State of Rhode Island Office of the Health Insurance Commissioner
Health Insurance Advisory Council
Meeting Minutes
September 24, 2019, 4:30 P.M. to 6:00 P.M.
Buttonwoods Municipal Annex and Community Center
3027 West Shore Road
Warwick, Rhode Island 02886

Attendance

Members

Co-Chair Commissioner Marie Ganim, Co-Chair Stephen Boyle, Shamus Durac, Karl Brother, David Feeney, David Katseff, Laurie-Marie Pisciotta, Hub Brennan, Daniel Moynihan, Al Charbonneau, Lisa Tomasso

Issuers

Shawn Donahue, Blue Cross Blue Shield of RI
Heather Beauvais, Neighborhood Health Plan of Rhode Island
Lisa Holland, United Healthcare

State of Rhode Island Office of the Health Insurance Commissioner Staff

Cory King

Not in Attendance

Vivian Weisman, Deb O'Brien

Minutes

1. **Welcome, Introductions, and Review of July Meeting Minutes**

   Stephen Boyle called the meeting to order, welcomed all Health Insurance Advisory Council (HIAC) members and others in attendance to the new Buttonwoods Community Center. Commissioner Ganim thanked Senator McKenney and everyone in the public for attending the meeting. Steve Boyle asked for a motion to accept the July minutes. The July minutes were approved as submitted.

2. **RIREACH Consumer Update**

   Shamus Durac gave a quick update about who Rhode Island Parent Information (RIPIN) is and the work that RIREACH specifically does. Over the course of 2018 and 2019 they have saved Rhode Islanders about 2 and a quarter million dollars in health insurance costs. In August of this year they saved Rhode Islanders about $25,000. RIPIN also just moved to a new location this month, they are now located in Warwick.

Karen Malcom thanks RIPIN for all the great work they do, especially regarding their consumer helpline. Stephen Boyle responded that whenever he encounters someone that has any kind of health insurance problem, he always refers them to RIPIN first.

Commissioner Ganim and Stephen Boyle commented that the agenda order is going to be changed slightly, the Hospital Rate Cap Discussion was moved up.

3. **Affordability Standards Revisions – Hospital Rate Cap Discussion**

Commissioner Ganim explained OHIC is in the process of reviewing the Affordability Standards, a set of regulations that have been revised about three times in their tenure. A draft thesis statement went out to the public and we have received and reviewed comments. The item that received the most attention was the Hospital Rate Cap. One hospital group and one hospital made a case for some revisions to this cap, so we have invited them here today to discuss those proposed revisions. (Their written comments were previously shared with the HIAC)

Aaron Robinson, the CEO of South County Health spoke first, and thanked everyone for the opportunity to give their perspective on the Affordability Standards rate cap. Aaron explained that South County Health is very supportive of the concept of affordability. They believe the current costs are unsustainable and that they want to be a part of the solution of affordability. For Medicare, RI gets 20-30% less for every procedure as compared to Massachusetts and Connecticut. RI also gets about 30% less from commercial rates. As such, most health systems in RI have negative margins. We compete for the same doctors, the same clinicians, that can go to those states that are getting paid 30% more. What we are concerned about is the destabilization of the delivery system in RI. If we are too assertive with limitations on ability to negotiate fair rates on the commercial side, it could lead to loss of jobs and loss of health care, and people going to receive health care out of state. There is a ceiling in terms of how much we can negotiate, but there is no floor. These limitations have an impact that could destabilize the health care system. We are committed to quality, cost, and service, but the playing field is not even. What we have suggested is the ability to negotiate our highest payer to the OHIC max, but our much lower payers we have asked for the ability to do the OHIC max plus 2%. Neighborhood Health Plan is well below any reasonable commercial benchmark and as they continue to get into the commercial space, our margin continues to erode. We would suggest a 10% per year ceiling on Neighborhood Health Plan until they are in line with reasonable commercial benchmarks. Lastly, investing in bending the cost curve is in itself a very costly endeavor. We are asking for a value bonus pool to be put in place, that could reward those systems that are bending that cost curve. A pool that is established and distributed to those that demonstrate the lowering of that cost curve while maintaining quality. These are our suggestions for meeting the goals of OHIC in maintaining affordability, but not leading to a destabilization of the delivery system in RI.

Jeff Liebman, the CEO of CharterCare spoke next, and thanked everyone for the opportunity to be here. Jeff explained that CharterCare hospitals are the lowest paid hospitals in the state. He

understands why rate caps were originally put into place, and that they made a lot of sense when they were put in. However, the unintended consequences have led to an inefficient wasteful system. Ten years ago, you did not have the same kind of behavioral health crisis as you do today. You can have rate caps as much as you want, but if dollars are not going to the right place, you are not going to have a smoothly run operation. We have to take a look at both the intent and the outcomes, we currently have a very inefficient system. CharterCare's proposal is to look forward and to think about doing a one-time rebase at a cost of 1-1.5%. Our proposal is that each acute care hospital who dedicates at least 30% of their total available in-patient occupancy to mental health services, be brought up to the 90th percentile. What we would do with these funds is consider a comprehensive behavioral health emergency department and expand the number of behavioral health beds.

