

June 8, 2012

Office of the Rhode Island Health Insurance Commissioner

Public Comment on Group rate review process

Submitted electronically to: healthinquiry@ohic.ri.gov

Dear Commissioner Koller:

The following comments are respectfully submitted in writing only for your consideration on the topic above as requested.

In a very real sense the rate review process is much like placing a bucket under a leak in the roof. It can make the current situation more livable, but it does nothing to correct the real problem. To most observers it has become an exercise where the insurers ask for more than they really need with the expectation the regulators will cut the requests back to appear to serve the public interest. I happen to know that in the current circumstance that is not the case; still it is the common perception, supported by the reality that group health insurance rates have been rising steadily for as long as anyone can remember.

The result has been erosion in coverage among those employed in the State; both because companies discontinue offering the benefit, presumably because it becomes unaffordable, or employees facing higher contributions to the cost (often for decreasing benefits) decline to take up the program offered. As the pool of the insured has shrunk, it has also suffered adverse selection of those who value the benefit most, an older and sicker population. This combined with the need of insurers to amortize fixed costs and profit/reserve contributions over a diminished subscriber base creates a self-sustaining cycle of increasing premiums. Its inevitable collapse cannot be too far in the future.

At the same time we cannot ignore that medical costs, a legitimate pass through by insurers, have likewise shown consistent increases. Since the insurers are responsible to negotiate pricing with providers, their analysis points to utilization increases as the cause. They can control what they pay providers to some extent, but they cannot contain the volume of claims. In addition though, they also face the need to maintain a network of providers sufficient to satisfy their subscribers, and the consolidation of many providers into larger entities with more negotiating leverage. This market power on the part of some providers has allowed for a cost shift onto the commercial market by insurers in order to compensate providers for shortfalls from public programs, uncompensated care, and other bad debt. In a sense, this cost shift has become a hidden tax on businesses in the State.

In the context of the problem thus described, how can the rate review process contribute? In essence, rate review is a highly diluted form of rate setting applied only on the retail level. But can influencing this price actually affect the cost factors from which those prices are derived? In theory, absolute rate setting or price controls could, by power of fiat, force fundamental reform on the cost channel. Let's take an example. If the market price of small group individual coverage were arbitrarily set by the commissioner (assuming he had such authority) at a level substantially, or even minimally below the present rates, insurers would face the uncomfortable decision to either withdraw from the market or accept the rate and try to figure out how to make money on it. They would have no choice but to impose draconian cuts on providers who would then face a similar choice. Some would likely drop out, which would cause a volume shift to those who remained. At some point, the

increasing volume should allow for economies of scale and improved productivity to reduce the cost of providing care somewhat, but without quality parameters to standardize and control the care now available, it could easily deteriorate. This over-simplification illustrates the need for insurers to not simply reduce what they pay providers, but to **change the way** they pay them. I believe that ultimate control of rates lies in this area of payment reform. We need to orient the rate review process toward encouraging new and innovative contracting methods between payers and providers such as tiered networks, bundled payments, pay for performance, and ultimately some form of risk sharing to allow for more global budgeting. To some extent, this process is now belatedly underway. I would also note that hastened development of a robust and widely inclusive insurance exchange holds much promise for market transformation. System wide coordinated health planning to monitor and guide the transformation of the provider infrastructure is another imperative.

In conclusion, it would seem that the traditional rate review process can have little effect on the longer term trajectory of rates unless we fundamentally reform the review process to encourage more innovation. From my experience working with the Commissioner and his staff in the broader area of reform, I have confidence in their ability to effect such change. I would encourage my business brethren to support these efforts.

Respectfully submitted,

Ted Almon
President, CEO
Claffin Co.
401-739-4150 tedalmon@claffin.com

From: "Peter Tata" <peter@handlesunlimited.com>
To: <healthinsinquiry@ohic.ri.gov>
Date: 6/8/2012 2:34 PM
Subject: Health Insurance

I work for a small manufacturing company here in Rhode Island. We are already struggling to stay afloat in the market. Cutting our prices to the bare bone to stay competitive with OFFSHORE competition. I, as an employee haven't gotten a raise in 6 years but yet the insurance companies get increases regularly. I have had to take a second part time job just to make ends meet. My wife has been out of work for almost a year now. Her unemployment check is almost 40% less than what she used to take home. I as well as the company I work for cannot afford any increases in the health insurance premiums. You are forcing manufacturing out of Rhode island by your actions. Why are they looking for an increase? Maybe they should be forced to make cuts on their end. Please don't shove it down the throats of Rhode island workers.

