

State of Rhode Island Office of the Health Insurance Commissioner
Health Insurance Advisory Council
Meeting Minutes
October 18, 2016, 4:30 P.M. to 6:00 P.M.
State of Rhode Island Department of Labor and Training
1511 Pontiac Avenue, Building 73-1
Cranston, RI 02920-4407

Attendance

Members

Co-Chair Commissioner Kathleen Hittner, Co-Chair Stephen Boyle, Vivian Weisman, Karina Gibbs, Mike Souza, Al Charbonneau, Howard Dulude, Karl Brother, David Feeney, Hub Brennan

Issuers

Gus Mannocchia, Blue Cross & Blue Shield of RI, Caroline Rush.

State of Rhode Island Office of the Health Insurance Commissioner Staff

Linda Johnson, Jay Garrett, Cory King

Not in Attendance

Gregory Allen, Bill Schmiedeknecht

Minutes

1. Welcome and Review of September Meeting Minutes

Commissioner Hittner and Stephen Boyle called the meeting to order and welcomed all Health Insurance Advisory Council (HIAC) members and others in attendance.

Vivian Weisman motioned to approve the minutes from the September 20, 2016 meeting of the HIAC, seconded by Mike Souza. The minutes were approved unanimously with no changes.

2. RIREACH Consumer Update

Karina Gibbs from RIPIN updated the Council on RIREACH activity for the month of September

- September call volume was 2677 calls, both incoming and outgoing.
- The two call center positions mentioned by Karina at the September HIAC meeting have now been posted.

- Since the September HIAC meeting, RIREACH has seen an increase in eligibility and systems issues due to the conversion to “Bridges,” the state’s new unified health infrastructure portal (UHIP). Many of the calls have come from Navigators assisting consumers with enrollment.

3. Health Reform Update: State Innovation Model (SIM)

Marti Rosenberg updated the Council on SIM.

- SIM procurement processes continue. Marti reported there are two RFPs that have been issued:
 - Joint Community Health Team/SBIRT proposal
 - Reprocurement of a vendor for the All-Payer Claims Database (APCD)
- A Healthcare Workforce workgroup convened by EOHHS/SIM held its first meeting. Approximately 110 participants attended the 2-hour meeting, focused on healthcare workforce issues.
- SIM is also available to present to organizations/businesses/other groups as part of their ongoing outreach effort.

4. Form and Rate Review

Jay Garrett and Linda Johnson addressed the Council on the 2016 Form and Rate Review process, which began in April and was completed in September. OHIC reviewed 262 small group and individual health plan designs and 114 dental plans. Jay noted that plan designs continue to become more complex due to complicated network tiering.

Linda and Jay both noted that in any given year, OHIC’s reviewers will pay particular attention to areas of concern. These areas of concern may be determined based on consumer complaints received by OHIC, issues raised by healthcare advocates, or identified by sister agencies in state government. For 2016, there was a focus on mental/behavioral healthcare benefits and substance use disorder treatment.

Another plan design issue that OHIC has been exploring related to Hepatitis C treatment. A highly effective Hepatitis C drug is available, but it is very expensive. The typical standard is to not treat the patient with this drug until they have reached a certain, more advanced level of liver disease. Linda noted that other medical conditions are not treated this way—you wouldn’t wait for a cancer patient, for example, to reach a certain advanced stage of cancer before beginning treatment. Linda acknowledged that this was an oversimplification for the sake of discussion. But the overall question is whether or not it is “discriminatory” to deny Hepatitis C patients at a less severe stage of illness coverage of a drug that could effectively cure them. Council members acknowledged the complexity of this issue.

Next, Cory King addressed the council on approved health plan rates.

- For individual and small group plans, OHIC approves an Essential Health Benefits (EHB) base rate. This is a rate for a hypothetical plan that covers a 21 year old at a silver actuarial value level of utilization. Factors are then applied to this EHB base rate to determine the rate for a given consumer/group.
- For large group plans, OHIC approves an expected overall average increase and then monitors the plans on a quarterly basis.
- OHIC estimates approximately \$23 million in savings as a result of this year’s rate review process.
- For the most part, Neighborhood Health Plan’s individual rates decreased, whereas Blue Cross & Blue Shield of RI’s rates increased.
 - This led to a discussion regarding the sustainability of NHP’s low prices on individual and small group plans. Cory pointed out that OHIC’s actuaries found NHP’s rates to be “credible,” and that while NHP had entered the commercial market with Medicaid reimbursement rates on for their commercial providers, NHP has made adjustments and begun to raise reimbursements for some professional providers.
 - Mike Souza pointed out that on the hospital side, NHP was paying Medicaid rates “well below cost,” and BCBSRI was paying “above cost,” which was driving the premium differences.
- Overall, the trend of premium rates has been “favorable,” with lower average increases this year compared to pre-ACA. Cory said OHIC would continue, at the request of the Council, to compare allowed claims trend to approved premiums.
- Karl Brother, Howard Dulude and others asked about the number or percentage of enrollees by plan type—HMO vs. PPO. Linda responded that even within those categories, there were many other types of plans, but that OHIC would work to provide an answer.

5. Affordability Standards

Cory updated the Council on the two advisory committees convened by OHIC under the Affordability Standards—the Alternative Payment Methodology Committee and the Care Transformation Committee.