Teresa asked if he could clarify if the "and/or" from the testimony was intended, not just "and". Jeff confirmed that it was intended. This wording greatly limits the hospitals that would be eligible for the proposed increase in rates.

Jeff commented that they are looking into what people in the state are dying from and cancer for the second year in a row was the highest factor. When the rate caps were put in ten years ago, and you look at where the higher rates were given, they were given to those hospitals who were very active in cardiovascular – which was the number one cause of death at the time. What I'm saying is that public health issues have changed. So again from 1- 1.5% we think we can offer a lot for a one-time change.

Teresa commented, that one thing that has impacted all the hospitals has been the loss of the rural floor. Jeff elaborated that the rural floor was a $4 million-dollar loss to CharterCare, and that led to the closing of Memorial.

Al asked how much excess hospital capacity/low occupancy is helping create some of the problems.

Jeff responded: In terms of excess capacity you have to look at it from a disease stand point. I don't think there are any excess beds in behavioral health, but I do think there are in cardiovascular. That is why I think we need to re-think and re-configure how hospitals get reimbursed.

Al commented that what he heard is that hospitals are not being paid as much as they are being paid in Massachusetts, and Massachusetts is probably getting paid more than in most other states in the country. Large group premiums are going up 8% this year, if you look at the major components of premiums rising hospital costs are a large factor.

Jeff responded: I think the reason those premiums are going up as much as they are, but it might be because of empty cardiac surgery rooms, it could be because of stroke patients, it could because we haven't done enough regarding prevention. I agree with you that costs are rising too fast, I'm trying to get to a point where we can make a corrective step, yours is more of a long-term regulatory issue.

Aaron Robinson commented that the demographic in RI is probably going to grow less than 1-3% over the next 10 years, but the Medicare 65+ is going to grow 27%. So, the buckets are changing. People have been sicker, people have been delaying care longer because of the cost, they are coming in with a higher acuity. And again, when you are sick, you want the best nurses and best doctors, but the best doctors and nurses are going to where they pay the most.

Mary Scialabba commented that from personal experience, most of the behavioral health specialists in South County do not take insurance. There are many people who end up going to hospitals because they cannot afford to go to specialists.

Aaron responded that they often have behavioral health patients sitting in the emergency department for 5-6 days – that is not where behavioral health patients should be, so that drives up their costs.

Steve commented, the thing that is not attached to these proposals is: What is this going to do to the rates? I represent many small businesses so when I see these proposals, I understand the pressure you are getting as a business, but I would also like to see what the impact is of any type of fluctuation – but I do agree there needs to be a hard look on what hospitals do.

Karen Malcom commented: As a consumer advocate, I hear what you are saying, there is a real problem with how our health system is structured to address urgent need in the community and we can't always be looking to insurance and rates to fix it. In terms of access to care, affordability is one of the single most important issues. This is all to say, that there isn't a simple fix.

Jeff commented that he agrees, and that as health problems change, we must review our systems. And we do not think that once every ten years is too frequent to look at whether or not the dollars are going to the right service lines and the right institutions. The state is different now than it was ten years ago when the Affordability Standards went into effect.

Karen Malcom commented that her concern is that there is a real lack of coordinated perspective on our overall health care system, between the various health care entities in the state. The consumers are suffering because of it, and some of us much more so than others. When these decisions are made and when individual recommendations are put forward on behalf of a single hospital or hospital network, those recommendations need to be considered in a larger framework.

Teresa commented that it could be helpful at the next meeting we have a presentation about the community health needs assessments hospitals take part in, our hospitals are very invested in the social determinants of health. Hospitals do not want people in the emergency room who shouldn't be there, and they certainly don't want them sitting there for 4-5 days waiting for a bed. These conversations are not mutually exclusive. These presentations do not mean it is all about beds and rates, the hospitals are committed to the social determinants of health as well.

Jeff commented: Let me be clear, I am not pushing back against rate caps. I am suggesting this because I think we have a crisis right now and I absolutely believe this should be a one-time event.

Al commented, with respect to HIAC's involvement in this discussion, I would like to recommend we look at the impact of the proposals that were given today.

Cory King responded: As part of the rule making process, we are required to do an economic impact analysis. OHIC is working with the APCD to get the needed data.

Karl Brother commented that in the CharterCare proposal they had some specifics about the type of facility that would qualify for a one-time increase in payment – are there any other hospitals in the state that meet that criteria?

Cory responded that he would surmise that CharterCare's proposal only qualifies the CharterCare hospitals.

Teresa commented that the single most important thing for the hospitals – at least one insurer included in their letter the issue of cost neutrality. She wanted to be clear that there is nothing in the regulations or the law that requires cost neutrality.