HealthInsInquiry - Comments for 6/11/12 meeting

From: "Rachel Fontaine" <rairepete@aol.com>
To: <healthinsinquiry@ohic.ri.gov>
Date: 6/10/2012 12:09 PM
Subject: Comments for 6/11/12 meeting

I am a Blue Cross of RI subscriber as well as an employee in a health care practice. I am in a position to see the squeeze on Rhode Islanders from more than one vantage point. Each year my contribution to my health insurance premium goes up. My employer pays 50% but yet this year, in order to switch to a decent individual plan upon our renewal, I will have to fork over an additional \$1000.00 for the year. My choices are not good ones; I can take the insurance plan or I can take my chances without it. Either way, the cost is enormous for me.

Not only does Blue Cross continue to obtain rate increases every year, but they are now cutting their reimbursement rates to their in-network providers. So not only do I have to spend more out of my own pocket, but I have less of a chance of making more money now that my employer will be making less.



John Welch, RN
PO Box 6545
Providence, Rhode Island 02940
518-366-9700
Fax 401-944-7764
enduringjack@yahoo.com

Health Insurance Commissioner's
Public Comment Meeting
RI Public Utilities Commission Building
89 Jefferson Blvd.
Warwick, RI

June 11, 2012

To whom it may concern;

Health insurance premiums could be reduced a minimum five percent, if RI implements proven HIPAA compliant technology used in NY,NJ, and chosen by University of Penn. Medical.
(Governor Chafee's delegation toured this Pittsburgh complex as a model to replicate in RI.)

First base in reducing health care costs is secure communication. Increased efficiency between healthcare providers and reduced insurance administration costs results in reduced premiums.

Hopefully, RI stakeholders will realize the truths of this statement soon.

Sincerely,

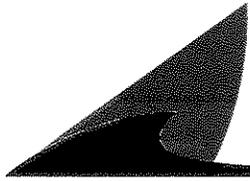
John K. Welch, RN

New England iMedicor consultant

Serving New England

Connecticut ★ Maine ★ Massachusetts ★ New Hampshire ★ Rhode Island ★ Vermont

Toll Free 877-RIHC-PLAN (744-2752)



RHODE ISLAND

MARINE TRADES ASSOCIATION

June 11, 2012

I would like to take this opportunity to thank Commissioner Koller for giving the general public an opportunity to voice their opinion on a healthcare rate increase.

My name is Lisa A. DiRaimo. I have been the Executive Director of the Rhode Island Marine Trade Association (RIMTA) for seven years.

RIMTA as we are known has more than 200 member companies who represent every aspect of the Recreational Boating Industry. From manufacturing boats for the Volvo International Sailing Race to repairing the 17 foot fishing boat for the Saturday Angler.

According to the National Marine Manufacturing Association (NMMA) 2011 Recreational Boating Abstract, boaters spent more time on the water in 2011. 93% of boat owners used their boats during 2011. Boating is not an upper class past time, it is the middle class person who uses their boats with their families.

There were approx 39,148 boats registered in Rhode Island in 2011 and more than RI 15,697 Fishing Licenses issued in 2011. Because of this, the Members of RIMTA employed more than 5,000 approx. on a year round basis, with the employment numbers swelling during the months of May though August.

Any rate increase in healthcare fees from providers would be devastating to the Recreational Boating Industry in Rhode Island. The Industry is strictly regulated by many State and Federal Agencies including Rhode Island Department of Environmental Management (RIDEM), Rhode Island Coastal Resource Management Council (RICRMC) and United States Environmental Protection Agency (EPA) whose yearly fees are extremely high! An increase in healthcare costs added to those Regulatory fees would force many of the small businesses to stop offering healthcare to their employees or just shut their doors. Most RIMTA Members are small businesses with 1 to 100 employees.

Commissioner Koller, on behalf of RIMTA and our more than 200 Member Companies, we urge you to not accept any rate increase for the upcoming year.

Lisa A. DiRaimo
Executive Director



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

150 South Main Street • Providence, RI 02903

(401) 274-4400 - TDD (401) 453-0410

Peter F. Kilmartin, Attorney General

June 11, 2012

Mr. Christopher F. Koller
Health Insurance Commissioner
Office of the Commissioner
1511 Pontiac Avenue
Building 69-1
Cranston, RI 02920

Re: Rating Factors Applicable to Small Group Subscription Rates for New and
Renewal Business, Effective January 1, 2013 through December 1, 2013
Blue Cross and Blue Shield of Rhode Island;

Rating Factors Applicable to Rhode Island Builders Association Subscription Rates for
New and Renewal Business, Effective November 1, 2013
Blue Cross and Blue Shield of Rhode Island;

Rating Factors Applicable to Large Group Subscription Rates for New and
Renewal Business Effective January 1, 2013 through December 1, 2013,
including Required Early Notice Renewals Effective January 1, 2014
Blue Cross and Blue Shield of Rhode Island;

Rating Factors Applicable to HealthPact Plan Subscription Rates for New and Renewal
Business Effective January 1, 2013 through December 1, 2013
Blue Cross and Blue Shield of Rhode Island;

Annual Small and Large Employer Rate Factor Filings – Effective January 1, 2013
UnitedHealthcare of New England, Inc., UnitedHealthcare Insurance Company;

