **23-94-2. Definitions.** -- As used in this chapter:

13 (1) "Dependent" has the same definition as set forth in federal tax law (26 U.S.C. § 152).

14 (2) "Emergency and urgently needed services" has the same definition as set forth in the  
15 federal Medicare law (42 CFR 422.113).

16 (3) "For-profit provider" means any healthcare professional or healthcare institution that  
17 provides payments, profits or dividends to investors or owners who do not directly provide  
18 healthcare.

1 (4) "Qualified Rhode Island resident" means any individual who is a "resident" as defined  
2 by §§ 44-30-5(1) and (2) or a dependent of that resident.

3 (5) "Program" means, "the Rhode Island comprehensive health insurance program"  
4 (RICHIP).

5 (6) "RICHIP Premiums" means funds from qualified Rhode Island residents that are  
6 placed into the RICHIP trust fund pursuant to § 23-94-11, and are based on income and unearned  
7 income including capital gains.

8 **23-94-3. Rhode Island Comprehensive Health Insurance Program. -- (a)**  
9 Organization. This chapter repeals § 42-14.5-3, establishing duties of the health insurance  
10 commissioner, and creates the Rhode Island comprehensive health insurance program (RICHIP),  
11 an independent government agency consisting of a director and staff, as set forth below.

12 (b) Director. A director shall be appointed by the governor with the advice and consent of  
13 the senate to lead RICHIP and serve a term of six (6) years. The director shall be compensated in  
14 accordance with the job title and job classification established by the division of human resources  
15 and approved by the general assembly. The director may be removed by a two-thirds (2/3)  
16 majority vote of each house of the general assembly. The director shall have the following duties:

17 (1) Oversee management of the RICHIP trust fund;

18 (2) Create and oversee RICHIP budgets;

19 (3) Appoint an advisory committee of healthcare professionals and others (hereinafter,  
20 the "RICHIP advisory committee");

21 (4) Establish RICHIP benefits as set forth in § 23-94-5;

22 (5) Establish RICHIP provider reimbursement as set forth in § 23-94-8;

23 (6) Coordinate with the state comptroller to facilitate billing from and payments to  
24 providers using the state's computerized financial system, the Rhode Island financial and  
25 accounting network system (RIFANS);

26 (7) Coordinate with federal healthcare programs, including Medicare and Medicaid, to  
27 streamline federal funding and reimbursement;

28 (8) Monitor billing and reimbursements to detect inappropriate behavior by providers and  
29 patients;

30 (9) Oversee RICHIP registration for qualified Rhode Island residents;

31 (10) Create RICHIP expenditure, status, and assessment reports;

32 (11) Review RICHIP disbursements on a quarterly basis and recommend adjustments in  
33 fee schedules needed to achieve budgetary targets and permit adequate access to care;

34 (12) Review capital budget proposals from providers;

1 (13) Create a committee to study long-term care and develop a plan to deal with this  
2 healthcare necessity;

3 (14) Create other prohibitions regarding RICHIP participation, and procedures by which  
4 they will be enforced.

5 **23-94-4. Extent of coverage. -- (a) Eligibility. All qualified Rhode Island residents are**  
6 **eligible to be covered under RICHIP.**

7 (b) Registration. The director shall develop procedures by which:

8 (1) RICHIP can identify, automatically register, and provide a RICHIP card to qualified  
9 Rhode Island residents identified by September 1, 2015; and

10 (2) RICHIP can process applications from individuals seeking to become qualified Rhode  
11 Island residents or obtain RICHIP coverage for dependents after September 1, 2015.

12 (c) Disqualification. The director shall establish criteria and procedures for disqualifying  
13 individuals from receiving RICHIP benefits or funds, including for ceasing to be a resident of  
14 Rhode Island, and for RICHIP-related criminal activity (e.g., the fraudulent receiving of benefits  
15 or reimbursements). Disqualified individuals shall be required to reimburse RICHIP for all  
16 benefits or funds they received upon disqualification and may be subject to civil and criminal  
17 penalties.

18 (d) Medicare eligible residents. Qualified Rhode Island residents eligible for federal  
19 Medicare ("Medicare eligible residents") shall continue to pay required fees to the federal  
20 government. RICHIP shall establish procedures to ensure that Medicare eligible residents shall  
21 have such amounts deducted from what they owe to RICHIP under § 23-94-11. RICHIP shall  
22 become the equivalent of qualifying coverage under Medicare part D and Medicare advantage  
23 programs, and as such shall be the vendor for coverage to qualified Rhode Island residents.  
24 RICHIP shall provide Medicare eligible residents benefits equal to those available to all other  
25 RICHIP participants and equal to or greater than those available through the federal Medicare  
26 programs. To streamline the process, RICHIP shall seek to receive federal reimbursements for  
27 services to Medicare eligible residents and administer all Medicare funds.

