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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2022

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A N A C T

RELATING TO INSURANCE -- PSYCHIATRY RESOURCE NETWORK FUNDING ACT

Introduced By: Representatives Hull, Kazarian, and J Lombardi

Date Introduced: June 17, 2022

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 27 of the General Laws entitled "INSURANCE" is hereby amended by  
2 adding thereto the following chapter:

3 CHAPTER 82

4 PSYCHIATRY RESOURCE NETWORK FUNDING ACT

5 **27-82-1. Short title.**

6 This chapter shall be known and may be cited as the "Psychiatry Resource Network  
7 Funding Act."

8 **27-82-2. Definitions.**

9 As used in this chapter:

10 (1) "Adult" means:

11 (i) All residents who are over age eighteen (18) and under age sixty-five (65); and

12 (ii) All other persons over age eighteen (18) and under age sixty-five (65) who receive  
13 health care services.

14 (2) "Assessed entity" means any health carrier or other entity that contracts or offers to  
15 insure, provide, deliver, arrange, pay for, administer any claims for or reimburse or facilitate the  
16 sharing of any of the costs of health care services for any person residing in or receiving health care  
17 services in the state, including, without limitation, the following:

18 (i) Any writer of individual, group, or stop loss insurance;

19 (ii) Health maintenance organizations;

1 (iii) Third-party administrator;  
2 (iv) Preferred provider agreement;  
3 (v) Fraternal benefit society;  
4 (vi) Administrative services organization and any other organization managing claims on  
5 behalf of a self-insured entity;  
6 (vii) Any self-insurer or other entity that provides an employee or group benefit plan and  
7 does not utilize an external claims managing service;  
8 (viii) Any governmental entity that provides an employee or group benefit plan and does  
9 not utilize external claims management services; or  
10 (vii) Any self-insurer or other entity that provides an employee or group benefit plan and  
11 does not utilize an external claims managing service;  
12 (viii) Any governmental entity that provides an employee or group benefit plan and does  
13 not utilize external claims management services; or  
14 (vii) Any self-insurer or other entity that provides an employee or group benefit plan and  
15 does not utilize an external claims managing service;  
16 (viii) Any governmental entity that provides an employee or group benefit plan and does  
17 not utilize external claims management services; or  
18 (vii) Any self-insurer or other entity that provides an employee or group benefit plan and  
19 does not utilize an external claims managing service;  
20 (viii) Any governmental entity that provides an employee or group benefit plan and does  
21 not utilize external claims management services; or  
22 (vii) Any self-insurer or other entity that provides an employee or group benefit plan and  
23 does not utilize an external claims managing service;  
24 (viii) Any governmental entity that provides an employee or group benefit plan and does  
25 not utilize external claims management services; or  
26 (vii) Any self-insurer or other entity that provides an employee or group benefit plan and  
27 does not utilize an external claims managing service;  
28 (viii) Any governmental entity that provides an employee or group benefit plan and does  
29 not utilize external claims management services; or  
30 (vii) Any self-insurer or other entity that provides an employee or group benefit plan and  
31 does not utilize an external claims managing service;  
32 (viii) Any governmental entity that provides an employee or group benefit plan and does  
33 not utilize external claims management services; or  
34 (vii) Any self-insurer or other entity that provides an employee or group benefit plan and  
does not utilize an external claims managing service;

1 contract to provide, deliver, arrange for, pay for, or reimburse any of the costs of health care  
2 services, including an insurance company, a health maintenance organization, a health service  
3 corporation, or any other entity providing a plan of health insurance, health benefits, or health  
4 services.

5 (11) "Health cost sharing program" means any cost sharing or similar program which seeks  
6 to share the costs of health care services and which in the preceding twelve (12) months either has:

7 (i) Coordinated payment for or reimbursed over ten thousand dollars (\$10,000) of costs for  
8 health services delivered in this state; or

9 (ii) Communicated by mail or electronic media to residents of this state concerning their  
10 potential participation.

11 (12) "Insurance commissioner" means the health insurance commissioner of the  
12 department of business regulation.

13 (13) "Psychiatry resource network" or "PRN" means any information lines, referral service,  
14 including PediPRN and MomsPRN which is available to providers in the state, and which is funded  
15 pursuant to the association's plan of operation.