4. **Individual and Small Business Market Stability Update**

Steve Boyle gave a brief description about the original Market Stability Workgroup, all of the stakeholders that were involved and the success of implementing the reinsurance program as well as an individual mandate. The money from the mandate is going to be going into the reinsurance program, which will lower rates for consumers. The impact was significant for individuals and sole proprietors – 2020 rates were originally project to go up 7% in that market, but with reinsurance rates were lowered in most cases.

Commissioner Ganim explained that HealthSource is beginning their open-enrollment campaign to get people to enroll, and as it gets closer to the end of the year, they will be pointing out specifically that there is a mandate in place. Additionally, the division of taxation is getting the message out to tax payers about the mandate to help prepare people for doing their taxes.

Laurie-Marie Pisciotta commented that she is concerned that there may not be enough outreach in time by the end of the year. People with mental illness and substance use disorders sometimes don't open mail, sometimes don't read their email – when people are in a crisis, they sometimes don't have the capacity to focus on these tasks. Is there a way we can collectively brainstorm how to reach out to more people, especially people who may be suffering.

Commissioner Ganim responded that we would be happy to follow-up on that effort.

Steve Boyle commented that that is something we want to do more – we have a very low uninsured rate in the state, but we still want to make sure we do more outreach, that is something that Sam and RIPIN have called for specifically.

David Katseff asked how many Rhode Islanders paid the mandate penalty the last time it occurred in 2017?

Steve Boyle responded that it was $11 million, but he is not positive how many individuals it was.

David Katseff commented that the implementation of the Rhode Island mandate was not expected to increase the number of people insured, and that doesn't follow.

Commissioner Ganim responded the intent was to keep the market stable – our goal was to keep the same amount of people insured and not have the uninsured rate rise. The mandate will help to do that – the mandate being removed on the federal level has already shown on a national level that the uninsured rate is going up.

Karen Malcom highlighted the fact that the majority of mandate payers are very low income. Which means, the lowest income people are keeping insurance rates lower for people with a higher income.

David Katseff responded that the reinsurance program helped lower the rates for the individual market which is a total of 80% subsidized.

Steve Boyle responded that there is a certain amount of people who are paying the penalty but qualify for exceptions or for subsidized health insurance. We will go help sign people up – it is a travesty if someone qualifies for free or subsidized health care and is not taking advantage of it. It is not true of the entire group of penalty payers, but it is true for some of them.

Karen committed that she is advocating that if a family is Medicaid eligible but unable to access Medicaid for other reasons, that that should be identified as an automatic hardship and relieve them of having to pay that penalty.

Commissioner Ganim commented that we will have a Market Stability update every meeting, so we can continue having these important discussions in the future. The next piece is what are we doing about small businesses. We have seen a decrease in the last 10 years of our small group market from about 80,000 to 50,000 and we need to figure out why. We just put together a Small Business Insurance Group working on market stability. The group will analyze the data, and make recommendations once we identify what the problems are.

5. Cost Trends Project

Cost trends is another item that we will have as a reoccurring agenda topic for many meetings each year as we continue to have updates. We just received a new grant award for this project from the Peterson Center on Healthcare of about $1.4 million over the next 18 months. That money will help Brown perform the data analysis that is necessary so that we can see if we are meeting our target and identify the cost drivers.

Teresa commented that she has concerns that the self-insurers are not included in the All-Payers Claims-Database. Some of the data is not completely reflective and cannot be used for many studies.

Commissioner Ganim said that the data from the self-insured groups are being submitted by the insurers in the aggregate.

Cory commented explaining that Rand is doing a hospital cost study and will be putting forth an application for data and that OHIC will be supporting the application.

Teresa asked if OHIC will insist on non-transferability and conditions on publishing?

Cory mentioned that that application will go through the standard review process and will have the consumer protections as required by the Department of Health.

6. Public Comment

Mary Scialabba brought up a couple concerns: She just received a letter from her local YMCA that Blue Cross Blue Shield of RI will no longer be providing the Blue-Chip YMCA program. She went to the local senior center to bring that information up and they were upset by this change as well. Another issue is that under Blue Cross, Ventalin is covered but Albuterol is not – so if a prescription is not processed properly, she can end up getting charged $50.

Deb Burton gave a presentation about her organization RI Elder Info. Deb created the organization after listening to concerns from people around the state – RI Elder Info is a comprehensive resource for seniors, caregivers, and professionals. The site is designed to be an easy-to-navigate site that compiles all of the elder resources in Rhode Island to make finding services easy for seniors and caregivers. RI Elder Info is a nonprofit and has won several awards for its efforts.

Next Meeting:

- Tuesday, October 15, 2019 from 4:30 – 6:00 PM at the State of Rhode Island Department of Labor and Training - 1511 Pontiac Avenue, Building 73-1, Cranston, RI 02920-4407