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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

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A N A C T

RELATING TO INSURANCE - HEALTH INSURANCE - REQUIRED PROVISIONS

Introduced By: Representatives Lancia, Chippendale, Giarrusso, Hull, and Solomon

Date Introduced: March 01, 2017

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-18-3 of the General Laws in Chapter 27-18 entitled "Accident
2 and Sickness Insurance Policies" is hereby amended to read as follows:

3 **27-18-3. Required provisions.**

4 (a) Except as provided in § 27-18-5, each policy delivered or issued for delivery to any
5 person in this state shall contain the provisions specified in this section in the words in which the
6 provisions appear in this section; provided, that the insurer may, at its option, substitute, for one
7 or more of the provisions, corresponding provisions of different wording approved by the
8 commissioner which are in each instance not less favorable in any respect to the insured or the
9 beneficiary. The provisions shall be preceded individually by the caption appearing in this
10 subsection or, at the option of the insurer, by the appropriate individual or group captions or
11 subcaptions as the commissioner may approve:

12 (1) A provision as follows:

13 "ENTIRE CONTRACT; CHANGES: This policy, including the endorsements and the
14 attached papers, if any, constitutes the entire contract of insurance. No change in this policy shall
15 be valid until approved by an executive officer of the insurer and unless the approval is endorsed
16 on it or attached to it. No agent has authority to change this policy or to waive any of its
17 provisions."

18 (2) A provision as follows:

19 "TIME LIMIT ON CERTAIN DEFENSES: (a) After three (3) years from the date of

1 issue of this policy no misstatements, except fraudulent misstatements, made by the applicant in
2 the application for this policy shall be used to void the policy or to deny a claim for loss incurred
3 or disability (as defined in the policy) commencing after the expiration of that three-year period."

4 (This policy provision shall not be construed as to affect any legal requirement for
5 avoidance of a policy or denial of a claim during the initial three (3) year period, nor to limit the
6 application of § 27-18-4(1), (2), (3), (4) and (5) in the event of a misstatement with respect to age
7 or occupation or other insurance.)

8 (A policy which the insured has the right to continue in force subject to its terms by the
9 timely payment of premium: (i) until at least age fifty (50); or (ii) in the case of a policy issued
10 after age forty-four (44), for at least five (5) years from its date of issue, may contain in lieu of
11 this provision the following provision (from which the clause in parentheses may be omitted at
12 the insurer's option) under the caption "INCONTESTABLE":

13 "After this policy has been in force for a period of three (3) years during the lifetime of
14 the insured (excluding any period during which the insured is disabled), it shall become
15 incontestable as to the statements contained in the application.")

16 "(b) No claim for loss incurred or disability (as defined in the policy) commencing after
17 three (3) years from the date of issue of this policy shall be reduced or denied on the ground that a
18 disease or physical condition not excluded from coverage by name or specific description
19 effective on the date of loss had existed prior to the effective date of coverage of this policy."

20 (3) A provision as follows:

21 "GRACE PERIOD: A grace period of _____" (insert a number not less than "seven"
22 (7) for weekly premium policies, "ten" (10) for monthly premium policies and "thirty-one" (31)
23 for all other policies) "days will be granted for the payment of each premium falling due after the
24 first premium, during which grace period the policy shall continue in force."

25 (A policy which contains a cancellation provision may add, at the end of the above
26 provision:

27 "subject to the right of the insurer to cancel in accordance with the cancellation provision
28 of this policy.") (A policy in which the insurer reserves the right to refuse any renewal shall have,
29 at the beginning of the above provision:

30 "Unless not less than ten (10) days prior to the premium due date the insurer has
31 delivered to the insured or has mailed to his or her last address as shown by the records of the
32 insurer written notice of its intention not to renew this policy beyond the period for which the
33 premium has been accepted,")

34 (4) A provision as follows:

1 "REINSTATEMENT: If any renewal premium is not paid within the time granted the
2 insured for payment, a subsequent acceptance of premium by the insurer or by any agent duly
3 authorized by the insurer to accept this premium, without requiring in connection with it an
4 application for reinstatement, shall reinstate the policy; provided, that if the insurer or the agent
5 requires an application for reinstatement and issues a conditional receipt for the premium
6 tendered, the policy will be reinstated upon approval of the application by the insurer or, lacking
7 approval, upon the forty-fifth day following the date of the conditional receipt unless the insurer
8 has previously notified the insured in writing of its disapproval of the application. The reinstated
9 policy shall cover only loss resulting from an accidental injury as may be sustained after the date
10 of reinstatement and loss due to a sickness as may begin more than ten (10) days after this date. In
11 all other respects the insured and insurer shall have the same rights under the reinstated policy as
12 they had under the policy immediately before the due date of the defaulted premium, subject to
13 any provisions endorsed on it or attached to it in connection with the reinstatement. Any premium
14 accepted in connection with a reinstatement shall be applied to a period for which the premium
15 has not been previously paid, but not to any period more than sixty (60) days prior to the date of
16 reinstatement."