Large and Small Group Rate Filings Effective January 1, 2013
Tufts Associated Health Maintenance Organizations, Inc. and Tufts Insurance Company

Dear Commissioner Koller:

I am writing to express my concerns regarding the proposed rate increases filed by Blue Cross for its small group, large group and Rhode Island Builders Association and HealthPact Plan coverage (referenced above “the Blue Cross Filings”) with your office on May 18, those

Mr. Christopher F. Koller
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filed by United HealthCare for its large and small groups on May 18 (referenced above “the United Filings”) and those filed by Tufts Associated Health Maintenance Organizations, Inc. and Tufts Insurance Company for its large and small groups on May 18 (referenced above “the Tufts Filings”). Given the extreme economic circumstances Rhode Island citizens are continuing to face, I write to request that you review the appropriateness of the rate increases in these filings in the context of a full public hearing, rather than through the limited “public comment” venue.

As you are aware, a full public hearing provides an opportunity for the Attorney General as the public’s advocate to fully review proposed rate increases and protect the interests of the public. Without a full public hearing, the Attorney General will not have an opportunity to obtain expert assistance to conduct a complete review of these filings, including the rating factors upon which they are based that would be used in the calculation of the rates ultimately approved.

Beyond the concerns noted below, the filings provide no insight as to how factors are applied to any specific group. For example, the filings provide no information regarding how a group’s prior experience is considered in establishing its premium rates. Additional information can be obtained as a result of public hearings that better inform the public as to how these rate factors will impact specific groups. Indeed, a full review in the public hearing process would provide complete transparency for those who are being asked to pay these proposed increases.

Reserves

As you are also aware, I have been concerned for some time about the apparent attitudes health insurers have had toward their subscribers in numerous areas, including the extent of reserves they amass as well as their apparent unwillingness to give consideration to their subscribers when they expend increasing amounts for administrative expenditures. In its filings, Blue Cross has asked you to approve a reserve contribution of 3% of the premium dollars it asks in this filing, plus an additional 0.34% to pay for its core operating system. During the most recent public hearing in January for Blue Cross’s Direct Pay filing, Blue Cross admitted that this system’s cost has more than doubled from its initial estimates. This area certainly bears further inquiry, even though Blue Cross has taken some responsibility for these increased costs,¹ rather than to simply keep coming back to its subscribers to pay the increasing costs that apparently currently have no end in sight. For its small and large group business, United asks for a reserve contribution of 2.0%. As the citizens of Rhode Island continue to face record rates of unemployment and employers are struggling to find new ways to provide health insurance benefits (often through shifting increasing responsibility to their employees) more than a perfunctory review is warranted.

¹ Tr. 1/19/12 at p. 89. This is after Blue Cross has expended countless premium dollars on other systems that have failed in recent years.

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Administrative Expenses

In public hearings concerning health care over the years, my office has adamantly objected to the manner in which Blue Cross has spent premium dollars for administrative expenses. Although there have been no public hearings for the group business plans filed by Blue Cross, United and Tufts, my concerns regarding the ongoing increases in administrative costs, as well as the amount spent, extends to these filings as well. This year Blue Cross seeks approval of average administrative components of 14.9% and 14.1% for its small and large groups, respectively. Although Blue Cross states in its filings that it is spending increasing amounts of administrative dollars to lower costs of medical expenses and improve quality, it is difficult to explain to those having to pay these costs that the general administrative expense ratio for these members continues to rise.

In United's filings, it seeks approval for its plan to charge 11.3% and 9.1% of premium for administrative expenses for its small and large group business, respectively. Tufts seeks an expenditure of 14.8% and 14.3% of premium for administrative expenses for its small and large group business, respectively. This presents important questions that could, and should, be more appropriately and transparently addressed in a full public hearing. Because of the public hearings for Blue Cross's Direct Pay (individual) products, the public has access to much more information regarding the nature of Blue Cross's expenses – United and Tufts should be subject to the same scrutiny.

Affordable Care Act Taxes

Blue Cross indicates in its filings that it anticipates an additional charge of approximately 4% to pay for anticipated taxes associated with the Affordable Care Act and that it plans to handle the large and small groups differently. Blue Cross's proposed additional charge for this expense is in sharp contrast to the projected costs filed by both United and Tufts, all of which merit discovery and further review before being added to premium costs.

Trends

Blue Cross also notes in its filing that it is changing the way it plans to determine utilization/mix trends for its small and large groups; i.e., that it will no longer be rating them together. Since the trends in the current filing are partially historically based, this change could impact the development of the trend used in the current filings and is an area that merits further discovery and review.

Further, both Blue Cross and United have indicated in their filings that their rates approved last year proved to be higher than needed, resulting in adjustments to their experience this year. If these insurers have a history of filing for more than what is actually needed, this is an issue that

Mr. Christopher F. Koller
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also merits further discovery to determine its extent and addressing this issue in a full public hearing.