28 (e) Medicaid eligible residents. RICHIP shall become the state's sole Medicaid provider.  
29 RICHIP shall create procedures to enroll all qualified Rhode Island residents eligible for  
30 Medicaid ("Medicaid eligible residents" in the federal Medicaid program to ensure a maximum  
31 amount of federal Medicaid funds go to the RICHIP trust fund. RICHIP shall provide benefits to  
32 Medicaid eligible residents equal to those available to all other RICHIP participants.

33 **23-94-5. RICHIP benefits. -- (a) In general. This chapter shall provide insurance**  
34 **coverage for services, goods and prescription drugs currently covered under the federal Medicare**

1 program (Social Security Act title XVIII) parts A, B and D. The director may permit additional  
2 medically necessary coverage within the following general categories:

3 (1) Primary and preventive care.

4 (2) Approved dietary and nutritional therapies.

5 (3) Inpatient care.

6 (4) Outpatient care.

7 (5) Emergency and urgently needed care

8 (6) Prescription drugs.

9 (7) Approved medical goods.

10 (8) Palliative care.

11 (9) Mental health services.

12 (10) Dental services, including periodontics, oral surgery, and endodontics.

13 (11) Substance abuse treatment services.

14 (12) Physical therapy and chiropractic services.

15 (13) Vision care and vision correction.

16 (14) Hearing services, including coverage of hearing aids.

17 (15) Podiatric care.

18 (b) RICHIP benefits. RICHIP Benefits shall, at a minimum, be the same as those covered  
19 by the federal Medicare program, as defined by applicable federal statute and regulations. The  
20 director shall create a procedure that permits increases in coverage beyond that provided by the  
21 federal Medicare program within the areas set forth in § 23-94-5(a) in consultation with the  
22 RICHIP advisory committee.

23 **23-94-6. Providers. -- (a) Rhode Island providers.**

24 (1) Licensing. Participating providers must meet state licensing requirements in order to  
25 participate in the program. No provider whose license is under suspension or has been revoked  
26 may participate in the program.

27 (2) Participation. All providers may participate in RICHIP by providing items on the  
28 RICHIP benefits list for which they are licensed. Providers may elect either to participate fully, or  
29 not at all, in the program.

30 (3) For-Profit providers. For-profit providers may continue to offer services and goods in  
31 Rhode Island, but are prohibited from charging patients more than RICHIP reimbursements rates  
32 for covered services and goods and must notify qualified Rhode Island residents when the  
33 services and goods they offer will not be reimbursed under RICHIP.

34 (b) Out-of-state providers. Except for emergency and urgently needed service, as set forth

1 in § 23-94-7 below, RICHIP shall not pay for healthcare services obtained outside of Rhode  
2 Island unless the following requirements are met:

3 (1) The patient secures a written referral from a qualified Rhode Island physician prior to  
4 seeking such services; and

5 (2) The referring physician determines that the services are not available in the state or  
6 cannot be performed within the state at the level of expertise medically necessary.

7 (c) Out-of-state provider reimbursement. The program shall pay out-of-state healthcare  
8 providers an amount not to exceed the RICHIP rate. The qualified Rhode Island resident is  
9 responsible for paying all costs of out-of-state services that fail to meet requirement §§ 23-94-  
10 6(b)(1) and (b)(2). Qualified Rhode Island residents are responsible for paying out-of-state  
11 providers for costs in excess of RICHIP reimbursements.

12 (d) Out-of-state residents. Rhode Island providers who provide any services to  
13 individuals who are not qualified Rhode Island residents shall not be reimbursed by RICHIP and  
14 must seek reimbursement from those individuals or other sources.

15 **23-94-7. Emergency and urgently needed services exceptions.** (a) In Rhode Island,  
16 Nothing in this chapter prevents any individual from receiving or any provider from giving  
17 emergency or urgently needed services in Rhode Island. RICHIP shall reimbursement all  
18 providers for emergency and urgently needed services given to qualified Rhode Island residents  
19 to the extent provided for under the federal Medicare program in accordance with § 23-94-9,  
20 below.

21 (b) Out-of-State. The program shall pay for emergency and urgently needed services that  
22 are obtained by qualified Rhode Island residents anywhere outside Rhode Island to the same  
23 extent allowed under the federal Medicare program in accordance with § 23-94-9, below.  
24 Qualified Rhode Island residents are responsible for paying out-of-state providers for costs in  
25 excess of RICHIP reimbursements.

