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April 11, 2024

The Honorable Joseph J. Solomon, Jr., Chairman
Of the House Corporations Committee
Rhode Island State House
Providence, RI 02903

RE: AHIP Comments on H-8056, An Act Relating to Insurance – Accident and Sickness Insurance Policies

To Chairman Solomon and Members of the House Corporations Committee,

America's Health Insurance Plans (AHIP) appreciates the opportunity to comment on H-8056, legislation that prohibits health insurance providers from paying a rate that is less than the approved Medicaid rate set by the Executive Office of Health and Human Services.

H-8056 impedes the freedom of contractual negotiations between sophisticated private parties. The ability to competitively negotiate rates is an important tool health insurers use to help keep health care premiums low. Limiting an insurer's ability to negotiate competitive reimbursement rates raises costs across the board for policyholders and premium payers which may lead to permanent increases in health care costs for all Rhode Islanders, further risking health care access to vulnerable populations.

Currently, health insurers and health providers freely negotiate reimbursement rates to arrive at an amount that best reflects the fair market value for an array of services. Appropriate factors used when negotiating provider reimbursement rates, include, but are not limited to:

- Scope of practice;
- Licensure;
- Level of training;
- Experience;
- Quality of care;
- The volume of patients the provider is expected to handle;
- Physician administrative costs;
- The geographic market; and even
- Medicare reimbursement rates.

Importantly, insurers also look at any innovations that may stabilize or **decrease** costs. By establishing a reimbursement floor regardless of any cost-stabilizing or -reducing administrative, technological, or medical innovations, H-8056 would prevent any potential savings from being passed along to consumers and businesses.

AHIP therefore recommends the Committee to continue to allow health insurance providers flexibility in negotiating appropriate payment rates for services. The savings from such negotiations can and do benefit consumers.

For these reasons, we urge the Committee not to pass H-8056.

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Thank you for your consideration of our comments. AHIP and its members stand ready for further discussions on this important topic.

Sincerely,

A handwritten signature in black ink that reads "Terrance S. Martiesian". The signature is written in a cursive style with a large, prominent initial "T".

By: _____
Terrance S. Martiesian

AHIP is the national association whose members provide health care coverage, services, and solutions to hundreds of millions of Americans every day. We are committed to market-based solutions and public-private partnerships that make health care better and coverage more affordable and accessible for everyone. Visit www.ahip.org to learn how working together, we are Guiding Greater Health.