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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- THE HEALTH SPENDING
TRANSPARENCY AND CONTAINMENT ACT

Introduced By: Senator Joshua Miller

Date Introduced: June 27, 2021

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 7.5

4 THE HEALTH SPENDING TRANSPARENCY AND CONTAINMENT ACT

5 **42-7.5-1. Short title.**

6 This chapter shall be known and may be cited as "The Health Spending Transparency and
7 Containment Act."

8 **42-7.5-2. Background and Purposes.**

9 (a) WHEREAS, in August of 2018, the Cost Trend Steering Committee, composed of
10 stakeholders including business and consumer advocates and health industry leaders, was created
11 to advise the RI health care cost trend project in partnership with the Office of the Health Insurance
12 Commissioner and the Executive Office on Health and Human Services.

13 (b) WHEREAS, the vision of the cost trend steering committee is to provide every Rhode
14 Islander with access to high-quality, affordable healthcare through greater transparency of
15 healthcare performance and increased accountability by key stakeholders to ensure healthcare
16 spending does not increase at a rate that significantly outpaces the projected state domestic product.

17 (c) WHEREAS, the goal of the cost trend work is to use actionable data insights, analytic
18 tools, State authority, and stakeholder engagement to drive meaningful changes in healthcare

1 spending in Rhode Island.

2 (d) WHEREAS, since August 2018, Rhode Island has: (1) convened a diverse group of
3 stakeholders to consider the establishment of a cost growth target; (2) achieved unanimous
4 consensus on the establishment of such a target; and (3) issued an executive order to formalize the
5 cost target.

6 (e) WHEREAS, the cost trend steering committee also convened national experts with RI
7 government officials, advocates, business leaders, and healthcare leaders to share best practices on
8 claims-based analyses, leading to the development of a strategy to track overall healthcare
9 spending, report at several levels, and produce information that will inform and enhance provider
10 decision making.

11 (f) WHEREAS, the values that guide Rhode Island's cost trend efforts include
12 commitments to (1) broad based stakeholder engagement that ensures consensus and support, (2)
13 transparency and actionability of data and reports, and (3) collaboration between experts in state
14 government, the private sector, and academia that results in key decision makers using data in
15 smarter ways to reduce costs while ensuring high quality care.

16 (g) WHEREAS, in the final year of Peterson Center RI health care cost trend project
17 funding (ending August of 2021), the steering committee has committed to work on sustainability
18 planning to codify the cost trend analytics and convenings in the annual practices of the state. This
19 will require reporting in early 2021 on the state's performance against the cost growth target,
20 demonstrating that healthcare cost analytics can catalyze policy and behavior change, and
21 coordinating the cost trend work with the other on-going health reform and data use work in Rhode
22 Island.

23 (h) WHEREAS, the mission of the Executive Office of Health and Human Services is to
24 assure access to high quality and cost-effective services that foster the health, safety, and
25 independence of all Rhode Islanders. The complementary responsibility of the RI Office of the
26 Health Insurance Commissioner includes addressing the affordability of healthcare and viewing the
27 healthcare system as a whole, combining consumer protection and commercial insurer regulation
28 with system reform policy-making.

29 **42-7.5-3. Definitions.**

30 The following words and phrases as used in this chapter shall have the following meaning:

31 (1)(i) "Contribution enrollee" means an individual residing in this state, with respect to
32 whom an insurer administers, provides, pays for, insures, or covers healthcare services, unless
33 excepted by this section.

34 (ii) "Contribution enrollee" shall not include an individual whose healthcare services are

1 paid or reimbursed by Part A or Part B of the Medicare program, a Medicare supplemental policy
2 as defined in section 1882(g)(1) of the Social Security Act, 42 U.S.C. § 1395ss(g)(1), or Medicare
3 managed care policy, the federal employees' health benefit program, the Veterans' healthcare
4 program, the Indian health service program, or any local governmental corporation, district, or
5 agency providing health benefits coverage on a self-insured basis.

6 (2) "Healthcare services funding contribution" means per capita amount each contributing
7 insurer must contribute to support the health spending transparency and containment program
8 funded by the method established under this section, with respect to each contribution enrollee.

9 (3)(i) "Insurer" means all persons offering, administering, and/or insuring healthcare
10 services, including, but not limited to:

11 (A) Policies of accident and sickness insurance, as defined by chapter 18 of title 27;

12 (B) Nonprofit hospital or medical-service plans, as defined by chapters 19 and 20 of title
13 27;

14 (C) Any person whose primary function is to provide diagnostic, therapeutic, or preventive
15 services to a defined population on the basis of a periodic premium;

16 (D) All domestic, foreign, or alien insurance companies, mutual associations, and
17 organizations;

18 (E) Health maintenance organizations, as defined by chapter 41 of title 27;

19 (F) All persons providing health benefits coverage on a self-insurance basis;

20 (G) All third-party administrators described in chapter 20.7 of title 27; and

21 (H) All persons providing health benefit coverage under Title XIX of the Social Security
22 Act (Medicaid) as a Medicaid managed care organization offering managed Medicaid.

23 (ii) "Insurer" shall not include any nonprofit dental service corporation as defined in § 27-
24 20.1-2, nor any insurer offering only those coverages described in § 42-7.5-8.

25 (4) "Person" means any individual, corporation, company, association, partnership, limited
26 liability company, firm, state governmental corporations, districts, and agencies, joint stock
27 associations, trusts, and the legal successor thereof.