17 (The last sentence of this provision may be omitted from any policy which the insured
18 has the right to continue in force subject to its terms by the timely payment of premiums: (i) until
19 at least age fifty (50); or (ii) in the case of a policy issued after age forty-four (44), for at least five
20 (5) years from its date of issue.)

21 (5) A provision as follows:

22 "NOTICE OF CLAIM: Written notice of claim must be given to the insurer within
23 twenty (20) days after the occurrence or commencement of any loss covered by the policy, or as
24 soon after this as is reasonably possible. Notice given by or on behalf of the insured or the
25 beneficiary to the insurer at _____" (insert the location of any office as
26 the insurer may designate for the purpose), "or to any authorized agent of the insurer, with
27 information sufficient to identify the insured, shall be deemed notice to the insurer."

28 (In a policy providing a loss of time benefit which may be payable for at least two (2)
29 years, an insurer may at its option insert the following between the first and second sentences of
30 this provision:

31 "Subject to the qualifications set forth below, if the insured suffers loss of time on
32 account of disability for which indemnity may be payable for at least two (2) years, the insured
33 shall, at least once in every six (6) months after having given notice of claim, give to the insurer
34 notice of continuance of the disability, except in the event of legal incapacity. The period of six

1 (6) months following any filing of proof by the insured or any payment by the insurer on account
2 of the claim or any denial of liability in whole or in part by the insurer shall be excluded in
3 applying this provision. Delay in the giving of notice shall not impair the insured's right to any
4 indemnity which would have accrued during the period of six (6) months preceding the date on
5 which the notice is actually given.")

6 (6) A provision as follows:

7 "CLAIM FORMS: The insurer, upon receipt of a notice of claim, will furnish to the
8 claimant any forms as are usually furnished by it for filing proofs of loss. If the forms are not
9 furnished within fifteen (15) days after the giving of notice, the claimant shall be deemed to have
10 complied with the requirements of this policy as to proof of loss upon submitting, within the time
11 fixed in the policy for filing proofs of loss, written proof covering the occurrence, the character,
12 and the extent of the loss for which claim is made."

13 (7) A provision as follows:

14 "PROOFS OF LOSS: Written proof of loss must be furnished to the insurer at its office
15 in the case of a claim for loss for which this policy provides any periodic payment contingent
16 upon continuing loss within ninety (90) days after the termination of the period for which the
17 insurer is liable and in the case of a claim for any other loss within ninety (90) days after the date
18 of the loss. Failure to furnish proof within the time required shall not invalidate nor reduce any
19 claim if it was not reasonably possible to give proof within this time, provided the proof is
20 furnished as soon as reasonably possible and in no event, except in the absence of legal capacity,
21 later than one year from the time proof is required."

22 (8) A provision as follows:

23 "TIME OF PAYMENT OF CLAIMS: Indemnities payable under this policy for any loss
24 other than loss for which this policy provides any periodic payment will be paid immediately
25 upon receipt of due written proof of this loss. Subject to due written proof of loss, all accrued
26 indemnities for loss for which this policy provides periodic payment will be paid
27 _____" (insert period for payments which must not be less frequently than
28 monthly) "and any balance remaining unpaid upon the termination of liability will be paid
29 immediately upon receipt of due written proof."

30 (9) A provision as follows:

31 "PAYMENT OF CLAIMS: Indemnity for loss of life will be payable in accordance with
32 the beneficiary designation and the provisions respecting the payment which may be prescribed in
33 this policy and effective at the time of payment. If no designation or provision is effective,
34 indemnity shall be payable to the estate of the insured. Any other accrued indemnities unpaid at

1 the insured's death may, at the option of the insurer, be paid either to the beneficiary or to the
2 estate. All other indemnities will be payable to the insured."

