



RIMS Legislative Report

The 2004 RI General Assembly session

MAJOR HEALTH CARE INSURANCE BILLS PASS IN PRODUCTIVE LEGISLATIVE SESSION

The Rhode Island General Assembly recessed in the wee hours of Saturday morning, June 26, having done more relating to health care than any other Assembly session in at least a decade.

Among other things, the legislature mandated the creation of a commissioner's post for health insurance, gave the Governor and General Assembly significant authority to appoint directors to the board of Blue Cross & Blue Shield of RI, banned smoking in the workplace, and passed the nation's first state law enabling consumers to purchase pharmaceuticals by mail-order directly from state-registered pharmacies in Canada.

These and other major pieces of legislation have since streamed to the desk of the Governor, who had a fixed amount of time to either sign or veto each bill, or allow bills to become law without his signature. As of this writing, the major health-related bills noted above have become law, either with or without the Governor's signature. Some of the new laws take effect immediately; the effective date of others is months away.

Unfinished business left on the table by the General Assembly included reforms of the professional liability system and a measure to give health professionals more clout with health plans through antitrust reform (the Health Care Fairness Act). Both of these important and intensely contested bills achieved new breakthroughs in visibility and acceptance, but in the end the legislature failed again to send either to the Governor's desk, where they were virtually certain to have been signed into law. Here is a closer look at what the legislature and the Governor have done.

Health Insurance Commissioner

As ultimately enacted by the Assembly, this new law creates a new position that is less independent and has less authority than the Medical Society envisioned when it first proposed the idea of an insurance commissioner with broad authority more than a year and a half ago.

RIMS' vision was for a new state Department of Insurance that would unite the insurance oversight functions that are currently divided between the Department of Business Regulation (DBR) and the Dept. of Health, and would have the authority over rate setting reserving and fair business prac-



Rep. Peter Ginaitt (left) and Sen. Joseph Polisena worked to persuade their colleagues in both chambers to support a moderate package of reforms. Gov. Carcieri endorsed the proposed reforms, and urged lawmakers to enact them.

tices in all lines of insurance, including medical professional liability insurance.

The new Commissioner of Health Insurance will have a significant mandate, nevertheless. The Commissioner will be appointed by the Governor with advice and consent of the Senate and will report to the Governor. The Commissioner's responsibilities as specified in the new law are to guard the solvency of health insurers, protect the interests of consumers, encourage fair treatment of health care professionals, encourage policies that improve the quality and efficiency of health care service delivery and outcomes, and "view the health care system as a comprehensive entity and encourage and direct insurers towards policies that advance the welfare of the public through overall efficiency, improved health care quality, and appropriate access."

The Commissioner is to hold public meetings regarding rates, services and operations of health insurers and the impact of all these things on consumers, medical professionals and the market environment.

The Commissioner is to collect and disseminate information and make recommendations regarding insurers' administrative costs and reserves and shall propose legislation to improve the regulation of health insurance.

Finally, the Commissioner is supposed to establish and co-chair a "consumer/business/labor/medical advisory council." Included in the charge of this new body is responsibility to assess the views of medical professionals with regard to reimbursement, administrative practices of insurers, and "the insurers' role in promoting efficient and high quality health care."

Blue Cross & Blue Shield

The Medical Society's call for reorganization of the board of directors of Blue Cross was fulfilled in a new law that gives the Governor, the Speaker of the House and the President of the Senate each authority to appoint two directors to the Blue Cross board, one this year and a second next year. Thus, by the middle of 2005, a total of six of sixteen Blue Cross board members will be public appointees. Those so appointed may serve up to three consecutive 3-year terms. None of the six public appointees may be licensed health care professionals.

In addition, the new law calls for vacancies in the remain-

ing, non-publicly appointed board seats to “be filled by an open and public process” that shall “include public solicitation.”

Canadian pharmacies

As widely reported in the press, the Medical Society’s bill to permit Canadian pharmacies to be registered in Rhode Island passed both the House and Senate unanimously, despite fervent opposition from industry.

This new law is the nation’s first of its kind to open a state-sanctioned avenue for consumer importation of less expensive, quality pharmaceuticals from Canada.

Workplace smoking ban

This high-profile legislation, the likes of which recently went into effect in Massachusetts, is intended to protect air quality for all indoor workers and is expected to provide the greatest benefit for the personnel and patrons of restaurants and bars.

The Medical Society was an active member of the coalition that advocated for the bill. The law becomes effective March 1, 2005.

Health insurance regulation

In keeping with its concern that “the complexities of the health insurance and health care delivery systems result in inefficiencies, confusion and additional costs for consumers and other participants in the health care system,” the General Assembly charged its Joint Committee on Health Care Oversight to undertake a comprehensive study of the state’s regulatory structure for health care and to report back with recommendations by March 1, 2005. The charge includes review and evaluation of various “mandated benefits” (i.e., coverage provisions of health insurance policies that are required by RI state law) that have been enacted by the General Assembly over the years for a host of benefits, including fertility services and Lyme disease immunizations. RIMS has called for such a review.

Regional insurance market competition

A new law called “The Health Care Market Expansion Act” requires the Director of the DBR to report to the General Assembly by the end of this year on steps that could be taken to adjust the state’s health insurance regulatory apparatus in order to bring it into harmony with that of Massachusetts.

The goal would be “to effectuate a seamless health insurance market incorporating both states” with the objective of making RI part of a larger health insurance market.

Unfinished business: liability and antitrust reform

Important professional liability legislation remained alive



in both chambers until the closing gavel. However, no vote occurred in committee or on the floor of the House or Senate.

RIMS led a broad coalition of professionals and institutions which raised awareness and mobilized support for liability reform, including strong grassroots activity.

Representative Peter Ginaitt and Senator Joseph Polisena worked hard to persuade their colleagues in both chambers to support a moderate package of reforms. Governor Carcieri urged lawmakers to enact them.

The continued reluctance of the General Assembly to act on the issue is a reflection not on the merits of the legislation but rather on the entrenched and powerful interests defending the status quo.

The Health Care Fairness Act (HCFA) gained new ground but did not become law. (HCFA is the bill that would enable independent health care professionals to negotiate with health insurers on a range of issues under the “state action” exemption to antitrust law.) For the second year in a row, HCFA passed the House overwhelmingly but died in the Senate.

What’s next?

RIMS is reviewing the past session and preparing for 2005. RIMPAC is focused on the upcoming primaries and general election in November. All General Assembly seats are up for election in November; some contests will include primaries in September.

Six health care professionals have declared candidacy for public seats in the General Assembly. All six are graduates of the RIMS Campaign School conducted in November of 2003..