26 **23-94-8. Private Insurance Companies. --** (a) Non-duplication. It is unlawful for a  
27 private health insurer to sell health insurance coverage to qualified Rhode Island residents outside  
28 of employer-provided health benefit programs that duplicates the benefits provided under this  
29 chapter.

30 (b) Displaced employees. Re-education and job placement of persons employed in  
31 Rhode Island-located enterprises who have lost their jobs as a result of this chapter shall be  
32 managed by the Rhode Island department of labor and training or an appropriate federal  
33 retraining program.

34 **23-94-9. Provider Reimbursement. --** (a) Rates. RICHIP reimbursements to providers

1 shall be the same as the federal Medicare program reimbursement rates in effect at the time  
2 services, goods or prescription drugs are provided. If the director determines that there are no  
3 applicable Medicare reimbursement rates or that such rates are significantly different from those  
4 in neighboring states, the director shall create such rates in consultation with the RICHIP  
5 advisory committee.

6 (b) Billing and payments. Providers shall submit billing for services to qualified Rhode  
7 Island residents in the form of electronic invoices entered into RIFANS, the State's computerized  
8 financial system. The director shall coordinate the manner of processing and payment with the  
9 office of accounts and control and the RIFANS support team within the division of information  
10 technology. Payments shall be made by check or electronic funds transfer in accordance with  
11 terms and procedures coordinated by the director and the office of accounts and control and  
12 consistent with the fiduciary management of the RICHIP trust fund.

13 (c) Provider restrictions. Providers who accept any payment from RICHIP may not bill  
14 any patient for any covered benefit. Providers cannot use any of their operating budgets for  
15 expansion, profit, excessive executive income, marketing, or major capital purchases or leases.

16 **23-94-10. Budgeting. --** (a) Operating budget. Annually, the director shall create an  
17 operating budget for the program that includes the costs for all benefits set forth in § 23-94-5 and  
18 the costs for RICHIP administration. The director shall determine appropriate reimbursement  
19 rates for benefits pursuant to § 23-94-9(a).

20 (b) Capital Expenditures. The director and the Rhode Island department of administration  
21 office of capital projects shall review the capital expenditure budgets proposed by providers,  
22 including amounts to be spent on construction and renovation of health facilities and major  
23 equipment purchases. To the extent that providers are seeking RICHIP funds for capital  
24 expenditures, the director shall have the authority to approve or deny such funding.

25 (c) Prohibition against co-mingling operations and capital improvement funds. It is  
26 prohibited to use funds under this chapter that are earmarked:

27 (1) For operations for capital expenditures; or

28 (2) For capital expenditures for operations.

29 (d) Limits. The total overhead and administrative portion of the program budget may not  
30 exceed twelve percent (12%) of the total operating budget of the program for the first two (2)  
31 years that the program is in operation; eight percent (8%) for the following two (2) years; and five  
32 percent (5%) for each year thereafter.

33 **23-94-11. Financing. --** (a) RICHIP trust fund. There shall be established a RICHIP trust  
34 fund into which funds collected pursuant to this chapter are deposited and from which funds are

1 distributed. The governor or general assembly may provide funds to the RICHIP trust fund, but  
2 may not remove or borrow funds from the RICHIP trust fund.

3 (b) Savings. RICHIP will lower healthcare costs by:

4 (1) Eliminating payments for expensive, non-comprehensive private healthcare  
5 insurance;

6 (2) Reducing paperwork and administrative expenses;

7 (3) Allowing public health strategic planning; and

8 (4) Improving access to preventive healthcare.

9 (c) Funding. Funds sufficient to carry out this chapter shall be obtained in the following  
10 ways and may be changed only by a two-thirds (2/3) majority vote of the each house of the  
11 general assembly.

12 (1) Seeking the maximum amount of existing and future federal government funds  
13 available for Rhode Island residents' healthcare, including, but not limited to, funds under the  
14 Medicare program, under title XVIII of the Social Security Act, under the Medicaid program  
15 under title XIX of such act, and under the children's health insurance program under title XXI of  
16 such act;

17 (2) Collecting RICHIP premiums;

18 (3) Applying any other funds specifically ear-marked for healthcare or healthcare  
19 education, such as settlements from litigation.

20 **23-94-12. Compliance with federal laws. -- RICHIP shall comply with all applicable**  
21 **federal laws, including the ACA and privacy laws.**

22 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 HEALTH AND SAFETY -- COMPREHENSIVE HEALTH INSURANCE  
PROGRAM

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- 1 This act would establish the Rhode Island comprehensive health insurance program
- 2 This act would take effect upon passage.

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