16 (14) "Provider" means a person licensed by the state to provide health care services or a  
17 partnership or corporation or other entity made up of those persons.

18 (15) "Senior" means:

19 (i) All residents who are over age sixty-four (64); and

20 (ii) All other persons over age sixty-four (64) who receive health care services in Rhode  
21 Island.

22 (16) "State" means the State of Rhode Island.

23 **27-82-3. Association and PRN fund created.**

24 (a) There is hereby created the Rhode Island psychiatry resource network or "RIPRN" for  
25 the primary purpose of equitably determining and collecting assessments for the cost of PRNs in  
26 the state which are not covered by other federal or state funding.

27 (b) The association shall be comprised of all assessed entities, as defined in this chapter.

28 (c) A PRN fund shall be maintained in the custody of the general treasurer. Receipts from  
29 public and private sources for funding PRNs may be deposited into the account in the manner and  
30 method specified in the association's plan of operation. Expenditures from the account shall be used  
31 exclusively for the costs of operating any PRNs funded by the association, at no cost to providers.  
32 Only the director of health, or designee may authorize expenditures from the account.

33 **27-82-4. Powers and duties.**

34 (a) The association shall be a not-for-profit, voluntary corporation and shall possess all

1 general powers as derive from that status under state law and such additional powers and duties as  
2 are specified in this section.

3 (b) The directors' terms and method of appointments shall be specified in the plan of  
4 operation. The board of directors shall include:

5 (1) The director of the department of health, or designee;

6 (2) The health insurance commissioner, or designee;

7 (3) Three (3) health carrier representatives;

8 (4) Two (2) provider representatives, one of whom serves primarily children and one of  
9 whom serves primarily adults;

10 (5) One representative from a third-party administrator which is not a health carrier; and

11 (6) May include up to three (3) additional members as specified in the association's plan of  
12 operation.

13 (c) Any director may designate a personal representative to act for the director at a meeting  
14 or on a committee. A personal representative shall notify the meeting's presiding officer of such  
15 designation. A director may revoke any such designation at any time.

16 (d) The board shall have the following duties:

17 (1) Prepare and adopt articles of association and bylaws;

18 (2) Prepare and adopt a plan of operation;

19 (3) Submit the plan of operation to the director of health for approval following opportunity  
20 for comment by the health insurance commissioner;

21 (4) Conduct all activities in accordance with the approved plan of operation;

22 (5) Undertake reasonable steps to minimize:

23 (i) Duplicate counting of child or adult covered lives; or

24 (ii) Duplicate assessments;

25 (6) Pay the association's operating costs;

26 (7) Remit collected assessments, after costs and reserves, to the general treasurer for credit  
27 to the PRN fund;

28 (8) Submit to the director of health, no later than one hundred twenty (120) days after the  
29 close of the association's fiscal year, a financial report in a form acceptable to the director; and

30 (9) Submit a periodic noncompliance report to the director and the health insurance  
31 commissioner listing any assessed entities that failed to either:

32 (i) Remit assessments in accordance with the plan of operation; or

33 (ii) After notice from the association, comply with any reporting or auditing requirement  
34 of this chapter or the plan of operation.

1 (e) The board shall have the following powers:

2 (1) Enter into contracts, including one or more contracts for executive director and  
3 administrative services to administer the association.

4 (2) Sue or be sued, including taking any legal action for the recovery of any assessment or  
5 interest or other cost reimbursement due to the association. Reasonable legal fees and costs for any  
6 amounts determined to be due to the association shall also be awarded to the association.

7 (3) Appoint, from among its directors, committees to provide technical assistance and to  
8 supplement those committees with non-board members.

9 (4) Engage professionals including auditors, attorneys, and independent consultants.

10 (5) Borrow and repay working capital, reserve, or other funds and grant security interests  
11 in assets and future assessments as may be helpful or necessary for such purposes.

12 (6) Maintain one or more bank accounts for collection of assessments, refund  
13 overpayments, and pay the association's costs of operation.

14 (7) Invest reserves as the board determines to be appropriate from time to time.

15 (8) Provide member and public information about its operations.