Re-Rating of Accounts

Blue Cross states that it plans to assess an additional factor in its rates to account for re-rating of plans within the first 30 days after renewal. However, Blue Cross provides insufficient evidence in its filing to justify this proposed additional charge not only for this filing, but as a factor in future filings as well.

Cost Shifting

It is also noteworthy that these insurers admit that there are declines in the claims expenses that are being incurred as well as in utilization by these members. Undoubtedly, these declines are at least partially related to the shifting of costs for health care and insurance premiums by employers who can no longer afford these continually increasing costs to their employees. The resulting heavy burden on employees can cause them to avoid or postpone care. Despite noting these downward shifts in utilization and expenses for claims, it is not apparent from these filings that appropriate treatment is occurring in the ratemaking for these groups that would take these declines into account; rather, the apparent position is being taken that these trends are not likely to continue and should not be believed. This is yet another issue that could, and should, be explored further in a full public hearing.

The fact that there have been no hearings for the group business plans and the extremely difficult economic times facing Rhode Island citizens and businesses make the need for a full public hearing to examine these proposed increases by Blue Cross, United and Tufts even more compelling.

At a time when Rhode Island seeks to attract business, it is appropriate that businesses that might consider locating to or remaining in our state be permitted to obtain health insurance coverage for their employees. In the interests of all Rhode Island residents, I urge that you not summarily grant these rate increases that have been proposed by Blue Cross, United and Tufts. Instead, I urge you to review these proposed rate increases under the bright light that will be brought through the public hearing process to ensure that any rate increases approved are appropriate and necessary.

Sincerely yours,



Peter F. Kilmartin
Attorney General

From: Herbert Gray <HGray@cpw.com>
To: OHIC <healthinquiry@ohic.ri.gov>
Date: 6/11/2012 12:51 PM
Subject: Testimony
Attachments: HERBERT J GRAY TESTIMONY.pdf

Dear Mr. Commissioner:

Attached please find a copy of my Testimony for the Meeting today.

Herb Gray
Vice President - Human Resources
Cranston Print Works Company - Corporate Office
(401) 275-9268
hgray@cpw.com

**OFFICE OF THE HEALTH INSURANCE COMMISSIONER
PUBLIC INPUT MEETING
HEALTH INSURANCE RATE INCREASES – 2012**

HERBERT J. GRAY TESTIMONY

My name is Herbert J. Gray. I am the Vice President Human Resources for Cranston Print Works Company. Our Corporate Offices are located in Cranston, RI, but we have operations in RI, NY, NC, SC, and LA. I have been in my current position since 1992 and have worked for Cranston in various Human Resources positions since 1977. I have been directly involved in a decision making capacity relating to the purchase of health insurance for our Company since the 1980's. We currently have 120 employees nationwide. 45 of these are employed in RI. We cover approximately 100 employees with health insurance with approximately 240 covered lives.

I am also very involved in the health insurance issue in that I have been a member of the Board of Directors of the Rhode Island Business Group on Health since its inception in 2005 and I currently serve as a Vice President of the Group. In addition I am a member of the OHIC Health Insurance Advisory Council.

I will submit a summary of the impact of health insurance rates increases on Cranston in support of my testimony. Let me cover some of the highlights now.

We currently offer our Health insurance through Blue Cross Blue Shield of Rhode Island
Rate Increase since 2000 = 90%
Average per year = 7.5%
Rate Increases for the past two years = 9.6% and 15.2%
Changed from Healthmate Coast to Coast PPO to Blue Solutions HCHP in 2009
We have eliminated coverage for our part time employees
In 2009 we eliminated coverage for our retirees
Employee Deductible is \$1,500/\$3,000
In 2000 our coverage was essentially "first dollar" coverage with no deductibles
Prescription Drug Co Pay in 2000 = \$10/\$15/\$30
Prescription Drug Co Pay in 2012 = \$10/\$35/\$60/\$100 after a \$1,500 or \$3,000 Deductible
If we did not accept the Co Pay for Drugs our rate would have increased by an additional 4.3%
We have continually increased the share that our employees pay almost every year
Currently, our employees pay \$850, \$2,100 or \$3,600 per year as their share of the cost
This represents 13%, 17% or 23% of the premium
We have an older population
If OHIC approves a 4.2% increase for large groups, our increase will be higher
I have used 5% as an estimate
Total cost increase would be \$54,000 on our \$1,084,000 premium
This would be approximately \$500 per covered employee
It would represent a .7% increase as a percent of our payroll
Health Insurance, net of the contributions made by our employees, would be 11.7% of pay

We cannot continue to sustain increases in the cost of health insurance year after year. As I stated above we have already had to move to a High Deductible Plan. We have continually asked our employees to share more and more of the burden. Our average salary for a RI based employee is \$53,000. If this employee covers his or her family on our health insurance plan, his or her share of the cost is now approaching 9.6% of his or her salary, including his or her share of the premium and the deductible. This is before any increases for 2013.