3 (The following provisions, or either of them, may be included with this provision at the
4 option of the insurer:

5 "If any indemnity of this policy shall be payable to the estate of the insured, or to an
6 insured or beneficiary who is a minor or not competent to give a valid release, the insurer may
7 pay the indemnity, up to an amount not exceeding \$ _____" (insert an amount which shall
8 not exceed one thousand dollars (\$1,000)), "to any relative by blood or connection by marriage of
9 the insured or beneficiary who is deemed by the insurer to be equitably entitled to the payment.
10 Any payment made by the insurer in good faith pursuant to this provision shall fully discharge the
11 insurer to the extent of the payment." "Subject to any written direction of the insured in the
12 application or otherwise, all or a portion of any indemnities provided by this policy on account of
13 hospital, nursing, medical, or surgical services may, at the insurer's option and unless the insured
14 requests otherwise in writing not later than the time of filing proofs of the loss, be paid directly to
15 the hospital or person rendering the services; but it is not required that the service be rendered by
16 a particular hospital or person.")

17 (10) A provision as follows:

18 "PHYSICAL EXAMINATIONS AND AUTOPSY: The insurer at its own expense shall
19 have the right and opportunity to examine the person of the insured when and as often as it may
20 reasonably require during the pendency of a claim under this policy and to make an autopsy in
21 case of death where it is not forbidden by law."

22 (11) A provision as follows:

23 "LEGAL ACTIONS: No action at law or in equity shall be brought to recover on this
24 policy prior to the expiration of sixty (60) days after written proof of loss has been furnished in
25 accordance with the requirements of this policy. No action shall be brought after the expiration of
26 three (3) years after the time written proof of loss is required to be furnished."

27 (12) A provision as follows:

28 "CHANGE OF BENEFICIARY: Unless the insured makes an irrevocable designation of
29 beneficiary, the right to change of beneficiary is reserved to the insured and the consent of the
30 beneficiary or beneficiaries shall not be requisite to surrender or assignment of this policy or to
31 any change of beneficiary or beneficiaries, or to any other changes in this policy."

32 (The first clause of this provision, relating to the irrevocable designation of beneficiary,
33 may be omitted at the insurer's option.)

34 (13) A provision as follows:

1 "Medical services" means those professional services and supplies rendered by or under
2 the direction of persons duly licensed under the laws of this state to practice medicine, surgery, or
3 podiatry as may be specified by any medical service plan. Medical service shall not be construed
4 to include hospital services."

5 (14) A provision as follows:

6 "WARNING: Limited benefits will be paid when nonparticipating providers are used.
7 You should be aware that when you elect to utilize the services of a nonparticipating provider for
8 a covered nonemergency service, benefit payments to the provider are not based upon the amount
9 the provider charges. The basis of the payment will be determined according to your policy's out-
10 of-network reimbursement benefit. Nonparticipating providers may bill insureds for any
11 difference in the amount. You may be required to pay more than the coinsurance or copayment
12 amount. Participating providers have agreed to accept discounted payments for services with no
13 additional billing to you other than coinsurance, copayment, and deductible amounts. You may
14 obtain further information about the providers who have contracted with your insurance plan by
15 consulting your insurer's website or contacting your insurer or agent directly."

16 ~~(e)~~(b) (1) Each policy issued and/or renewed shall contain a minimum home health care
17 benefit as follows:

18 (i) "Home health care" is defined as a medically necessary program to reduce the length
19 of a hospital stay or to delay or eliminate an otherwise medically necessary hospital admission;

20 (ii) The home health care program shall be formulated and supervised by the subscriber's
21 physician;

22 (iii) Minimum home health care coverage shall not exceed six (6) home or office
23 physician's visits per month, and shall not exceed three (3) nursing visits per week, home health
24 aide visits up to twenty (20) hours per week, and the following services as needed: physical or
25 occupational therapy as a rehabilitative service, respiratory service, speech therapy, medical
26 social work, nutrition counseling, prescription drugs and medication, medical and surgical
27 supplies, such as dressings, bandages, and casts, minor equipment such as commodes and
28 walkers, laboratory testing, x-rays and E.E.G. and E.K.G. evaluations; and

29 (iv) Communicable diseases and/or nervous, emotional and mental illness are excluded
30 from home health care coverage;

31 (2) The commissioner shall approve the wording in each policy that in each instance shall
32 not be less favorable in any respect to the insured or the beneficiary, as the benefits are outlined
33 in subdivision (1) of this subsection. Any accident and sickness insurance policy whose benefits
34 are limited to income protection or the furnishing of disability income or a limited benefit health

1 coverage are excluded from this subsection. Notwithstanding the provisions of § 27-18-19(3), the
2 minimum home health care benefit shall be included in blanket and/or group policies of accident
3 and sickness insurance;

4 (3) A "limited benefit policy," for the purposes of this section, is any accident and
5 sickness policy that covers one or more specified risks including, but not limited to, accidental
6 death or injury or specified disease. A policy that broadly covers accident and sickness, but which
7 contains exclusions and limitations with respect to certain risks or services, is not a limited
8 benefit policy;

9 (4) With respect to blanket and/or group policies, the provisions of this subsection shall
10 apply only to services provided to residents of Rhode Island or employees of Rhode Island
11 employers.