16 (9) Enter into one or more agreements with other state or federal authorities, including  
17 similar funding associations in other states, to ensure equitable allocation of funding responsibility  
18 with respect to individuals who may reside in one state, but receive health care services in another.  
19 Any amounts owed under any such agreements shall be included in the estimated costs for  
20 assessment rate setting purposes.

21 (10) Enter into one or more agreements with assessed entities for one or more alternative  
22 payment methodologies for the respective assessed entity's covered lives.

23 (11) Assist the director in qualification for grant and other resources from the federal  
24 government and adjust its procedures as may be needed from time to time in order that appropriate  
25 adjustments are made to any assessment liability with respect to any person who is eligible for  
26 federally funded services.

27 (12) Perform any other functions the board determines to be helpful or necessary to carry  
28 out the plan of operation or the purposes of this chapter.

29 **27-82-5. Assessments.**

30 (a) Assessment rates shall be determined as follows:

31 (1) The director shall provide estimated PRN operation costs, not covered by any other  
32 state or federal funds, for the succeeding year no later than one hundred twenty (120) days prior to  
33 the commencement of each year and shall update such estimate at such times as reasonably may be  
34 requested by the association.

1           (2) Add estimates to cover the association's operating costs, including any interest payable,  
2 for the upcoming year.

3           (3) Add a reserve of up to ten percent (10%) of the sum of subsections (a)(1) and (a)(2) of  
4 this section for unanticipated costs.

5           (4) Add a working capital reserve in such amount as may be reasonably determined by the  
6 board from time to time.

7           (5) Subtract the amount of any unexpended fund balance, including any net investment  
8 income earned, as of the end of the preceding year.

9           (6) Calculate a per child covered life per month and per adult covered life per month and a  
10 per senior covered life per month amount to be self-reported and paid by all assessed entities by  
11 dividing the annual amount determined in accordance with subsections (a)(1) through (a)(5) of this  
12 section by the number of covered lives in each age band, respectively, projected to be covered by  
13 the assessed entities during the succeeding program year, divided by twelve (12). At the option of  
14 the association, the assessment may, instead, be calculated as a single per covered life assessment,  
15 not segregated for child and adult and senior covered lives.

16           (b) Within forty-five (45) days of the close of each calendar quarter, an assessed entity  
17 shall pay a quarterly assessment equal to assessment rates multiplied by the applicable number of  
18 covered life months covered by the assessed entity in the preceding calendar quarter. Unless  
19 otherwise determined by the board, the assessed entity which would have been responsible for  
20 payment or coordination of payment or reimbursement of any provider's primary care provider  
21 health care services for any individual shall be the entity responsible for reporting the respective  
22 child covered lives and for payment of the corresponding assessment.

23           (c) At any time after one full year of operation under subsections (a) and (b) of this section,  
24 the association, upon two-thirds (2/3) vote of its board and the approval of the director may:

25           (1) Make changes to the assessment collection mechanism outlined in subsections (a) and  
26 (b); and

27           (2) Add any health care information line or other services for which the board determines  
28 funding pursuant to this health care funding act is desirable to those services funded by this chapter.  
29 Any such changes shall be reflected in an updated plan of operation available to the public.

30           (d) If an assessed entity has not paid in accordance with this section, interest accrues at one  
31 percent (1%) per month, compounded monthly on or after the due date.

32           (e) The board may determine an interim assessment for new programs covered or to cover  
33 any unanticipated funding shortfall. The board shall calculate a supplemental interim assessment  
34 using the methodology for regular assessments, but payable over the remaining fiscal year, and

1 such interim assessment shall be payable together with the regular assessment commencing the  
2 calendar quarter that begins no less than thirty (30) days following the establishment of the interim  
3 assessment. The board may not impose more than one interim assessment per year, except in the  
4 case of a public health emergency declared in accordance with state or federal law.

5 (f) For purposes of rate setting, medical loss ratio calculations, and reimbursement by plan  
6 sponsors, all association assessments are considered medical benefit costs and not regulatory or  
7 administrative costs.

8 (g) In the event of any insolvency or similar proceedings affecting any payer, assessments  
9 shall be included in the highest priority of obligations to be paid by or on behalf of such payer.

