

Health Insurance Advisory Council
November 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), Howard Dulude, Pat Mattingly, Hub Brennan, DO, Karen Fifer Ferry, Bill Schmiedeknecht, Linda Lulli, Pat Mattingly, MD, Phil Papoojian, Gregg Allen DO, Al Kurose MD, Herb Gray, Al Kurose, MD, Jeff Swallow

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: Paulette Thabault. Peter Quattromani, Ed Quinlan, Jack Spears

1. Introductions

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

2. Minutes

- Minutes of the October 18, 2011 meeting were approved with corrections to the attendees list. .

3. Office Updates.

Chris Koller updated the Council on following items:

- Outstanding Market Conduct Exams: Delta Dental Provider Appeals and Blue Cross Large Group Underwriting. Being handled in that order. These have been in process for a while; once they are done, OHIC will develop a more forward-looking plan
- Staffing: OHIC has created four three-year positions using federal funds – a fiscal manager (already filled), staff for overseeing the Affordability Standards, Operations Director and Chief of Analytics. The latter three positions plus the open Administrative Officer position will be posted in the coming weeks
- Medical Expense Trends Guidance Letter for 2012. Consistent with the HIAC advice, OHIC has drafted a letter setting a four percent medical expense trend target for 2012 filing for 2013 rates. The letter will be posted on the OHIC web site.

4. New Business : Medical Expense Trends Target Work

- Angela Sherwin presented to the Council some background information and clarifying questions.
 - The Council confirmed the two objectives of the project:
 - 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.
 - To recommend whether such a methodology should be implemented by OHIC as part of its rate review process.
 - The presentation reviewed the definition of medical expense trend and recent national and local experience.
 - There is considerable evidence that expense trend is declining in recent years to levels around six percent. This appears due mostly to slowdowns in *utilization*, not *price*. Possible explanations include: general economic downturn, the normal actuarial rate cycle, and “a new normal” reflecting better care coordination and more price sensitivity resulting from broader cost sharing.
 - OHIC’s rate review process addresses predicted trends. Health plans present actual experience to justify, but OHIC does not have its own sources of data.
 - OHIC looks at predicted trends by service category
 - The presentation reviewed the distinction between “actual” and “net actual” medical trend. Actual refers to the health insurers final medical trend. Net Actual refers to what the underlying changes in medical expenses for the covered population were, including increases in cost sharing borne by enrollees. Improving system affordability consists of reducing net actual trends, not just actual trends.
 - At the request of OHIC, the Council considered several issues and after discussion agreed on the following parameters for the project:
 - It should focus on opportunities for setting aggregate medical expense trends, not trends by expense category.
 - It should focus on the net actual trend to be experienced by the population covered by the carriers – segmented into large and small group
 - It should focus first on setting plan-specific targets, rather than an aggregate target across carriers.
 - It should not focus on complementary strategies for achieving those targets (Discussion noted that this has already been accomplished with affordability standards)
5. Other Business
- Chris Koller noted the resignation of Rick Brooks, who has accepted a position with the Department of Labor and Training to lead the Governor’s Workforce Board. The Council

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- directed Chris and Bill Martin to acknowledge gratefully Rick's leadership and contributions to the Council.
- With this departure, the Council needs to add membership from organized labor to comply with its statute. In addition, purchasers of health insurance are under-represented on the Council. Please pass suggestions on to Chris Koller.
6. Public Comments were solicited
- Support was expressed for carrier-specific trends
 - Concerned was expressed about the prospect of new carriers entering the market and experience favorable risk selection.

Next Meeting

December 20, 2011

4:30 pm – DLT, Cranston, RI

Agenda:

- Continue work on suitability and possible process for setting medical expense trend targets for insurers.

The meeting then adjourned.