28 (5) "Secretary" means the secretary of health and human services.

29 **42-7.5-4. Imposition of health spending transparency and containment funding**
30 **contribution.**

31 (a) Each insurer is required to pay the health spending transparency and containment
32 funding contribution for each contribution enrollee of the insurer as of December 31 of the
33 preceding calendar year, at the rate set forth in this section.

34 Within 7 days of passage of this act, the secretary shall set the health spending transparency

1 and containment funding contribution each fiscal year in an amount not to exceed one dollar (\$1)
2 per contribution enrollee per year of all insurers. The funding contribution shall be established
3 based upon the anticipated spending necessary to administer the program as set forth in section 42-
4 7.5-10. Any amount collected in excess of the actual amount spent for the program pursuant to
5 section 42-7.5-10 shall be used to reduce the funding contribution required for the following
6 assessment period.

7 (2) The assessment set forth herein shall be in addition to any other fees or assessments
8 upon the insurer allowable by law.

9 (b) The contribution shall be paid by the insurer; provided, however, a person providing
10 health benefits coverage on a self-insurance basis that uses the services of a third-party
11 administrator shall not be required to make a contribution for a contribution enrollee where the
12 contribution on that enrollee has been or will be made by the third-party administrator.

13 **42-7.5-5. Returns and payment.**

14 (a) Every insurer required to make a contribution shall, on or before the first day of
15 September of each year, beginning September of 2021, make a return to the secretary together with
16 payment of the annual health spending transparency and containment funding contribution.

17 (b) All returns shall be signed by the insurer required to make the contribution, or by its
18 authorized representative, subject to the pains and penalties of perjury.

19 (c) If a return shows an overpayment of the contribution due, the secretary shall refund or
20 credit the overpayment to the insurer required to make the contribution.

21 **42-7.5-6. Method of payment and deposit of contribution.**

22 (a) The payments required by this chapter may be made by electronic transfer of monies to
23 the general treasurer.

24 (b) The general treasurer shall take all steps necessary to facilitate the transfer of monies
25 to the health spending transparency and containment funding account established in § 42-7.5-9 in
26 the amount described in § 42-7.5-4.

27 (c) The general treasurer shall provide the secretary with a record of any monies transferred
28 and deposited.

29 **42-7.5-7. Rules and regulations.**

30 The secretary is authorized to make and promulgate rules, regulations, and procedures not
31 inconsistent with state law and fiscal procedures as he or she deems necessary for the proper
32 administration of this chapter.

33 **42-7.5-8. Excluded coverage from the health spending transparency and containment**
34 **funding act.**

1 (a) In addition to any exclusion and exemption contained elsewhere in this chapter, this
2 chapter shall not apply to insurance coverage providing benefits for, nor shall an individual be
3 deemed a contribution enrollee solely by virtue of receiving benefits for the following:

4 (1) Hospital confinement indemnity;

5 (2) Disability income;

6 (3) Accident only;

7 (4) Long-term care;

8 (5) Medicare supplement;

9 (6) Limited benefit health;

10 (7) Specified disease indemnity;

11 (8) Sickness or bodily injury or death by accident or both; or

12 (9) Other limited benefit policies.

13 **42-7.5-9. Health Spending Transparency and Containment Account.**

14 (a) There is created a restricted receipt account to be known as the "health spending
15 transparency and containment account." All money in the account shall be utilized by the Executive
16 Office of Health and Human Services, with the advice of and in coordination with the Office of the
17 Health Insurance Commissioner, to effectuate the program described in § 42-7.5-10.

18 (b) All money received pursuant to this section shall be deposited in the health spending
19 transparency and containment account. The general treasurer is authorized and directed to draw his
20 or her orders on the account upon receipt of properly authenticated vouchers from the Executive
21 Office of Health and Human Services.

22 (c) The health spending transparency and containment account shall be exempt from the
23 indirect cost recovery provisions of § 35-4-27.

24 **42-7.5-10. Health Spending Transparency and Containment Program.**

25 (a) The health spending transparency and containment program ("Program") is hereby
26 created to utilize health care claims data to help reduce health care costs.

27 (b) The Program, based on the input of the cost trend steering committee, shall:

28 (1) Maintain an annual health care cost growth target that will be used as a voluntary
29 benchmark to measure Rhode Island health care spending performance relative to the target, which
30 performance shall be publicly reported annually.

31 (2) Use data to determine what factors are causing increased health spending in the state,
32 and to create actionable analysis to drive changes in practice and policy and develop cost reduction
33 strategies.

34 (c) Annual reports shall be made public and recommendations shall be issued to the

1 [Governor and the General Assembly. Said annual reports shall be presented at a public meeting to](#)
2 [obtain input and comment prior to submission to the Governor and General Assembly.](#)

3 **42-7.5-11. Sunset.**

4 [The provision of this chapter shall sunset on July 1, 2026.](#)

5 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 -- THE HEALTH SPENDING
TRANSPARENCY AND CONTAINMENT ACT

1 This act would impose a funding contribution for each enrollee of an insurer to be
2 determined by the secretary of health and human services not to exceed one dollar (\$1.00) to the
3 health spending transparency and containment program established to utilize health care claims
4 data to help reduce health care costs. The program would provide annual reports to the public and
5 recommendations to the governor and general assembly.

6 This act would take effect upon passage and the provisions of this act would sunset on July
7 1, 2026.

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