

# OHIC NEWS

## RHODE ISLAND PURSUING INNOVATION WAIVER TO CONTROL INSURANCE COSTS

### General Assembly authorizes HealthSource RI to apply for federal waiver to set up a state reinsurance program

Thanks to Governor Raimondo's support and swift action by the General Assembly, Rhode Island is preparing an application for a federal innovation waiver for a state reinsurance program that could significantly reduce premium increases on 2020 individual plan health insurance rates.

Legislation sponsored by Senate Chairman Joshua Miller and House Majority Whip John G. Edwards authorized HealthSource RI to seek the waiver, known as a "1332 waiver" for the section of the Affordable Care Act that allows states to take innovative approaches to controlling health insurance costs and stabilizing markets.

"A state-convened Market Stability Workgroup worked under a tight timeline to identify solutions that had broad-based stakeholder support. I am very grateful for to the Governor and the General Assembly for their support of legislation that came out of the Workgroup. Their leadership will allow us to put in place the tools we need to protect our insurance markets as rates are filed for 2020 and subsequent years," said state Health Insurance Commissioner Marie Ganim.

Reinsurance brings insurance premiums down by paying for some of the most expensive claims for persons insured in the Individual Market, meaning insurers don't have to raise rates across the board to cover their highest-cost enrollees.

Minnesota, Alaska, and Oregon were the first three states to establish reinsurance programs. Individual plan rates were projected to increase 42% in Alaska in 2017, but reinsurance brought that down to 7.2%. Minnesota's reinsurance program is credited with saving consumers from a 20% average individual plan rate hike in 2018. Other states are establishing or considering their own reinsurance programs.

Reinsurance approved under 1332 waivers also bring federal pass-through funds to states to support



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*HealthSource RI is preparing an application for a federal innovation waiver to control health insurance costs with a state reinsurance program.*

the cost of the programs. Under one scenario, HealthSource RI estimates that Rhode Island could see \$15 million in pass-through savings to establish a \$26 million reinsurance fund that could cut 2020 insurance rates by 10%.

One potential funding source to match federal dollars available for reinsurance could be a state-based shared responsibility fee, charged to incentivize consumers to purchase health coverage and maintain market stability. New Jersey has passed legislation to use its shared responsibility fees to fund its reinsurance plan.

Rhode Island does not currently have a shared responsibility requirement. Instituting one was among the recommendations made by RI's Market Stability Workgroup in June—along with seeking a reinsurance program, and stronger state regulation of short-term limited duration health plans.



## Consumer Alert: Be wary of telemarketers selling “low cost” insurance

Health insurance buyers, beware: OHIC is seeing an increase in telemarketing calls selling health plans that may not be legal in the state of Rhode Island, and may not provide adequate coverage when you need it most.

The increase in calls selling what are known as “short-term limited duration” plans may be due to new federal rules loosening restrictions on what’s required in plans sold outside of Affordable Care Act marketplaces like HealthSource RI.

While federal restrictions on short-term plans are being rolled back, state coverage rules still apply. OHIC requires that short-term plans receive state approval the same way ACA-compliant marketplace plans do. This oversight has, for the most part, kept short-term plans out of Rhode Island. State legislation to address the threat of these plans is expected to be considered in 2019.

But OHIC’s rules aren’t stopping some out-of-state call centers from trying to sell to Rhode Islanders anyway, as Health Insurance Commissioner Marie Ganim [recently told RI Public Radio](#).

Sales calls for short-term plans often lead with a promise of low monthly premiums, but the hidden costs they come with are less apparent. Unlike health plans sold on HealthSource RI, these plans may limit the amount that insurance will cover either for individual procedures, or over the course of a lifetime.

Sam Salganik, Attorney and Health Policy Analyst at the Rhode Island Parent Information Network (RIPIN), advises consumers who receive health insurance sales calls to ask for specifics on what the plan covers.

### Upcoming Meetings

- **[State Innovation Model \(SIM\) Steering Committee](#)**  
*Meets second Thursday of each month*  
Thursday, August 9, 5:30 PM  
HP Conference Room 203  
301 Metro Center Blvd., Warwick
- **[Health Insurance Advisory Council \(HIAC\)](#)**  
*Quarterly Public Comment Meeting*  
Tuesday, September 18, 4:30-6:00 PM  
Location TBD—Check [ohic.ri.gov/ohic-hiac.php](http://ohic.ri.gov/ohic-hiac.php) for updates



Need help with health insurance? Call 401-270-0101 or visit [www.ripin.org](http://www.ripin.org). RIPIN is OHIC’s community partner for consumer assistance.

“If it doesn’t cover hospital visits, prescription drugs, or mental health services, it likely isn’t going to be very valuable to the consumer,” he says. “Ask if there are pre-existing condition exclusions. Can they deny you coverage if you already have a health condition? Do they reserve the right to drop your coverage if you get seriously sick or injured? If the answer to either of those questions is ‘yes,’ not only is it probably not going to be adequate coverage, it may be in violation of state laws and regulations designed to protect consumers.”

Salganik reminds consumers that all plans sold on HealthSource RI – including individual market plans from Blue Cross and Blue Shield of RI and Neighborhood Health Plan of RI – have been reviewed and approved by OHIC and that subsidies to help pay for coverage are available for those who qualify. Individual plans sold direct by Blue Cross and Blue Shield of RI have also been approved by OHIC.

Finally, he warns consumers to be careful not to share any personal information over the phone. “There are companies that are trying to sell plans that may not be authorized in Rhode Island, and there are also scammers who may pose as health insurance salespeople in attempt to gain your personal or financial information.”

Consumers who have questions about any type of health insurance can call RIPIN’s consumer assistance center at 401-270-0101. Most calls are answered live, and voicemails are typically returned within 48 hours.