10 (h) Annual accounting. The general treasurer shall supply funds as are needed for PRN  
11 operations throughout the state's fiscal year. No later than forty-five (45) days following the close  
12 of the state's fiscal year, the treasurer shall provide an accounting of PRN operating costs not  
13 covered by any other state or federal program and advise the association of the final amount needed  
14 to cover the prior fiscal year. The association shall reimburse such amount within forty-five (45)  
15 days of receiving the accounting; provided, however, that with respect to all or any part of any  
16 amount due which exceeds one hundred five percent (105%) of the amount which had been  
17 projected by the director to be needed for such fiscal year, the association may defer such payment  
18 and the treasurer shall include such deferral in the subsequent year's accounting. In the event of  
19 such deferral, any such remaining unreimbursed amount shall be included in the assessment  
20 calculation by the association for the funds to be raised by the association in the subsequent year.

21 (i) If the association discontinues operation for any reason, any unexpended assessments,  
22 including unexpended funds from prior assessments in the PRN fund, after the association's wind  
23 down expenses, shall be refunded to payees in proportion to the respective assessment payments  
24 by payees over the most recent eight (8) quarters prior to discontinuation of association operations.

25 **27-82-6. Reports and audits.**

26 (a) Each assessed entity is required to report its respective numbers of covered lives in a  
27 timely fashion as prescribed in this chapter and respond to any audit requests by the association  
28 related to covered lives or assessments due to the association. Upon failure of any assessed entity  
29 to respond to an audit request within ten (10) days of the receipt of notification of said audit request  
30 by the association, the assessed entity shall be responsible for prompt payment of the fees of any  
31 outside auditor engaged by the association to determine such information and shall make all books  
32 and records requested by said auditors available for inspection and copying at such location within  
33 the state as may be specified by such auditor.

34 (b) Failure to cure non-compliance with any reporting, auditing, or assessment obligation

1 to the association within thirty (30) days from the postmarked date of written notice of  
2 noncompliance shall subject the assessed entity to all the fines and penalties, including suspension  
3 or loss of license, allowable under any provision of any other state statute. Any monetary fine or  
4 penalty shall be remitted to the PRN fund and, thereby, reduce future obligations of the association  
5 for PRN funding. The assessed entity also shall pay for reasonable attorneys' fees and any other  
6 costs of enforcement under this section.

7 **27-82-7. Tax exempt status.**

8 The association is expressly granted exemption from all taxes levied either by the state or  
9 any governmental entity located therein.

10 **27-82-8. Severability.**

11 If any provision of this chapter or the application thereof to any person or circumstance is  
12 held invalid, the invalidity does not affect other provisions or applications of the chapter which can  
13 be given effect without the invalid provision or application, and to this end the provisions of this  
14 chapter are severable.

15 **27-82-9. Rulemaking.**

16 The director and the health insurance commissioner may adopt rules and regulations to  
17 carry out the purposes of this chapter.

18 **27-82-10. Administrative allowance to department of health.**

19 Within forty-five (45) days following the close of each calendar quarter, the association  
20 shall transfer from assessments raised a sum equal to five percent (5%) of the costs funded by the  
21 association to the department of health's account in recognition of the support from the department  
22 and its staff in enabling association members to meet their obligations for funding health care  
23 services at lower cost.

24 **27-82-11. Transitional matters.**

25 To generate sufficient start-up funding, the association may accept prepayment from  
26 member assessed entities, subject to offset of future amounts otherwise owing or other repayment  
27 method as determined by the board.

28 SECTION 2. This act shall take effect on June 1, 2023.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO INSURANCE -- PSYCHIATRY RESOURCE NETWORK FUNDING ACT

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1           This act would create the Rhode Island psychiatry resource network for the primary  
2 purpose of equitably determining and collecting assessments for the cost of psychiatry resource  
3 networks in the state which are not covered by other federal or state funding. Assessed entities  
4 would include HMO's, governmental entities providing group benefits, third-party administrators,  
5 fraternal benefit societies, administrative service organizations for self insured, self insured  
6 providing group benefits and health care cost sharing programs.

7           This act would take effect on June 1, 2023.

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