If the rate increase is approved as is, it is very likely that we will pass at least some, if not all of the increase along to our employees. If we pass along all of the increase then the share for our employees will increase to \$1,200, \$2,700 or \$4,400. Coupled with the deductible, the average family employee will now be paying 11.1% of pay for health insurance. These numbers will soon begin to be unaffordable for our employees.

As a result of my expanded role in health insurance, I am aware of the many good things that are going on in RI to try to control costs. Our insurer, BCBSRI, has been very active in this effort through their enhanced inpatient utilization review program, their Safe Transitions Program, their forward looking reimbursement contracts with providers such as Coastal Medical, their significant support of the Patient Centered Medical Home Program, their revision of their high tech imaging pre-authorization process, their review of their Pharmacy Benefits Management contract, and their restructuring of key hospital contracts to transition reimbursement from a per day to a per case methodology.

Despite these significant efforts, costs continue to go up. We urge the Commissioner to step up his efforts at transparency. All of us as consumers should be able to determine the cost of a health procedure easily, just as we now can price out the cost of a car or a computer or a TV before we purchase. The Commissioner should take a leadership role in forcing, if necessary, the renegotiation of contracts with hospitals and other providers which prevent this transparency.

Finally, all of the parties involved, employers, employees, providers, insurers and regulators should step up their efforts in support of Electronic Medical Records. It is only through the development of these records that we can hope to eliminate what some estimate to be 30% of health insurance costs that can be attributed to waste and duplication.

Thank You very much for the opportunity to testify.

**CRANSTON PRINT WORKS COMPANY
HEALTH INSURANCE
PREMIUM INCREASES
January 1, 2000 to 2012**

Health Plan	Annual Rate		Increase		Average Annual Percent Increase		Employee Share of Premium	
	2000	2012	2000	2012	Percent Increase	Percent Increase	2000	2012
Blue Solutions HDHP - Single	\$3,400	\$6,400	\$3,000	\$850	88.2%	N/A	0.0%	13.3%
Blue Solutions HDHP - Employee + 1	\$6,700	\$12,700	\$6,000	\$2,000	89.6%	2000.0%	1.5%	16.5%
Blue Solutions HDHP - Family	\$8,235	\$15,700	\$7,465	\$3,200	90.6%	800.0%	4.9%	22.9%

Benefit Level - 2000	Rate Increase History	
	2012	2011
Office Visit Co-pay	\$10	\$25
Specialist Visit Co-pay	\$25	\$50
Emergency Room Co-pay	\$0	\$0
Surgical Deductible	\$0	\$0
Hospital Deductible	\$5	\$5
Prescription Drugs - Generic	\$15	\$15
Prescription Drugs - Brand	\$30	\$30

(A) Would have been 14% without Prescription Drug change
 (B) Two year contact with 0% in first year and up to 14% in year 2
 (C) Change to High Deductible Plan

Benefit Level - 2012	
All Benefits subject to Deductible	\$1,500
Single Deductible	\$3,000
Employee + 1 Deductible	\$3,000
Family Deductible	\$3,000
New Prescription Deductible - After Regular is met = \$10/\$35/\$60/\$100	

Health Savings Account Contribution - Company	
Single	\$750
Employee + 1	\$1,500
Family	\$1,500

HealthInsInquiry - BC rates tied to reimb reductions for specialists

From: Chris Stephens <cstephens@nricommunityservices.org>
To: "healthinsinquiry@ohic.ri.gov" <healthinsinquiry@ohic.ri.gov>
Date: 6/11/2012 4:12 PM
Subject: BC rates tied to reimb reductions for specialists

I am responding re the small and large employer group rate review process Public Comment . As a behavioral health provider and a liscensed and accredited CMHC, I would like to express the opinion that the insurance commissioner might consider specifically directing BCBS to cease marketing that their smaller premium increases to employers are directly related to across the board reductions of 7-10% to specialty providers. I understand the Insurance Commissioner, DHS,EOHHS, NHP, and FQHCs, and federal agencies are most concerned about primary care recruitment and reimbursement. However, The State of R.I. has a shortage of full time and part time psychiatrists available for employment in community based organizations that are dedicated to reducing inappropriate Emergency Room and inpatient psychiatric utilization. These professionals are key to primary care coordination and collaboration and the outcome of the RI Medicaid Health Home demonstration project. Furthermore, FQHCs are continuously requesting more prescriber capacity at CMHCs. Reducing psychiatry and other liscensed behavior health providers reimbursement rates , when RI has a shortgace of these professionals, aggravates our recruitment and retention efforts; further inflates the cost of securing these professional; and discourages providers from working in the state. We would respectfully suggest that a health plan should never reduce provider reimbursement rates in a specialty category if the State has a shortage in this specialty, unless the plan has specifically incentivized the hiring of a less costly specialist with a rate increase. We have some ability to employ qualified prescribing masters level nurses but BC and others have done nothing to increase these rates or indicate a preference for a greater mix of these less costly but also less trained professions. Chris Stephens/ Pres/CEO

