State of Rhode Island Office of the Health Insurance Commissioner
Health Insurance Advisory Council
Meeting Minutes
October 20, 2015, 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 Steve Boyle, David Feeney, Karl Brother, Hub Brennan, Rob Cagnetta, Howard Dulude, Vivian Weisman, Mike Souza, Al Charbonneau, Sam Salganik (for Tina Spears), David Feeney

Issuers

Blue Cross Blue Shield of Rhode Island: Megan Dennen, Shawn Donahue
Aetna: Ron Souza
Neighborhood Health Plan of Rhode Island: Stephanie Federici

State of Rhode Island Office of the Health Insurance Commissioner Staff

Linda Johnson, Sarah Nguyen, Jay Garrett, Cory King

Not in Attendance

Al Kurose, Bill Schmiedeknecht, Pat Mattingly, Gregory Allen, Tammy Lederer, William Martin, Wendy Mackie, Emmanuel Falck

Minutes

1. Welcome and Review of Minutes

Commissioner Hittner and Stephen Boyle called the meeting to order and welcomed all Health Insurance Advisory Council (HIAC) members and others in attendance. Rob Cagnetta moved to accept the minutes from the September 22, 2015 HIAC meeting, seconded by Hub Brennan. The minutes were approved unanimously with no changes.

2. RIREACH Consumer Update

With Manny Echevarria no longer at RIPIN, Sam Salganik provided the RIREACH consumer update. Sam reported that one of the top client issues in previous weeks included Medicaid disenrollments at the end of September, which happens annually during the Medicaid recertification process. Sam said it was partly Medicaid terminations and partly an issue with consumers being unable to get through to HealthSource RI due to their having downsized call center staff significantly.

3. Health Reform Update

State Innovation Model (SIM): Newly hired SIM Director Marti Rosenberg reported that an RFP has been issued by the state for project management services and the development of a population/behavioral health plan. Eight technical proposals were received and Marti said the plan was to review those and have a tentative award letter issued by mid-November.

Marti also reported on the most recent SIM Steering Committee meeting, held on October 15, 2015: the committee considered the creation of a workgroup to refine technical needs, identify and harmonize measures; Jennifer Wood from the Executive Office of Health and Human Services presented on the roles of the numerous stakeholder and public advisory committees convened by state agencies and how they interact; the RI Quality Institute presented on their statewide inventory of healthcare analytics; and the RI Department of Health gave a presentation on their survey of healthcare entities in the state.

Governor's Working Group for Healthcare Innovation: Commissioner Hittner reviewed the purpose of the Workgroup, created by executive order to explore whether or not Rhode Island should institute a statewide healthcare spending cap and, if so, what it should be based on. Right now, the Workgroup is in the process of looking at other states, particularly Massachusetts, which recently implemented its own version of a spending cap. Commissioner Hittner characterized the Massachusetts cap as more of a "target," pointing out there was little to no enforcement or negative consequences for exceeding the spending target. She also pointed out that while Massachusetts' All-Payer Claims Database (APCD) has been around for many years and has a lot of data available, Rhode Island's is relatively new and not as mature.

HIAC members had several questions regarding a potential cap, including what positions stakeholders involved in the Working Group were taking. The Commissioner said that at this point, no one had really taken a position because few concrete details had been proposed. Other HIAC members questioned how a cap in Rhode Island might be enforced. Mike Souza pointed out that the legislation in Massachusetts that created the cap included several other measures, including investments in primary care, chronic disease care, wellness, telemedicine and malpractice reform and that it was seen as a "package deal." In Rhode Island, the focus has been almost exclusively on the cap without considering these other components in-depth.

4. Rate Review Update

Blue Cross Blue Shield of Rhode Island Direct Pay Hearing

Commissioner Hittner reported that the lawsuit brought against OHIC by the Attorney General's office had greatly lengthened the entire rate review process this year. In RI Superior Court, Judge Silverstein issued a bench decision in favor of OHIC, upholding the Commissioner's decision to allow Blue Cross to bolster their reserves with the federal risk adjustment and reinsurance money. The Court found that the law was clear that OHIC had the right to make the decision in the end, and that the hearing officer's report was advisory to the Commissioner. The Judge found Commissioner Hittner's decision to be thoroughly researched and well thought out. The Attorney General did not appeal to the state Supreme Court.

Commissioner Hittner said that the decision supports the reason OHIC does not want to have Blue Cross Direct Pay plans subject to this hearing process separate from other plans in rate review. The law that put the Blue Cross plans through the process is outdated, from a time when Blue Cross was the only carrier selling individual and family plans direct to consumers. OHIC will introduce legislation to change the process again in 2016.

Sam Salganik voiced agreement with the Commissioner, saying there was no way to rationalize the separate processes.

Small Group Expansion

Commissioner Hittner explained that under the Affordable Care Act, the definition of small group was set to change in 2016 from 50 or fewer employees to 100 or fewer. However, there was concern in many states that this expansion would drive up rates for both the expansion portion and the impact on the existing purchasers in the small group market remained unclear. OHIC's own research indicated that rates for those in the expansion population could rise from 8-10% on average. OHIC believes that it would be best to wait until the small group market has stabilized before making this change. In addition, OHIC was concerned about a rising number of small groups deciding to self-insure, many of which might not have adequate reinsurance.

