

## CONCISE EXPLANATORY STATEMENT

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In accordance with the Administrative Procedures Act, R.I. Gen. Laws § 42-35-2.6, the following is a concise explanatory statement:

**AGENCY:** Department of Administration (DOA)

**DIVISION:** HealthSource RI (HSRI)

**RULE IDENTIFIER:** Part 220-RICR-90-00-1, ERLID No. 9969

This adoption is associated with the repeal of R23-1-1-ACA

**REGULATION TITLE:** Rules and Regulations Pertaining to HealthSource RI

**REASON FOR RULEMAKING:** This rule will establish the eligibility requirements for enrollment in a Qualified Health Plan, premium tax credits and cost sharing reductions, operation of a SHOP Exchange, and establishment of a trust to facilitate the collection and payment of premiums to qualified health plan issuers, among other requirements.

This rule will replace the Rules and Regulations Pertaining to the Rhode Island Health Benefits Exchange, R23-1-1-ACA. This rule will better align with the federal rules and standards, eliminate confusion, and comply with the Administrative Procedures Act's (APA) recodification requirements.

**CHANGE TO TEXT OF THE RULE:** During public comment, it was suggested that HSRI add a provision to Section 1.8 of the rule that is substantially similar to the following:

"1.8(D): Notwithstanding the other provisions of this section, HealthSource RI shall not auto-renew customers such that coverage in their new plan, as compared to their existing plan, adds or eliminates comprehensive coverage for abortion services, as defined in 45 C.F.R. § 156.280(d)(1). Customers who are not auto-renewed as a result of this subsection shall instead be sent a notice from HealthSource RI, in coordination with their Annual Open Enrollment Notice, that will provide an explanation regarding the reason they have not been auto-renewed and detail the steps they will need to take in order to select a plan for the upcoming year. This notice shall also provide a list of plans that do and do not cover comprehensive abortion services."

Healthsource RI (HSRI) has determined that this revision will be implemented, with modifications. HealthSource RI's existing policy around automatic renewal is that it will not automatically renew customers into new plans that add or eliminate comprehensive coverage for abortion services, as defined in 45 C.F.R. § 156.280(d)(1). If a customer is not renewed as a result of this policy, he or she should be notified of the required steps to enroll in a new plan. Accordingly, HealthSource

RI is adding a new subsection 1.8(C)(1) that is substantially similar to the provision suggested by the commenter.

## **REGULATORY ANALYSIS:**

In June of 2015, the Rhode Island General Assembly submitted, and Governor Gina Raimondo approved, an operating budget containing a provision establishing HSRI as a division of the DOA. HSRI's organic statute is codified at Rhode Island General Laws, Chapter 42-157, Rhode Island Health Benefit Exchange. The following regulatory analysis focuses on the proposed modifications to the Rules and Regulations Pertaining to the Rhode Island Health Benefits Exchange ("Rule") beyond federal requirements.

Except as specified below, this Rule is required by federal mandate in order for HSRI to operate as a State-Based Exchange, which allows eligible residents of Rhode Island to receive Advance Premium Tax Credits. Advance Premium Tax Credits are paid by the federal government to eligible residents of Rhode Island who enroll in a health insurance plan through HSRI in an effort to offer affordable health coverage to the residents of Rhode Island.

HSRI is proposing to add Section 1.8(C) Automatic Renewal Process to the Rule. 45 C.F.R. § 155.410 permits HSRI to automatically renew qualified individuals at such time and in such manner as Health and Human Services ("HHS") may specify, and subject to the Exchange demonstrating to HHS that it has good cause to perform such automatic enrollments.

HSRI has been providing eligible Rhode Islanders with the option to automatically renew their health coverage since 2016. Adding Section 1.8(C) does not impose a new requirement but rather codifies the existing automatic renewal process. During the Annual Open Enrollment Period for the 2018 Benefit Year, more than 75 percent of HSRI enrollees were eligible for automatic renewal.

Automatic renewal yields a multitude of benefits, and convenience is at the top of that list. Rhode Island residents who are eligible for automatic renewal can have their health insurance plans automatically renewed each year as long as they make their payment. Automatic renewal reduces traffic to the online health insurance portal, walk-in center, and call center, which in turn reduces wait times for customers and requires less staff resources. Automatic renewal is optional, residents who do not wish to participate may choose to switch to a different health plan or choose not to renew their health coverage during each Annual Open Enrollment Period.

The costs associated with automatic renewal are low. HSRI's integrated eligibility system already has functionality built in that allows it to renew individuals' health plans automatically.

There is no alternative approach to automatic renewal that would be as effective or less burdensome to the affected parties. One alternative approach would be to not renew eligible individuals' health plans automatically. While permissible under federal law, this alternative approach would likely lead to longer wait times for customers and require greater staff resources from HSRI and insurers. Not allowing automatic renewal could also likely result in many residents losing their health coverage by failing to complete all of the necessary renewal requirements during the Annual Open Enrollment Period. Residents who do not complete the necessary renewal requirements would be disenrolled from coverage on December 31 each year and may not be able to enroll in coverage again until the following Annual Open Enrollment Period.

Health insurance issuers would also be negatively impacted if this alternative approach were adopted because they would lose customers who failed to take the necessary steps to enroll during the Annual Open Enrollment Period. Accordingly, the alternative approach would not be as effective or less burdensome to the affected parties.

Upon review of all the costs and benefits, HSRI has determined that the benefits of the proposed rule justify the costs of the proposed rule. Further, the proposed rule will achieve the objectives of the authorizing statute in a more cost-effective manner, or with greater benefits, than other regulatory alternatives.

In the development of this rule, consideration was given to: 1) alternative approaches; 2) overlap or duplication with other statutory and regulatory provisions; and 3) significant economic impact on small business. No alternative approach, duplication, or overlap was identified based on available information. HSRI has determined that the benefits of this rule justify its costs.