JUNE 11, 2012

Mr. Christopher F. Koller
Health Insurance Commissioner
Office of the Commissioner
1511 Pontiac Avenue
Building 69-1
Cranston, RI 02920

RE: Public Input Meeting Comments

My name is Joseph Dziobek and I am the President/CEO of Fellowship Health Resources, Inc. (FHR). FHR is a non-profit behavioral healthcare organization providing a range of mental health and substance abuse services in seven states with a full time equivalent workforce of approximately 550 employees. FHR is headquartered in RI and insures all of its employees through BC/BS of RI.

- 332 number of employees taking health coverage
- 561 number of covered lives (including family members)
- 215 enrolled in single plan; 60 in two person plan 57 in family plan
- \$2,607,696 Annual cost of employer's share of premium
- \$109,523 Cost Impact of 4.2% rate increase
- 8 % of total agency budget
- 2.85% Average rate increase annually over past five years. Note: Rates have risen as high as 40% per year in prior years.

These rates may seem modest when compared with consistent double digit increases that were the norm for a number of years. However our agency is at the tipping point. We are in an industry in which we cannot raise prices to cover the increases. To the contrary our rates of reimbursement for services that we provide are declining with proposed rate cuts by private insurers and county and state government.

We are left with 3 options:

1. Pass the cost onto the employee which past experience indicates will result in some employees dropping coverage; (Note: Family plan costs for low deductible exceed \$16,000/yr. or almost 50% of the starting salary of a new employee;
2. Reduce the benefit thereby lowering the value of the benefit in the eyes of the employee (i.e. paying more for less)
3. Tighten the employer criteria for access to the health benefit plan (i.e. eliminate access for anyone working less than 40 hrs.

My recommendations to the Commissioner are the following:

1. Freeze costs per plan at 2012 rates. Health insurance was intended to provide a safety net for individuals and families to get the care they need at an affordable cost. Judging by the number of bankruptcies filed in this state due to medical costs I submit that the safety net analogy no longer applies.
2. Employer incentives. Premium discounts should be negotiated with providers who take affirmative action to improve the health of their employees by:
 - Ensuring that 100% of their workforce is insured either through their plan or some other;
 - Prohibit smoking by employees
 - Require every employee to have a wellness goal, etc.

Employers are the backbone of this employer-employee wellness relationship. At this point both employee and employer need relief. Thank you.

Respectfully,



Signed By: Joseph F. Dziobek
Date: Wed Jun 13 2012 08:06:13

Joseph F. Dziobek
President/CEO
Fellowship Health Resources, Inc.

From: "Ed Greene" <edgreene@cox.net>
To: <healthinquiry@ohic.ri.gov>
Date: 6/14/2012 2:45 PM
Subject: Statement on Healthcare increases
Attachments: Healthcare Statement.docx

Attached is the statement I gave Monday night.

Thank you,

Ed

A Sage Stationary 11-1-07

Good afternoon, my name is Ed Greene and I am a consultant and a board member of the Cranston Chamber of Commerce. I appreciate the opportunity to discuss health care rate increases.

I can't speak from experience because I have never been involved in an industry that raises prices regularly with no regard for its client's need.

John who repaired my air conditioner earned \$75,000 last year. John is divorced and required to provide healthcare to his former wife and two children. He is remarried with one child and provides healthcare for his current family; his cost is \$29,000,000/year. A 4% increase is \$1,100 to John.

I have been involved in situations where competition and a changing market place forced us to rethink our product, pricing, customer base and delivery. I don't see that process in health care.

Mary, married with two kids who works at D'Angelo's has a family income of \$65,000/year and pays \$13,000/year for health insurance. A 4% increase to Mary is \$520.

The healthcare industry has to reinvent itself. I have come to these meeting for more than 20 years and I see dedicated people working to curtail increases and manage the current system. It's not working; it's a question of reinventing. Getting rid of bureaucracy, incorporating technology and concentrating on caring for patients. There is a better way.

How many people here go to the auto dealer for an oil change? How can Jiffy-Lube do it for \$21.99 when the dealer charges \$65.00 and Jiffy Lube doesn't make you wait.

How does Lens Crafters provide 2 pairs of glasses for \$99.00 that would cost \$600.00 from an optometrist.

They're doing something right.

How many people here have ATT as their home phone provider?

Who picked up a video from a Blockbuster store over the weekend?

That's where health insurance would be if there were alternatives.

Average household income in RI is \$52,000

The poverty rate for a family of 4 is \$45,000

Annual Average Private Wages in RI are approximately \$45,000

The cost of Blue Cross/Blue Shield without Dental and without pre-existing conditions ranges from \$9,000 to \$18,000/year for a family of 4. 20% to 40% of family income.