Earlier in October, Congress passed the Protecting Affordable Coverage for Employees (PACE) Act, which allows states to choose whether or not they will expand the definition of small group. For the reasons given above, OHIC felt that Rhode Island should keep the small group definition at capped at 50, which is in line with the current state definition. The state still has the option of expanding the definition in the future, but state statute would have to be changed.

OHIC recommends waiting until 2018 before considering an expansion. This will allow time for HealthSource RI's SHOP to become more robust (currently they are only at about 6-7% market penetration, according to Commissioner Hittner) and for the small group market to stabilize. OHIC will also continue to monitor the number of small groups that opt to self-insure and what impact that might have.

Howard Dulude asked about the size of the expansion portion (51-100 employees). Sarah replied that it was approximately 31,000 lives. Currently, small group includes approximately 64,000 lives.

Melissa Travis, small business sales lead for HealthSource RI, was present in the audience and commented that she had approximately 30 groups in the expansion range interested in becoming HealthSource RI customers that had to be turned away. She said that these groups would have benefited from HealthSource's offerings.

Hub Brennan asked if broker fees were reducing the affordability of plan options. Melissa replied that there were some "excessive fees" in the large group, but that she couldn't speak to what would have

happened to the rates as a result of the expansion, only that she felt that some business owners would have been helped by HealthSource RI's full employee choice. Hub recommended that the Council delve further into the topic of broker fees. Commissioner Hittner said that the Department of Business Regulation regulated broker fees but that OHIC communicates with them, and she agreed it would be a good topic to take up at a future meeting. Al Charbonneau commented that he felt OHIC's decision to delay the small group expansion was a prudent one given the level of concern among actuaries.

5. Affordability Standards

Sarah Nguyen reported on the status of committees convened under OHIC's Affordability Standards. A joint meeting of both committees took place to examine overlapping topics, which Sarah said resulted in some clear comments from stakeholders. The need to increase engagement with specialists was identified—a lot of focus has been placed on primary care physicians and committee members feel that it was "unfair" to hold PCPs accountable but not specialists.

Sarah continued, reporting on the Care Transformation Advisory Committee (CTAC): Topics included plan designs as part of consumer engagement, the need to make sure that OHIC committees are aligned with SIM, and the implementation timeline for primary care practice transformation. A report was presented on a series of focus groups with primary care physicians (mainly operating in small, independent practices) conducted by the Providence Plan—participants in the focus groups identified the administrative burden required of PCMH practices to be a barrier to attaining and maintaining certification. The CTAC will have to focus on how to help both small and large practices with this aspect of becoming a PCMH.

Cory King reported on the Alternative Payment Methodologies (APM) Committee: Payment reform is a "big topic" in light of the work to reinvent Medicaid, and the largest public payer moving fairly aggressively to change how healthcare is reimbursed. Suggested multi-year payment reform targets were put forth—these targets directly align with Medicaid targets. The APM committee also discussed activities involving specialists—how are they paid, variability across payers, how to get information on specialist performance. The feedback on performance data was that it would difficult for most payers to produce the information individually, but it may be possible to utilize the APCD to produce some quality measures. Some APM committee members expressed concern that the transition to alternative payment models involving downside risk could lead to perverse incentives for providers and recommend seeing how the Medicare Shared Savings Program (MSSP) safeguards against those practices.

6. Employer Engagement

Cory then shifted to a presentation about engaging consumers and employer groups in payment reform. OHIC wants to work with HIAC to develop strategies to engage with diverse groups of employers, grounded in recognition of the fact that employer engagement is essential to advancing value-based payment reform. Cory said that recent policy initiatives have outpaced communication and engagement with purchasers.

Al Charbonneau contributed that he felt that employers need to understand “at the 5000 foot level” where they can make their will actionable. He said we need to be better at giving employers the 2-3 message points they need to be able to push on the system, and work to help employers understand that and organize to push on the system. “I think it is very technical dialogue that doesn’t always translate well to the employer.”

Mark Gray, coordinator of the Health Insurance Small Employer Taskforce, commented that getting small business owners to see the connection between payment reform efforts and their own premiums was challenging. Steve Boyle added that, “while we to go [healthcare reform] meetings all day, people running businesses are running their businesses.” Rob Cagnetta expressed that a lot of small business owners are frustrated and “don’t have a lot of expectation that, legislatively, anything will happen. It goes too slow for change to be effective.”

Karl Brother offered that HealthSource RI, if it becomes a large enough purchaser may be in a position to “affect cost through leveraging,” especially if it can add larger employers.

Howard Dulude pointed out the necessity of engaging brokers, saying there are “probably a dozen that do most of the business, and they are engaging employers now.”

Vivian Weisman asked if broker commissions were different for a PPO vs. an HMO plan, trying to identify if brokers were somehow being incentivized to sell plans that were not the most supportive of alternative payment models. Mike Souza said that for his group of 15 employees, the difference in premium between a PPO and an HMO plan was “only a couple percent,” leaving him to mainly focus on achieving savings through cost sharing.

Cory thanked the Council members for their feedback.

7. Public Comment

No members of the public offered comment.

Next Meeting

The next meeting of the Health Insurance Advisory Council will be Tuesday, November 17, 2015 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.