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May 9, 2024

The Honorable Susan R. Donovan, Chairwoman  
Of the House Health & Human Services Committee  
State House  
Providence, RI 02903

**RE: AHIP Comments on H-8072, An Act Relating State Affairs and Government – The Rhode Island Health Care Reform Act of 2004 – Health Insurance Oversight [OPPOSE]**

To Chairwoman Donovan and Members of the House Health and Human Services Committee,

America's Health Insurance Plans (AHIP) appreciates the opportunity to comment on H-8072, legislation that: 1) defines the healthcare competitive region of Massachusetts, Rhode Island, and Connecticut; 2) establish reporting mandates; and 3) establish a regional parity floor to be achieved over a 3 year period where by hospitals, physicians, and advanced practice providers are paid materially equivalent rates to average payment rates in Massachusetts and Connecticut. The bill also creates a contract opener in the first year of enactment if rates fall below 33.33% of the regional average rate.

We are concerned this bill limits a carrier's ability to negotiate competitive reimbursement rates and will make health care unnecessarily more expensive for Rhode Island consumers and businesses, which ultimately may limit access to health care.

H-8072 impedes contractual negotiations between two private parties by tying reimbursement benchmarks to states with different social, economic, and geographical metrics than Rhode Island. Health insurance providers and health care providers freely negotiate reimbursement rates to arrive at an amount that best reflects the fair market value for an array of services. This ability to competitively negotiate rates is an important tool that health insurers use to help keep health care premiums affordable for consumers.

The proposed bill also diminishes review factors insurers use to evaluate providers when negotiating rates. There are many factors that are appropriate to consider when negotiating provider reimbursement rates, including, but not limited to: scope of practice; the volume of patients the provider is expected to handle; physician administrative costs; quality of care; and supply and demand. Importantly, insurers also look at any innovations that may stabilize or **decrease** costs. Value based paying arrangements, which tie payment to quality outcomes, are effective in efficiently using healthcare dollars to produce positive health outcomes for patients, ultimately reducing the cost of care throughout the system. Equally important, many of these factors that go into determining a competitive reimbursement rate are specific to Rhode Island and have nothing to do with the result of contractual negotiations in Connecticut or Massachusetts.

Artificially requiring increases in reimbursement rates may lead to unnecessary and permanent increases in health care costs for all Rhode Islanders, thereby further risking health care access to vulnerable populations. By requiring insurers to increase certain reimbursements every year regardless of any administrative, technological, or medical innovations that allow for the stabilization or reductions in health

care costs, H-8072 would prevent any potential savings to be passed along to consumers and businesses.

For these reasons, AHIP opposes H-8072 and respectfully urges the Committee not to pass the bill.

AHIP stands ready to work together with state policymakers to ensure every patient has access to the high quality, affordable drugs that they need.

Sincerely,

America's Health Insurance Plans

A handwritten signature in black ink, reading "Terrance S. Martiesian". The signature is written in a cursive, flowing style.

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](http://www.ahip.org) to learn how working together, we are Guiding Greater Health.