What we need to address is how to deliver services more effectively, with less cost, less administration and more efficiency.

Cap malpractice awards

Institute pay for performance incentives

Reduce workplace accidents in healthcare facilities.

That's a start!!

We need to build a system of care that the people at Jiffy Lube and Lens Crafters will use as their model.

The business community of Rhode Island does need rate increases.

The earth is not flat!

The sun does not revolve around the earth.

We need a reformation.

From: Paul Block <paul.block@psychologicalcenters.com>
To: "healthinsinquiry@ohic.ri.gov" <healthinsinquiry@ohic.ri.gov>, Christoph...
Date: 6/15/2012 5:11 PM
Subject: Rate setting input
Attachments: Rate filing public comment.pdf

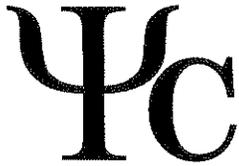
Please accept the attached comments on the 2012 rate filings, submitted in my capacity as a small business owner (and member of the small employer task force) and as a health care provider (behavioral health services).

Thanks. I hope they're helpful.

Paul

--

Paul Block, PhD
Director, Psychological Centers
Centers of psychological expertise offering proven methods to improve
real world problems
(401) 490-8935 fax (401) 490-2619
www.PsychologicalCenters.com <<http://www.psychologicalcenters.com/>>



Psychological Centers, Inc.
765 Allens Avenue, Suite 102
Providence, Rhode Island 02905
(401) 490-8900 Fax: 490-2619

Centers of psychological expertise offering proven methods to improve real world problems:

- Behavioral health evaluation and intervention
- Behavioral Science and Public Policy
- Community-Based Services
- Infant and Early Childhood Behavioral Health Services
- Integrated Care
- School-Based Services
- Sexual Health
- Workplace Wellness
- Psychological Centers/URI Counseling Center
Professional Continuing Education Program

June 15, 2012

Public Input on Rate Filings by Commercial Insurers
Small business owner and behavioral health provider perspective

Commissioner Koller (Chris):

Psychological Centers provides access to health insurance coverage for 24 full time staff and 7 contracted staff, covering 59 lives in total. As Director and owner of the organization, I make the final purchasing decisions based on recommendations of our Manager of Practice Operations with input from our Insurance Broker. As a small employer, our health coverage is already unaffordable, our coverage is poor, and in the ultimate irony, as a small employer to which mental health parity does not apply, specialist co-pays make access to the services we provide to the community virtually unaffordable for our own staff and their families. The payments we receive for our services have gone *down* significantly at the same time as our costs that fund those payments have gone *up* dramatically. Even the 4% target increases you have requested for this upcoming year will bring what is now only unreasonable one step closer to impossible.

Over the past five years, in order to limit the increases in our health insurance costs to approximately 3-5x inflation, we have had to increase our deductibles to 500% their 2007-2008 levels and increased co-pays from \$15 to \$30 for primary care visits and from \$25 to \$60 for specialist visits. Despite the deterioration of coverage in prior years, our rates would have increased 17% from 2010 to 2011 (and 20% if we had changed insurers) if we had not further eroded the coverage we are able to offer our staff. This has affected our ability to attract and retain talented staff, and siphoned funds away from management of the services we offer and from our ability to capitalize on opportunities for growth.

Please note that although we are seriously distressed about the cost of our health insurance, our experiences with our commercial carrier, United Healthcare of New England, have been positive- both as an insurer and as a manager of the services we provide. We consider the problems to be systemic, rather than the fault of any particular players in the healthcare financing world. We also consider the rate filing process to be only partially relevant for reaching the essential outcomes of affordable, effective healthcare to which we all aspire. Without significant reform, limiting rates will only further undermine the financial performance of insurers or, as I fear most, continue the drive to make behavioral health service an unaffordable industry.

Your rate review process identifies four requirements to which you intend to hold the major insurers accountable. We believe they have failed on three:

1. **Consumers are not protected**, either in access or affordability given the local and national data indicating reduced use of healthcare and the finding that financially driven decisions often eliminate necessary (and cost-effective) health care usage at least as much as avoidable costs. Despite the elimination of co-pays for preventive care, current incentives are insufficient to optimize appropriate use of health care services.

