

2018 -- S 2934

=====  
LC005817  
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

—————  
A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- HEALTH CARE--HEALTH  
INSURANCE

Introduced By: Senator Joshua Miller

Date Introduced: May 29, 2018

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 157.1

4 RHODE ISLAND MARKET STABILITY AND REINSURANCE ACT

5 **42-157.1-1. Short title and purpose.**

6 (a) This chapter shall be known and may be cited as the "Rhode Island Market Stability  
7 and Reinsurance Act."

8 (b) The purpose of this chapter is to authorize the director to create the Rhode Island  
9 reinsurance program to stabilize health insurance rates and premiums in the individual market and  
10 provide greater financial certainty to consumers of health insurance in this state.

11 (c) Nothing in this chapter shall be construed as obligating the state to appropriate funds  
12 or make payments to carriers.

13 **42-157.1-2. Definitions.**

14 As used in this chapter:

15 (1) "Director" means the director of the Rhode Island health benefits exchange.

16 (2) "Exchange" means the Rhode Island health benefits exchange established within the  
17 department of administration by § 42-157-1.

18 (3) "Health insurance carrier" or "carrier" has the same meaning as it does in § 27-18.5-2.

1 (4) "Health insurance coverage" has the same meaning as it does in § 27-18.5-2.

2 (5) "Individual market" has the same meaning as it does in §27-18.5-2.

3 (6) "Office of the health insurance commissioner" means the entity established by § 42-  
4 14.5-1 within the department of business regulation.

5 (7) "Program" means the Rhode Island reinsurance program established by § 42-157.1-3.

6 (8) "Program fund" or "fund" means the fund established by § 42-157.1-5.

7 (9) "State" means the state of Rhode Island.

8 **42-157.1-3. Establishment of the Rhode Island reinsurance program.**

9 (a) The director is authorized to establish and implement a state-based reinsurance  
10 program, to be known as the Rhode Island reinsurance program:

11 (1) To provide reinsurance to carriers that offer health insurance coverage on the  
12 individual market in the state;

13 (2) That meets the requirements of a waiver approved under 42 U.S.C. § 18052; and

14 (3) That is consistent with state and federal law.

15 (b) The program is intended to mitigate the impact of high-risk individuals on health  
16 insurance rates offered in the individual insurance market on and off of the exchange.

17 (c) The director is authorized to establish reinsurance payment parameters for calendar  
18 year 2020 and each subsequent calendar year that include:

19 (1) An attachment point;

20 (2) A coinsurance rate; and

21 (3) A coinsurance cap.

22 (d) Carriers must provide the exchange and the office of the health insurance  
23 commissioner with data the director prescribes by rules and regulations as necessary to determine  
24 reinsurance payments in a time and manner determined by the director.

25 (e) The director may alter the parameters established in accordance with §§ 42-157.1-3(c)  
26 and 42-157.1-3 (d) as necessary to secure federal approval for a waiver submitted in accordance  
27 with § 42-157.1-6.

28 **42-157.1-4. Powers of the director.**

29 (a) The director may:

30 (1) Contract with the federal government or another unit of government to ensure  
31 coordination of the program;

32 (2) Apply for any available federal funding for the program;

33 (3) Undertake, directly or through contracts with other persons or entities, studies or  
34 demonstration programs to develop awareness of the benefits of this chapter; and

1           (4) Formulate general policy and adopt rules and regulations that are reasonably  
2 necessary to administer this chapter, including regulations establishing a reinsurance program to  
3 mitigate the impact of high-risk individuals on health insurance rates.

4           **42-157.1-5. Establishment of program fund.**

5           (a) A fund shall be established to provide funding for the operation and administration of  
6 the program in carrying out the purposes of the program under this chapter.

7           (b) The director is authorized to administer the fund.

8           (c) The general assembly may appropriate general revenue to support the annual budget  
9 for the program.

10          (d) The fund shall consist of:

11          (1) Any pass-through funds received from the federal government under a waiver  
12 approved under 42 U.S.C. § 18052;

13          (2) Any funds designated by the federal government to provide reinsurance to carriers  
14 that offer individual health benefit plans in the state;

15          (3) Any funds designated by the state to provide reinsurance to carriers that offer  
16 individual health benefit plans in the state; and

17          (4) Any other money from any other source accepted for the benefit of the fund.

18          (e) A restricted receipt account shall be established for the fund which may be used for  
19 the establishment and operation of the program and shall be exempt from the indirect cost  
20 recovery provisions of § 35-4-27.

21          (f) Nothing in this chapter shall be construed as obligating the state to appropriate funds  
22 or make payments to carriers.

23          **42-157.1-6. State innovation waiver.**

24          In accordance with § 42-157-5, the director may apply to the United States Secretary of  
25 Health and Human Services under 42 U.S.C. § 18052, for a state innovation waiver to implement  
26 the program and seek federal pass-through funding for calendar years beginning January 1, 2020,  
27 and future years, to maximize federal funding.

28          **42-157.1-7. Program contingent on federal waiver and appropriation of state**  
29 **funding.**

30          (a) The state shall not implement the program or provide reinsurance payments to eligible  
31 carriers, without a dedicated appropriation of state funding.

32          (b) If the state innovation waiver request in § 42-157.1-6 is not approved, the director  
33 shall not implement the program or provide reinsurance payments to eligible carriers.

