

State of Rhode Island Office of the Health Insurance Commissioner  
Health Insurance Advisory Council  
Meeting Minutes  
April 15, 2014, 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, Karl Brother, Phil Papoojian, Linda Lulli, Pat Mattingly, Hub Brennan, Howard Dulude, Peter Quattromani

**Issuers**

**Blue Cross** – Charley Kineke, Gus Manocchia

**United Healthcare** – Jenny Hayhurst

**Tufts** – Todd Whitecross

**State of Rhode Island Office of the Health Insurance Commissioner Staff**

Linda Johnson, Sarah Nguyen, Cory King

**Not in Attendance**

Ed Quinlan, Wendy Mackie, David Mathias, Gregory Allen, Tim Melia, Bill Schmiedeknecht, Rob Cagnetta, Stephen Boyle

**Minutes**

**1. Introduction and Welcome**

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

**Office Updates**

The Commissioner took a moment to recognize and introduce new additions to the OHIC staff: Jay Garrett is the Health Care Reform Specialist, Sandra Lopes is the Business Manager, and Cory King is the Delivery System Analyst.

**2. Review of Minutes**

The minutes from the March 18<sup>th</sup>, 2014 HIAC meeting were reviewed and approved with no changes.

### **3. Administrative Simplification Update**

Linda Johnson introduced Charley Kineke, the Managing Director of Continuous Improvement for Blue Cross & Blue Shield of Rhode Island, to give an update on Administrative Simplification efforts.

Mr. Kineke began working on phase one of implementation of Administrative Simplification in November of 2012 by talking to payers and providers in order to identify common points of pain. The focus was on being able to quantify problems and issues and emphasis data over anecdotal evidence. Through this process, Mr. Kineke said, they were able to dispel some myths. He gave the example of there being a widespread belief that there were an inordinate amount of medical coding anomalies, but the data not supporting any significant volume in coding anomalies. However, he noted that process created a good forum for people involved in coding to come together to hash out issues.

Mr. Kineke detailed the areas of focus for the phase 2 of the project, which includes retroactive terminations, coordination of benefits, the medical record process, billing, and coding. Mr. Kineke noted during the discussion that the medical records and the development of electronic data infrastructure (EDI) for insurers were separate from the CurrentCare system, which is designed for electronic medical records to allow access to different providers.

Mr. Kineke also noted that generally all stakeholders have been good about working together. He identified challenges of getting all of the plans to actively engage, and that quantifying issues has been a struggle.

### **4. Quarterly Rate Factor Monitoring Report**

Sarah Nguyen presented an update on rate factor monitoring to the Council for 2013. Here is an overview for each carrier:

**Blue Cross**, which has a different approved increase for quarters 2-4, slightly exceeded the approved increase for small group and were slightly under for large group.

**Tufts** exceeded their approved increase in small group and were slightly below their approved increase for large group. Tufts noted that they have a small volume of small group business and so those rates are subject to volatility.

**United Healthcare** significantly exceeded their approved increase for large group plans. Discussions between OHIC and United are ongoing as both are working to understand the deviation. Ms. Nguyen said that regulatory consequences are being discussed but could not comment further about enforcement under the advisement of OHIC Counsel Herb Olson, who was not present. Commissioner Hittner commented that United's rates were "not a surprise" as they disclosed that they were having difficulty with demographics.

For more information, see April 15, 2014 memo "Small and Large Group Approved Rate Factors Monitoring Data (Calendar Year 2013)."

Karl Brother asked if there was a way to compare United's 2013 rates to 2012 and see if there was a larger pattern of exceeding approved rates. Ms. Nguyen and the Commissioner said OHIC could make that comparison and let the Council know.

Howard Dulude commented that the rate increases "remain unsustainable" and that it would be "unfair" to insurers who manage to stay within their approved rate increases if an insurer that exceeds approved rates faces no regulatory consequences.

## **5. Discussion of Hospital Contracting Conditions with Payer Representatives**

Next, the council heard from representatives from Blue Cross, United, and Tufts on the topic of Hospital Contracting Conditions.

Gus Manocchia from Blue Cross began by saying that the requirements placed on payers and hospitals have generally had a positive impact on contract negotiations, making the process more collaborative and leading to more robust discussions related to patient safety because of the quality expectations. He identified one of the biggest problems as being fragmentation and poor communication among hospitals, specialists, and primary care physicians. Mr. Manocchia said that if he could ask for something from OHIC it would be standardized metrics for quality programs across hospitals and discussions on how to keep such programs as consistent as possible. He went on to add that Blue Cross thinks that Current Care enrollment and utilization should be part of these standardized quality metrics.

Jenny Hayhurst from United Healthcare echoed Mr. Manocchia's comments that the experience with the contracting standards has been positive overall. She said that the conditions have also stabilized networks. She suggested that any standardized quality measures include components for efficiency—like reducing readmissions and length of stay. She also recommended that hospitals not be required to take downside risk and she

acknowledged that hospitals and providers in ACO agreements currently are at different stages of readiness in terms of being able to successfully take on the risk. She also made clear that while United was in favor of standardized quality metrics, the measures should ultimately not be too tightly restrictive and have some flexibility, or else risk being too stifling.

Todd Whitecross of Tufts further supported how the contracting standards were generally positive and had improved the process and that he too was concerned about quality measures potentially being too restrictive, saying that flexibility was needed to be able to address specific problems that may arise within a given provider. He said the movement to alternative payment design is helpful, and that while shifting would prove difficult, that it was ultimately a worthwhile goal to strive for.

#### **6. Public Comments**

No public comment was offered.

#### **Next Meeting**

The next meeting of the Health Insurance Advisory Council will take place Tuesday, May 20, 2014 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.