Health Insurance Advisory Council
December 20, 2011
4:30-6:00 PM – Department of Labor and Training; Cranston, RI

Minutes

Attendance:

Members:	Bill Martin (Co-Chair), Chris Koller (Co-Chair), Howard Dulude, Pat Mattingly, Hub Brennan, DO, Karen Fifer Ferry, Bill Schmiedeknicht, , Pat Mattingly, MD, Phil Papoojian, Gregg Allen DO, Al Kurose MD, Herb Gray, Al Kurose, MD, Ed Quinlan, Peter Quattromani
Health Plans:	Gus Manocchia, Lauren Conway, Brian O'Malley, Craig O' Connor, Patrick Ross
OHIC Staff:	Herb Olson, Angela Sherwin, Adrienne Evans,
Not in Attendance:	Linda Lulli, Jack Spears, Jeff Swallow

1. Introductions
   - Members of the Council introduced themselves to guests in attendance.

2. Minutes
   - Minutes of the November 25, 2011 meeting were approved with no corrections.

3. Office Updates.
   Chris Koller updated the Council on following items:
   1. Staffing; Four positions have been posted for the Office – three of them federally funded. Interviews will start in January. This will get the Office more capacity for affordability standards work, analysis and consumer protection
   2. Affordability Standards Compliance: The OHIC report on initial health insurer compliance with the OHIC/HIAC Affordability Standards has been released. Findings from the report were presented to the Council in October. The Council may revisit this discussion in future months.
   3. Interim Letter for Medical Expense Trends Target. A letter setting forth a medical expense trend target of four percent was mailed from OHIC to the plans December 1. This target, based on HIAC recommendations is for the composite medical expense trend to be used by carriers in the April 2012 filings for 2013 rates. The letter was shared with the Council as well as a response from Blue Cross and Blue Shield of Rhode Island.
   4. Procurements for Medical Expense Trends Work. OHIC continues to work with the Department of Administration to award contracts for technical assistance to work with HIAC on the Medical Expense Trends Target project. This has been very slow in coming.

5. A thank you letter to former Co-chair and departing member Rick Brooks from the HIAC co-chairs was shared with the Council.

4. New Business :

A. Medical Expense Trends Target Project

Goals of Project :

1. To develop a common understanding of how OHIC could define, set and enforce a maximum medical expense trend factor(s) to be used as part of an annual commercial health insurance rate factor review process.
2. To recommend whether such a methodology should be implemented by OHIC as part of its rate review process.

- The topic of today's meeting was to review comparable work done in other states, based on research by OHIC. Chris Koller presented this information.
    - Recap of decisions made so far:
        1. Focus on opportunities for setting aggregate medical expense trends, not trends by expense category.
        2. Focus on the net actual trend to be experienced by the population covered by the carriers – segmented into large and small group
        3. Focus on setting plan-specific targets, rather than an aggregate target across carriers.
        4. Do not focus on complementary strategies for achieving those targets (Discussion noted that this has already been accomplished with affordability standards)
- OHIC identified three states for comparison: Minnesota, Massachusetts and Pennsylvania.
- Minnesota's work was the most analogous to this project. Medical expense trend targets for commercial carriers were set forth in law in the early 90s. The targets were initially relatively high and met but were scheduled to reduce over time. The legislation was eliminated when the legislature switched parties. Staff interviewed offered the following lessons:
    - Target setting should also include data collection processes
    - Authority for target setting should rest with the Executive Branch to allow for flexibility.
    - Define clear consequences for non-compliance
    - The state agency involved should have people involved with industry and underwriting experience – to make expectations clear and reduce chances for gaming.
- Massachusetts has increased its oversight of health insurance premiums in the wake of its health reform efforts.
    - Regulatory action has consisted of more active premium review for small/individual groups market and some denials
    - Legislative action has consisted of setting forth administrative cost rates of increase and maximum profit levels (expressed as percentages) in statute.

  - Medical expense trend has not been addressed, although provider payment reform legislation has been proposed and has a high profile.
- Pennsylvania does not regulate medical expense trend or premium trend but does cap the reserves of its Blue Cross plans, which could have an indirect effect on medical expense trends.

- OHIC draws the following lessons from this work:
  - Limited work by states so far on this topic. More on developing comprehensive rate review (we already have) and some discussion of payment reform.
  - How would formal targets or caps to trends add to pressure created by attention, reports and publicity (Massachusetts).
  - Any effort should have clear standards fro setting trends and flexibility to adjust
  - Any effort should have sufficient analytical resources and industry experience.

- The Council then discussed the presentation including:
  - The interaction between state actions and insurer responses. There was particular focus on Massachusetts and efforts to change provider contracts and benefit designs (including preferred or limited networks). How much did public pressure speed this process up? How would responses be different in RI, given the market power of certain hospitals and specialists for certain services?
  - How does passage of ACA change the Minnesota experience? An Insurance Exchange brings pressure on medical expense trend if it has enrollee volume or regulatory authority.
  - How can a medical expense trend target be implemented as a facilitator for insurers to do their work and compete, not a regulatory hurdle or burden
    1. May imply a public pressure role for OHIC/and trend setting process.
    2. Lessons from Hospital Conditions?

B. Community Partner
  - Marti Rosenberg of the Providence Plan and Colin Murphy of Shape Up Rhode Island presented to the Council on their plan for out reach to the small business community as OHIC's Community Partner.
  - The goals of this work are:
    i. to have a group of small businesses who are educated on health insurance cost drivers so they can engage in OHIC's rate review process and the work of HIAC.
    ii. To develop some leadership on this issue within the small business community as resource to health policy tables in the state
  - The work will consist of a series of facilitated discussions around key issues to invited small businesses. The appeal is that they can influence their rates.
  - Feedback from the Council consisted of:
    i. This is hard work – look how long HIAC has engaged it.
    ii. Keep the messages small and informative. Work on messaging.
    iii. Keep it factual. Not matters of opinion.

iv. Have action steps for small businesses. Make them feel like they can do something. (such as: Stay healthy, select a PCP, when you get sick go to a high quality specialist or hospital, buy insurance benefits that promote this, support government policy-setting)

5. Public Comments were solicited

- One observer commented on the difficulty of medical expense trend work. As industry veteran he has not seen anything – from private sector or public sector – lower trends over time. A four percent trend guidance seems "bizarre". If plans are held to it they could go bankrupt or leave the state unless there are consequences for providers as well. If HIAC/OHIC is going to wade in, they need to think carefully.

Next Meeting

January 17, 2012

4:30 pm – DLT, Cranston, RI
Agenda:

- Medical Expense Trends Targets – clarifying questions for Council.

The meeting then adjourned.