- Topics for the Alternative Payment Methodology Committee this fall:
 - Defining minimum downside risk
 - Engagement of specialists in process to define episodes
 - Transitioning Primary Care to alternative payment models.
- Topics for the Care Transformation Committee:
 - Develop process for best practices around high risk patient identification
 - Defining PCMH
 - Helping small practices transition to PCMH

Cory announced that the proposed regulation changes discussed at the September, 2016 HIAC meeting have been issued. OHIC will take public comment on the proposed changes until October 26th.

This led to a robust discussion among council members regarding the proposed change to the Affordability Standards around hospital payments. The Affordability Standards, as approved in February 2015, would have instituted a cap on hospital spending in carrier contracts that was tied to the consumer price index less food and energy and gradually stepped down. The changes currently subject to public comment would eliminate the gradual decrease and maintain the cap at core CPI +1%.

Several council members expressed reservations about this proposed change.

- Hub Brennan, Steve Boyle and others said they would have preferred to see this adjustment of the rate cap tied to assurances that hospitals would re-invest in efficiency and improved quality. But both Hub and Steve also acknowledged the financial difficulties that hospitals in Rhode Island face.
 - Still, Hub said there was nothing to suggest that this loosening of the hospital rate cap would “be an investment that would yield return.” He pointed out the difference between this modification of the rate cap and OHIC’s other efforts to increase primary care spending, which “was going to meaningfully improve primary care, this [stands] out in stark contrast.”
 - Hub went on to “insist” that that the increase in allowed payments to hospitals “have some verifiable metric that proves return on investment.” He also said that the proposed change seemed to counter all of the work done by OHIC and HIAC over the last decade, and that he was left “uncomfortable as a member of this council” with the process.
- Karl Brother said this change “wasn’t the result of the process we embraced,” referring to the months long, multi-stakeholder process that preceded the updates to the Affordability Standards made effective in early 2015.
- Al Charbonneau stated that he felt the minutes did not properly reflect the discussion the Council engaged in on this topic at the September meeting. He then said that hospitals needed to be strengthened, but that the answer was not to “throw more money into a system that has not used it efficiently.” Al expressed support for Hub’s comments.
- Mike Souza defended the change, saying that while it seemed like a large difference in terms of dollars, percentage-wise it was only a “.4% change on premium.” He said that HARI asked for relief because they felt that gradually lowering the cap was too aggressive when it was first proposed. Mike pointed out that even with the proposed change, which would maintain the cap at core CPI+1%, Rhode Island would still be the only state with a hard cap. He mentioned the other struggles faced by Rhode Island’s hospitals: negative year-over-year revenues, declining Medicare and Medicaid rates, huge amounts of bad debt.
- Commissioner Hittner acknowledged Council members concerns. She pointed out that while the cap reduction was not tied to any specific investments to be made by hospitals, that the hospitals were already making significant investments in IT infrastructure. Also, other parts of the Affordability Standards tie payments to quality measures, and those would remain. The Commissioner said that there are “really important issues regarding hospitals that need to be addressed” and that could be addressed outside of the cap question. Finally, she made it clear

that regulations had to be realistic, fair, and changed to respond to changing conditions when appropriate.

6. Public Comment

Gus Manocchia from BCBSRI responded to the discussion regarding BCBSRI individual premiums compared to NHPs, saying that with NHP's decreased rates, BCBSRI "will lose individual market membership in 2017."

Gus also responded to the discussion around the changes to the Affordability Standards, saying that in his experience, hospitals view the money allowed under a cap as "a guaranteed amount of money. When the Affordability Standards say 2.9%, they expect nothing less. Physicians have not gotten 2.9% over the years. Hospitals look at quality dollars as a guarantee."

Commissioner Hittner asked Gus, what if we didn't have a hospital rate cap? He replied, "In the past we would see rates well above 2.5% or 3%. [The Affordability Standards] have brought them down, but that is still the expectation of where they are going to be.... I agree with Mike that we need to look at hospital planning overall. 220 excess beds and nothing has been done about it. At some point we need to address that, and that number has gone up because the inpatient need has gone down."

Commissioner Hittner said she understands where hospitals are, but that she did not think that commercial payers and employers should have to bear the burden of Medicaid cuts to hospitals. "I don't think it should be transferred all to them. That's what is making rates go up... I understand where it has to be done, I ran a hospital, I get it. But I am not so sure it is fair."

Stephen Boyle then asked Gus if he could clarify his comments on hospitals not responding to quality incentives. Gus said that the "quality piece is not as robust as it could be if there was truly pay-for-performance."

Mike said he could not speak to that, "but I would say that if I was a hospital CFO and had a chance of getting 2.9%, I would want to get 2.9%."

Howard Dulude added that he understood what Gus was saying regarding the quality piece, but he suggested that it might be helpful to invite hospital representatives to come before the Council and talk about the innovative things they are doing.

Next Meeting

The next meeting of the Health Insurance Advisory Council will be Tuesday, November 14, 2016 from 4:30 P.M. to 6:00 P.M. at the State of Rhode Island Department of Labor and Training, 1511 Pontiac Avenue, Building 73-1, Cranston, RI 02920-4407.