12 SECTION 2. Section 27-19-72 of the General Laws in Chapter 27-19 entitled "Nonprofit
13 Hospital Service Corporations" is hereby amended to read as follows:

14 **27-19-72. Consumer notification.**

15 (a) Every nonprofit hospital service corporation providing dental benefits to subscribers
16 shall include on the identification card provided to its subscribers on the front of the cards the
17 following language when the underlying plan contains a non-duplication of benefits clause: "NO
18 DUPLICATION OF BENEFITS".

19 (b) Any policy issued to or other communication to subscribers shall contain a provision
20 as follows:

21 "WARNING: Limited benefits will be paid when nonparticipating providers are used.
22 You should be aware that when you elect to utilize the services of a nonparticipating provider for
23 a covered nonemergency service, benefit payments to the provider are not based upon the amount
24 the provider charges. The basis of the payment will be determined according to your policy's out-
25 of-network reimbursement benefit. Nonparticipating providers may bill insureds for any
26 difference in the amount. You may be required to pay more than the coinsurance or copayment
27 amount. Participating providers have agreed to accept discounted payments for services with no
28 additional billing to you other than coinsurance, copayment, and deductible amounts. You may
29 obtain further information about the providers who have contracted with your insurance plan by
30 consulting your insurer's website or contacting your insurer or agent directly."

31 SECTION 3. Section 27-20-68 of the General Laws in Chapter 27-20 entitled "Nonprofit
32 Medical Service Corporations" is hereby amended to read as follows:

33 **27-20-68. Consumer notification.**

34 (a) Every nonprofit medical service corporation providing dental benefits to subscribers

1 shall include on the identification card provided to its subscribers on the front of the cards the
2 following language when the underlying plan contains a non-duplication of benefits clause: "NO
3 DUPLICATION OF BENEFITS".

4 (b) Any policy issued to or other communication to subscribers shall contain a provision
5 as follows:

6 "WARNING: Limited benefits will be paid when nonparticipating providers are used.
7 You should be aware that when you elect to utilize the services of a nonparticipating provider for
8 a covered nonemergency service, benefit payments to the provider are not based upon the amount
9 the provider charges. The basis of the payment will be determined according to your policy's out-
10 of-network reimbursement benefit. Nonparticipating providers may bill insureds for any
11 difference in the amount. You may be required to pay more than the coinsurance or copayment
12 amount. Participating providers have agreed to accept discounted payments for services with no
13 additional billing to you other than coinsurance, copayment, and deductible amounts. You may
14 obtain further information about the providers who have contracted with your insurance plan by
15 consulting your insurer's website or contacting your insurer or agent directly."

16 SECTION 4. Section 27-41-85 of the General Laws in Chapter 27-41 entitled "Health
17 Maintenance Organizations" is hereby amended to read as follows:

18 **27-41-85. Consumer notification.**

19 (a) Every health maintenance organization providing dental benefits to subscribers shall
20 include on the identification card provided to its subscribers on the front of the cards the
21 following language when the underlying plan contains a non-duplication of benefits clause: "NO
22 DUPLICATION OF BENEFITS".

23 (b) Any policy issued to or other communication to subscribers shall contain a provision
24 as follows:

25 "WARNING: Limited benefits will be paid when nonparticipating providers are used.
26 You should be aware that when you elect to utilize the services of a nonparticipating provider for
27 a covered nonemergency service, benefit payments to the provider are not based upon the amount
28 the provider charges. The basis of the payment will be determined according to your policy's out-
29 of-network reimbursement benefit. Nonparticipating providers may bill insureds for any
30 difference in the amount. You may be required to pay more than the coinsurance or copayment
31 amount. Participating providers have agreed to accept discounted payments for services with no
32 additional billing to you other than coinsurance, copayment, and deductible amounts. You may
33 obtain further information about the providers who have contracted with your insurance plan by
34 consulting your insurer's website or contacting your insurer or agent directly."

1 SECTION 5. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO INSURANCE - HEALTH INSURANCE - REQUIRED PROVISIONS

- 1 This act would require health insurance providers to disclose to subscribers the potential
- 2 cost of using out-of-network providers.
- 3 This act would take effect upon passage.

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