

**Health Insurance Advisory Council**  
**February 15, 2011**  
**4:30-6:00 PM – Department of Labor and Training; Cranston, RI**

**Minutes**

**Attendance:**

Members: Bill Martin (Co-Chair), Chris Koller (Co-Chair), Rick Brooks, Howard Dulude, Pat Mattingly, Phil Papoojian, Hub Brennan, DO, Gregg Allen, DO, Bill Schmiedeknecht, Jeff Swallow, Herb Gray, Paulette Thabault

Health Plans: Patrick Ross, Gus Manocchia, MD, Brian O'Malley, Craig O'Connor

OHIC Staff: Angela Sherwin, Herb Olson, Adrienne Evans

Members Not in Attendance:

Jack Spears, Peter Quattromani, Ed Quinlan, Linda Lulli

1. Introductions

- Members of the Council introduced themselves.

2. Minutes

- Minutes from the January 18, 2011 meeting were approved with no changes..

3. Updates

Direct Pay

- OHIC is in the middle of evaluating BCBSRI's request for a rate increase for its Direct Pay product averaging 7.9% effective April 1, 2011. The rate hearing has been conducted.

Comments on Primary Care Spend Guidance

- OHIC has released for public comment its Guidance on Primary Care Spend, which was modified based on HIAC feedback. The comment period closes February 18. OHIC will then modify and release its final guidance.

Regulations in process (to be released over the coming month)

- OHIC Purposes (Regulation Two). This was reviewed with HIAC in January. Proposed regulation will incorporate HIAC feedback.
- Small Business Rate Review. This documents current practice
- Discount Health Plans. This will enforce new statute concerning products which offer dicounted networks but

OHIC in the Press

- Chris Koller noted that the Affordability Standards were written up in Governing Magazine, and RI was cited for its Rate Review process as Federal regulations were promulgated.

Potential Tufts/Harvard Merger

- OHIC is meeting the Attorney General's Office and Department of Health to determine how a proposed Harvard/Tufts merger would be evaluated by RI statute.

## New Business

### 1. Small and Large Group Rate Review – Proposed Priorities

Angela Sherwin presented OHIC's plans for this year's large and small group rate factor review. Major changes are not anticipated from last year.

- The rate factors reviewed will be the same: % of premium for administration, % of premium for reserves and profit, inflation rates (price, utilization and composite) for hospitalinpatient, hospital outpatient, pharmacy, primary care and all other provider expenses.
- OHIC will administer three additional surveys in conjunction with the review:
  - The provider plan contracting survey will be modified to account for health plan compliance with the hospital contracting conditions.
  - The provider survey will be the same as past year's to have consistency.
  - There will be a survey of the plans investments in health systems improvementssimilar to last year's.
- OHIC will produce several analyses from this work
  - Cost drivers (comaprison to last year with some regional comparisons)
  - Administrative Costs (comparison to last year and with regional benchmarks). OHIC will focus more on the pmpm costs and less on percentage figures.
  - System investments (comparison to last year)
  - Two new studies in reponse to HIAC concerns:
    - Comparison of Administrative Costs for fully insured and self insured business
    - Reconciling previously filed rate factors with actual performance.
- Standards for OHIC decision
  - Affordability – comparison of proposed with other markets; plan compliance with affordability standards
  - Actuarial Soundness
  - Plan Solvency
  - Health Plan Conduct
- Timing: Guidance will be sent out the first week of April. There will be two public comment periods in May. Final decision by the end of June. Plans have appeal rights.

Council members offered the following:

- It was asked if the survey will be expanded to include non physicians. Angela indicated that this information is difficult to obtain and OHIC does not have the resources to conduct more complex analysis or respond to systematic issues that may be found.
- Focus on new studies and administrative PMPM is appreciated and called for
- Efforts to reconcile rate factors with performance will be difficult.
- There is room for judgment in what the plans submit as "fact". To what extent will companies be cautious with assumptions, knowing they will be under scrutiny regardless?
- Rate review is a very broad lever. Would be preferable to have the market drive a lower price.
- Council members will not be in a position for expert judgment when it looks at factors in May, but they it has become a resource for the public, especially the business community.

2. Revised Rate Quote Disclosure Form for Review

- With the revised small business regulation noted above, OHIC will be modifying this form to address the following issues:
  - Inconsistent use by brokers
  - Inability to tie quotes back to original rates approved by OHIC.
  - No place to represent relative changes in benefit plan “values” – the relative discounts given for cost sharing.
  
- Upon review of the form the Council gave the following feedback to OHIC staff:
  - The form is important education and its use should be encouraged
  - Tying the form to the base inflation rates approved by OHIC is important.
  - The language explaining relative changes in benefit plan values is not clear.
  - The effects of changes from year to year in average age and gender mix is not well appreciated and can be significant – especially for small groups.
  - The language on broker commissions should be strengthened to disclose a pmpm cst – either average across all brokers, the average percent applied to this quoted price, or the actual amount paid for this contract (the last would be hard to do).
  - Form needs wider circulation - Health Plans should be either compelled to send directly to employers or to confirm that brokers did.
  - Investigate including this for larger groups too.

Other Business

None raised

Next Meeting

March 15, 2011

Amica Mutual – Lincoln, RI

Agenda:

- Health Plan Spending on Primary care
- Update on OHIC Grants for Health care Reform

The meeting then adjourned.