

March 02, 2006

Senator Marc Cote
144 Woodland Road
Woonsocket, RI 02895

Senator Roger Badeau
370 Dunlap Street
Woonsocket, RI 02895

Rep. David LaRoche
530 Summer Street
Woonsocket, RI 02895

Rep. Todd Brien
560 Lydia Avenue
Woonsocket, RI 02895

Rep. Roger Picard
764 Mendon Road
Woonsocket, RI 02895

Honorable State Legislators:

I write to request your support for H7615 and S2732. Enclosed please find copies of both of these bills.

Background: Each of thirteen local governing bodies¹ decided to participate in joint purchasing of health insurance. The Governmental Health Group of Rhode Island, Inc. (the “Group”) was incorporated under R.I.G.L. 45-5-20.1 and began operations on July 1, 2005. The governing bodies hoped to control their health insurance expenditures as a result of the possibility of savings due to a lower retention charge by Blue Cross Blue Shield of Rhode Island and a more credible size group of 5,000 subscribers. This joint purchasing effort for health insurance is the first of its kind to be operated under the above statute. To date, savings are being realized as projected.

Genesis of Legislation. The Group has submitted a Plan of Operation to the Department of Business Regulation (DBR) for its approval. While approval is being considered, the Group’s Board of Directors voted to comply with a DBR request that the Group initiate legislation which would remove the requirement that DBR approve the Plan of Operation. The Group believes that the statute, as currently enacted, clearly states that the corporations formed under the statute “...shall not be considered an insurance company and shall not be subject to the provisions of the laws of the State of Rhode Island regulating insurance companies.” Since the DBR cannot regulate the ongoing operations of the Group formed under the statute, the proposed amendment would remove the awkward requirement that DBR approve the Plan of Operation.

¹ The thirteen members are as follows: Newport (City and Schools), Middletown (Town and Schools), Portsmouth (Town and Schools), Tiverton (Town and Schools), Little Compton (Town and Schools), Bristol Warren Regional Schools, Central Falls Schools and Woonsocket Education Department.

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The proposed amendment to the statute would also clarify the wording to clearly state that more than one municipal/regional school district risk sharing group could be formed under the statute and that regional school districts may participate. If the revised legislation is successful, DBR would no longer approve the Plan of Operation for any risk-sharing group formed under the statute, school districts may participate and more than one group may be formed.

Amended Legislation. Bill H7615 and S2732 amend the statute to remove DBR approval of the Group's Plan of Operation, allow regional school districts to participate and more than one risk sharing group to form.

Based on the foregoing, we seek your support for these important pieces of legislation.

If you have any questions, please contact David Faucher, Finance Director at 643-0308.

Sincerely,

Marc A. Dubois
Woonsocket School Committee, Chairman