

**State of Rhode Island Office of the Health Insurance Commissioner
Health Insurance Advisory Council
Meeting Minutes
October 23, 2012, 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

William Martin (Co-Chair), Christopher Koller (Co-Chair), Stephen Boyle, Hub Brennan, Rob Cagnetta, Howard Dulude, Karen Fifer Ferry, Herb Gray, Al Kurose, Linda Lulli, David Mathias, Pat Mattingly, Peter Quattromani, Ed Quinlan, Vivian Weisman

Issuers

Lauren Conway, Edward Hanley, Craig O'Connor, Patrick Ross

State of Rhode Island Office of the Health Insurance Commissioner Staff

Herb Olson, Patrick Tigue, Maria Casale

Not in Attendance

Gregory Allen, Phil Papoojian, Bill Schmiedeknecht, Jack Spears, Jeffrey Swallow

Minutes

1. Introduction and Welcome

Mr. Martin and Commissioner Koller called the meeting to order and welcomed all Health Insurance Advisory Council (HIAC) members and others in attendance.

2. Review of Minutes

The minutes from the October 23, 2012 HIAC meeting were reviewed and approved with no changes.

3. Office Updates

Commissioner Koller updated the council as follows. He explained that OHIC is in the final stages of hiring for an Executive Assistant/Chief of Staff position who will manage the following operational areas: (1) form review, (2) consumer protection, (3) market conduct, and (4) plan

management. This new staff person will also be the point person for the office in interacting with the Rhode Island Health Benefits Exchange.

The Commissioner went on to explain that OHIC is not planning on introducing significant legislation during the 2013 session. Finally, he noted that OHIC plans to put forward a new regulation, Regulation 17, to address changes to the form and rate factor review processes resulting from the Affordable Care Act.

4. New Business

Next, the council proceeded to take up several pieces of new business.

- **Primary Care Spend Standard Guidance Recommendations Discussion:** This presentation and discussion built on last month's discussion of the primary care spend standard. Mr. Tigue prefaced his presentation, noting that, though the evidence is not as robust as would be ideal, the information available is still valuable for making recommendations. HIAC members were asked to think about which non-fee for service (FFS) investments would be the best bets for the State of Rhode Island going forward. There was a general feeling among council membership that the data presented was too general to make any specific recommendations about how prescriptive to be going forward and that more data needs to be compared to national figures to make any recommendations. While many non-FFS investments seem valuable, the council could not offer a clear prioritization at this time. The Commissioner noted that OHIC will present some concrete options for the council to respond to at the next meeting.
- **Small and Large Group Approved Rate Factors Monitoring Data (Quarters One to Three of 2012) Review:** Commissioner Koller presented the initial data submitted for the first three quarters of 2012 for the small and large group approved rate factors quarterly monitoring and assessment process recently instituted by OHIC. He explained that the purpose of this process is to create additional accountability and transparency around commercial health insurance issuer compliance with OHIC's approved expected overall average trend for each market, which is meant to measure and hold issuers (and the delivery systems with whom they contract) accountable for the overall trend in the costs of medical care.

Next, he opened the floor up for discussion about which matters to investigate further. Council members were curious as to why the frequency distributions did not exhibit more of a bell shaped curve. The Commissioner committed to looking into this issue as well as other issues specific to United Healthcare and Tufts Health Plan and update the council at the next meeting.

- **Hospital Payment Study Review:** Ms. Paull briefed HIAC on OHIC's hospital payment study. The study was conducted to understand payment for hospital care in Rhode Island and if and why payments may vary from hospital to hospital. This study

is an update to the 2010 study conducted by OHIC and the State of Rhode Island Executive Office of Health and Human Services, using more robust data adjusted for both case mix and service mix. The main takeaways from the report were: (1) there is significant variation in hospital payment in both inpatient and outpatient services, (2) hospitals with more bargaining power (e.g., larger facilities, service monopolies, and group hospitals) tend to receive higher commercial payment rates, and (3) though Medicare and Medicaid pay below hospital costs, the payment data does not suggest that hospitals shift costs and negotiate for higher payment from commercial payers.

The council then proceeded to discuss the explanatory possibilities for payment and cost differences as well as examine where the value of care may fit into this equation. Commissioner Koller and Ms. Paull explained that OHIC will continue to work with this data to see what other conclusions can be drawn. The Commissioner stressed it is important for the council to recognize that the way that hospital payment is determined is ambiguous and not transparent. Furthermore, the Commissioner also noted that the insurers and hospitals were very cooperative and willing to participate in the study. The council expressed its gratitude to Ms. Paull and OHIC for this great work.

The council then continued with the meeting.

5. Other Business

Public comments were then solicited by the council. Public comments were then solicited by the council. None were offered.

6. Next Meeting

Mr. Martin closed by noting that the council's next meeting will take place on December 18, 2012 from 4:30 P.M. to 6:00 P.M. at the State of Rhode Island Department of Labor and Training, located at 1511 Pontiac Avenue, Building 73-1 in Cranston. He thanked everyone for their attendance and the meeting was then adjourned by Mr. Martin and Commissioner Koller.