

2011 -- S 0463

=====
LC01216
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

A N A C T

RELATING TO HEALTH AND SAFETY -- TERMINATION OF HOSPITAL CONTRACTS
WITH HEALTH PLANS

Introduced By: Senators Perry, Sosnowski, Nesselbush, and Pichardo

Date Introduced: March 10, 2011

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 23 of the General Laws entitled "HEALTH AND SAFETY" is hereby
2 amended by adding thereto the following chapter:

3 CHAPTER 17.26

4 TERMINATION OF HOSPITAL CONTRACTS WITH HEALTH PLANS

5 **23-17.26-1. Definitions.** – As used in this chapter:

6 (1) "Department" means the department of health;

7 (2) "Director" means the director of the department of health;

8 (3) "Health care services" means and includes, but is not limited to, medical, mental
9 health, substance abuse, and dental services;

10 (4) "Health Plan" has the same meaning as defined in subdivision 23-17.13-2(8).

11 (5) "Hospital" has the same meaning as defined in subdivision 23-17.14-4(17);

12 (6) "Hospital Contract" refers to a contract or agreement between a hospital and a health
13 plan whereby the hospital agrees to provide health care services to members of the health plan
14 and the health plan agrees to pay for such services in accordance with the terms of the contract.

15 **23-17.26-2. Approval of hospital terminations.** – (a) No hospital termination shall be
16 effective without prior approval of the director.

17 (b) No hospital contract shall include a term or condition whereby the contract can be
18 terminated upon less than one hundred eighty (180) days notice.

1 (c) A health plan or hospital seeking to terminate a hospital contract shall file an
2 application with the department seeking approval of such termination within thirty (30) days of
3 the date such party has sent notice to the other party of its intention to terminate the hospital
4 contract.

5 (d) The department shall render a decision on the proposed hospital termination within
6 one hundred twenty (120) days of receipt of the application. The department shall not exceed the
7 one hundred twenty (120) day period provided for herein.

8 (e) The existing contract between the health plan and the hospital shall remain in full
9 force and effect until the department issues a decision on the application for hospital termination.

10 (f) The director shall promulgate regulations which define the standards and process for
11 the department's review of hospital terminations. Such regulations shall include, but not be
12 limited to, the following:

13 (1) A list of all documents and information to be included in an application for a hospital
14 termination.

15 (2) A list of the criteria by which the department will evaluate hospital terminations that
16 shall include, but not be limited to, the following:

17 (i) The number of health plan members the hospital treated in the past year;

18 (ii) The ability of the local health care delivery system to care for the health plan's
19 members;

20 (iii) The basis for the proposed hospital termination;

21 (iv) The ability for health plan member to obtain the services provided by the hospital to
22 be terminated at other nearby hospitals and/or facilities;

23 (v) The effect the hospital termination would have on continuity of care for health plan
24 members; and

25 (vi) The number and proximity of other hospitals in the vicinity of the hospital to be
26 terminated and the extent to which such hospitals can provide the services which the hospital to
27 be terminated currently provides.

28 **23-17.26-3. Communications regarding hospital terminations.** – No health plan or
29 hospital shall issue, send or make any communication regarding a threatened or prospective
30 termination of a contract between the health plan and the hospital without the prior written
31 approval of the department. For the purpose of this section, the term "communication" shall
32 include, but not be limited to, press releases, public statements, advertisements, letters or
33 telephone calls.

34 **23-17.26-4. Cost of hospital termination review.** – The costs incurred by the

1 department in reviewing an application hereunder shall be borne equally by the hospital and the
2 health plan, regardless of which entity filed the application seeking approval of the termination.
3 The cost of one hundred fifty percent (150%) of the total salaries paid to the personnel of the
4 department engaged in the review hereunder less any salary reimbursements shall be assessed by
5 and paid to the department to and for the use of the department. These assessments shall be in
6 addition to any taxes and fees otherwise payable to the state.

7 **23-17.26-5. Severability.** – If any section, clause, or provision of this chapter shall be
8 held either unconstitutional or ineffective in whole or in part to the extent that it is not
9 unconstitutional or ineffective, it shall be valid and effective and no other section, clause or
10 provision shall on account thereof be termed invalid or ineffective.

11 **23-17.26-6. Applicability.** – Nothing in this chapter shall be construed to repeal, limit or
12 restrict in any manner the department’s authority under any other provision of the general laws;
13 provided, however, if and to the extent the terms of this chapter are deemed to be in conflict with
14 chapter 23-17.13 of this title, this chapter shall prevail.

15 SECTION 2. This act shall take effect upon passage.

=====
LC01216
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO HEALTH AND SAFETY -- TERMINATION OF HOSPITAL CONTRACTS
WITH HEALTH PLANS

1 This act would establish a mechanism for the review by the department of health of any
2 proposed termination of a contract between a hospital and a health plan and would provide for
3 parity among health plans and hospitals during the hospital termination review process.

4 This act would take effect upon passage.

=====
LC01216
=====