

Health Insurance Advisory Council
October 18, 2011
4:30-6:00 PM - Location: Public Utilities Commission
Minutes

Attendance:

Members: Bill Martin (Co-Chair), Chris Koller (Co-Chair), Howard Dulude, Pat Mattingly, Hub Brennan, DO, Karen Fifer Ferry, Peter Quattromani, Bill Schmiedeknicht, Rick Brooks, Karen FiferFerry, Linda Lulli, Pat Mattingly, MD, Phil Papoojian, Jack Spears, Gregg Allen DO, Al Kurose MD, Ed Quinlan, Herb Gray, Al Kurose, MD

Health Plans: Gus Manocchia, Lauren Conway, Brian O'Malley

OHIC Staff: Herb Olson, Angela Sherwin

Not in Attendance: Paulette Thabault, Jeff Swallow, Linda Lulli

1. Introductions

- Members of the Council introduced themselves to guests in attendance. Al Kurose was introduced as a new member of the Advisory Council. Dr. Kurose is president of Coastal Medical Group.

2. Minutes

- Minutes of the September 20, 2011 meeting were approved with no changes.

3. Office Updates.

Chris Koller updated the Council on following items:

- Settlement with Care New England/BCBSRI examination.
 - Result was elimination of offending contract terms and confirmation of OHIC examination authority by State Court. (see OHIC web site for details)
- Examination of Mega Life and Health
 - Result was \$200,000 fine and \$2.3 million in restitution to enrollees for violations by Mega of small group underwriting rules.
- Community Partner for Rate Factor Review
 - Using funds from Federal Rate Review, OHIC is contracting with Providence Plan to facilitate the HIAC work on medical expense trend targets and to build community awareness of and input in HIAC rate factor reviews. Marti Rosenberg of Providence Plan introduced herself and the organization. Prov Plan will be working with SBANE on this project. As president of SBANE, HIAC member Phil Papoojian will

- disclose any possible conflicts for specific issues and recuse himself from votes as necessary
 - Jack Spears asked to what extent the Community Partner would be advising small businesses on ways to reduce their premium. The answer was only collectively –brokers serve that advisory capacity.
 - Hospital Payments Study
 - Using Federal Rate Review funds OHIC and EOHHS are conducting an analysis of commercial, Medicaid and Medicare payment rates to hospitals. This will document any payment variance that existed in and to what extent –If any - commercial payers are cross subsidizing other payers.
 - Commercial Insurance Market legislation
 - Using funds from Robert Wood Johnson Foundation, OHIC is analyzing what modifications to RI statute are needed to bring it into compliance with the Affordable Care Act.
 - In addition, RI will have the option of further market reforms – notably merging its small and individual market underwriting rules. These will be determined in the coming three months.
4. New Business I – Assessment of Health Plan Compliance with Affordability Standards
- Chris Koller reviewed findings from a study OHIC did this summer to assess health insurer compliance with the Office's Affordability Standards.
 - Much of this work was reviewed by HIAC previously, new information was presented on health insurer compliance with Standard Four – the hospital contracting conditions. OHIC found
 - General compliance with standards one, two and three.
 - Varied compliance with standard four.
 - A need for greater clarity – and perhaps specificity – on standard four.
 - There are insufficient resources available for evaluating the effects of the affordability standards.
 - The group discussed these findings briefly - particularly standard four. There was concern expressed the health plans were "just complying" with standard four, not using it as a chance to change contracting practices.
 - In response to a query Chris Koller said it was doubtful that the quality incentives required were large enough to truly change behavior.
 - Chris Koller noted that degree to which Standard Four represented a change in practice. The parties are not used to public accountability and transparency. OHIC will seek guidance from HIAC about how prescriptive and consistent to be in these contracting conditions.
 - It is also apparent that Standard Three (electronic health records) needs to be re-evaluated. It is having little impact.
 - OHIC will produce these assessments as formal report in the coming weeks.

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5. New Business II – Interim Guidance Letter
 - In preparation for the Council's work which will begin next month on Medical expense trends target setting, Chris Koller reviewed a draft guidance letter for the 2012 rate factor review process to go to health insurers from OHIC. The purpose would be to give guidance on appropriate medical expense trends to be submitted in the spring of 2012, prior to the completion of any HIAC work. Such guidance would be non binding but reflect the great concern of HIAC for increased efforts on the part of insurers and providers to reduce the rate of medical expense inflation.
 - Bill Martin reviewed the letter; the data on recent trend history presented in the letter and queried the Council on their preferences. Discussion included:
 - What was in the Medicare CPI figure and its appropriateness as a target (answer – just price, not utilization)
 - The appropriateness of setting that bar high – an expectation of zero.
 - To what extent a target has to be "reasonable".
 - The role of this target as a communication device to providers – for both price and utilization restraint.
 - The ability of providers to be integrated and work on these issues.
 - How to make it in the interests of large providers to do this work (see the dispute in Pittsburgh with UPMC and Highmark BCBS)
 - Whether and how to quantify to what extent this price reflects shortfalls by other payers and uncompensated care.
 - The general conclusions of the Council were that it was important to send a strong message to carriers and the delivery system, and that the target should be grounded in past experience but not a mathematical extension or an actuarial model. The target should be well communicated so as to create discussion among providers and with providers and insurers. The consensus of the Council was a target of four percent. Chris Koller will compile the letter.
 - Public Comments were solicited

Next Meeting

October November15, 2011

4:30 pm – DLT, Cranston, RI

Agenda:

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

The meeting then adjourned.