34          SECTION 2. Section 35-4-27 of the General Laws in Chapter 35-4 entitled "State Funds"

1 is hereby amended to read as follows:

2 **35-4-27. Indirect cost recoveries on restricted receipt accounts.**

3 Indirect cost recoveries of ten percent (10%) of cash receipts shall be transferred from all  
4 restricted-receipt accounts, to be recorded as general revenues in the general fund. However, there  
5 shall be no transfer from cash receipts with restrictions received exclusively: (1) From  
6 contributions from non-profit charitable organizations; (2) From the assessment of indirect cost-  
7 recovery rates on federal grant funds; or (3) Through transfers from state agencies to the  
8 department of administration for the payment of debt service. These indirect cost recoveries shall  
9 be applied to all accounts, unless prohibited by federal law or regulation, court order, or court  
10 settlement. The following restricted receipt accounts shall not be subject to the provisions of this  
11 section:

- 12 Executive Office of Health and Human Services
- 13 Organ Transplant Fund
- 14 HIV Care Grant Drug Rebates
- 15 Department of Human Services
- 16 Veterans' home -- Restricted account
- 17 Veterans' home -- Resident benefits
- 18 Pharmaceutical Rebates Account
- 19 Demand Side Management Grants
- 20 Veteran's Cemetery Memorial Fund
- 21 Donations -- New Veterans' Home Construction
- 22 Department of Health
- 23 Pandemic medications and equipment account
- 24 Miscellaneous Donations/Grants from Non-Profits
- 25 State Loan Repayment Match
- 26 Department of Behavioral Healthcare, Developmental Disabilities and Hospitals
- 27 Eleanor Slater non-Medicaid third-party payor account
- 28 Hospital Medicare Part D Receipts
- 29 RICLAS Group Home Operations
- 30 Commission on the Deaf and Hard of Hearing
- 31 Emergency and public communication access account
- 32 Department of Environmental Management
- 33 National heritage revolving fund
- 34 Environmental response fund II

1           Underground storage tanks registration fees  
2           Rhode Island Historical Preservation and Heritage Commission  
3           Historic preservation revolving loan fund  
4           Historic Preservation loan fund -- Interest revenue  
5           Department of Public Safety  
6           Forfeited property -- Retained  
7           Forfeitures -- Federal  
8           Forfeited property -- Gambling  
9           Donation -- Polygraph and Law Enforcement Training  
10          Rhode Island State Firefighter's League Training Account  
11          Fire Academy Training Fees Account  
12          Attorney General  
13          Forfeiture of property  
14          Federal forfeitures  
15          Attorney General multi-state account  
16          Forfeited property -- Gambling  
17          Department of Administration  
18          OER Reconciliation Funding  
19          RI Health Benefits Exchange  
20          [RI Health Benefits Exchange -- Rhode Island Reinsurance Program Fund](#)  
21          Information Technology Investment Fund  
22          Restore and replacement -- Insurance coverage  
23          Convention Center Authority rental payments  
24          Investment Receipts -- TANS  
25          OPEB System Restricted Receipt Account  
26          Car Rental Tax/Surcharge-Warwick Share  
27          Executive Office of Commerce  
28          Housing Resources Commission Restricted Account  
29          Department of Revenue  
30          DMV Modernization Project  
31          Jobs Tax Credit Redemption Fund  
32          Legislature  
33          Audit of federal assisted programs  
34          Department of Children, Youth and Families

- 1 Children's Trust Accounts -- SSI
- 2 Military Staff
- 3 RI Military Family Relief Fund
- 4 RI National Guard Counterdrug Program
- 5 Treasury
- 6 Admin. Expenses -- State Retirement System
- 7 Retirement -- Treasury Investment Options
- 8 Defined Contribution -- Administration - RR
- 9 Violent Crimes Compensation -- Refunds
- 10 Treasury Research Fellowship
- 11 Business Regulation
- 12 Banking Division Reimbursement Account
- 13 Office of the Health Insurance Commissioner Reimbursement Account
- 14 Securities Division Reimbursement Account
- 15 Commercial Licensing and Racing and Athletics Division Reimbursement Account
- 16 Insurance Division Reimbursement Account
- 17 Historic Preservation Tax Credit Account
- 18 Judiciary
- 19 Arbitration Fund Restricted Receipt Account
- 20 Third-Party Grants
- 21 RI Judiciary Technology Surcharge Account
- 22 Department of Elementary and Secondary Education
- 23 Statewide Student Transportation Services Account
- 24 School for the Deaf Fee-for-Service Account
- 25 Davies Career and Technical School Local Education Aid Account
- 26 Davies -- National School Breakfast & Lunch Program
- 27 Office of the Postsecondary Commissioner
- 28 Westerly Higher Education and Industry Center
- 29 Department of Labor and Training
- 30 Job Development Fund
- 31 SECTION 3. This act shall take effect upon passage.

=====  
LC005817  
=====

EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T  
RELATING TO STATE AFFAIRS AND GOVERNMENT -- HEALTH CARE--HEALTH  
INSURANCE

\*\*\*

1           This act would establish the Rhode Island reinsurance program that will provide  
2 reinsurance to insurance carriers that offer health insurance coverage on the individual market, to  
3 mitigate the impact of high-risk individuals on health insurance rates. The director of the Rhode  
4 Island health benefits exchange would be authorized to establish payment parameters for this  
5 program. A restricted receipt fund consisting of federal funds would be designated to provide  
6 reinsurance to carriers that offer individual health benefit plans that are established and  
7 administered by the director.

8           This act would take effect upon passage.

=====  
LC005817  
=====