2. Although the CSI program out of your office is making one of the most important possible (or necessary) contributions to **improving Rhode Island's health care system** as a whole, the insurers too often offer idiosyncratic, competition-driven programs that make different and often conflicting demands on providers, require management and administrative efforts and costs that divert resources from quality of care, and focus on their own priorities and interests rather than necessarily prioritizing the needs of patients, purchasers, or certainly providers, if they do not happen to align with insurer priorities. The result has been abject failure on the part of the insurers to manage medical expenses effectively or appropriately. This is particularly problematic in our area of practice, behavioral health care, on which I will elaborate below.
3. Even more than consumer protection and system improvement, the insurers have **utterly failed at treating behavioral health providers fairly**. Behavioral health providers are frequently excluded from efforts to manage costs, improve outcomes or reform health care organization, funding, and delivery. We are rarely invited to contribute potential solutions to health care problems. Our work is seen as additional, "specialty" or "supplementary" to the main business of caring for patients' health, and marginal to most reform efforts. Management of our services is typically either focused on guarding against deniable care or, given parity requirements, inadequately designed for optimizing cost-effectiveness (or rather for either optimizing effectiveness or appropriately managing costs). Mental health and substance abuse in particular are subject to misunderstandings or at best, inattention given the combination of relatively small investments involved and stigma. Behavioral medicine is typically ignored in management designs. Cost containment in behavioral health has mainly been achieved through reductions in reimbursements, rather than better targeting of resources to achieve improved health outcomes. Although these strategies- limiting access and reducing fees- did not work in primary care (the most analogous area of health care practice to behavioral health), they continue to be the main and ineffective approaches in behavioral health.
4. For these reasons, we are not particularly invested in protecting insurer viability through their maintenance of adequate reserves.

Because health care is unaffordable, mental health care is too often less effective than it could be, and the impact of behavioral health care on health care costs and effectiveness (see graphic, below) is rarely capitalized upon, Psychological Centers has been recommending and inviting a variety of clinically appropriate management approaches and alternative payment models for over a decade now. We have proposed pay for performance, "pay for credentialing", gain-sharing/ shared savings, per member per month, bundled payment, pay for outcome, and especially blended funding models. We have proposed both funding and requiring documentation of the bases on which diagnoses are determined, on which clinical approaches are selected (including the scientific evidence base), on which program designs and levels of care are determined, and tailored outcome measurement. We have initiated, participated in, and advocated for innovative contracts. Despite these proposals and efforts, not only have our rates been cut without any alteration in management, in at least one case we were told that our rates were being cut because of what other providers offered at a given level of care, "despite" the

payer's preference for our way of offering the same services. Of course, the result was decreased ability to offer the preferred service approach.

In sum, health insurance rates are unaffordable and payment and management design are counter-productive, especially with regard to behavioral health care. We request the following:

1. That average health insurance cost increases for 2012 be set at 0%;
2. That you apply conditions to insurers' contracts with behavioral health providers that meet the same goals as the six hospital contracting conditions.

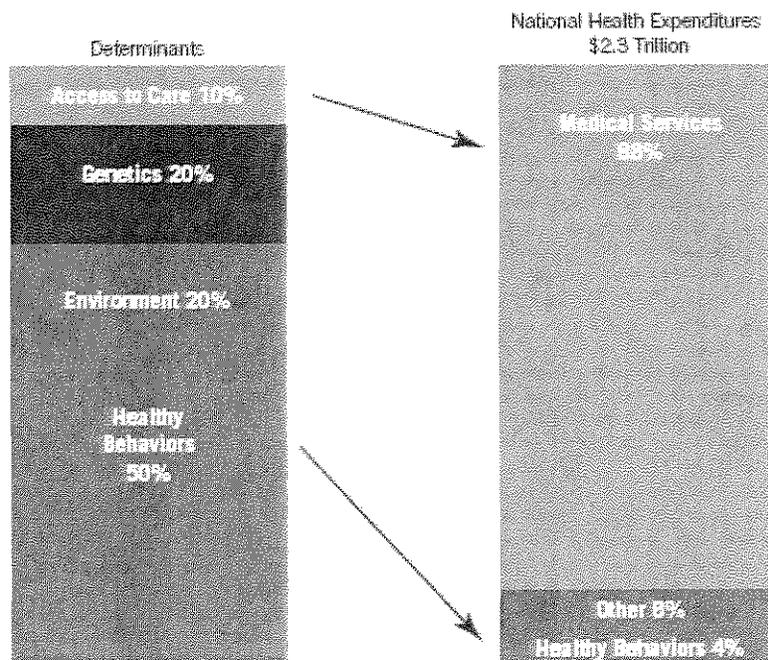
Thank you for your attention and for your work at improving Rhode Island's health care affordability, effectiveness, and fairness.

Sincerely,



Paul Block, Ph.D.
Director, Psychological Centers
401-490-8935, Paul.Block@PsychologicalCenters.com

Spending for Health Determinants and Health Expenditures



Healthy People/Healthy Economy Coalition (2011). First annual report card.
Boston, MA: Boston Foundation and NEHI

HealthInsInquiry - health insurance increases

From: "Linda Ward" <lward@oppunlim.com>
To: <healthinsinquiry@ohic.ri.gov>
Date: 6/18/2012 12:52 PM
Subject: health insurance increases

While we were fortunate to have almost no increase in health insurance costs this year, our increases over the last several years have left us with a cost that is so high as to make it almost impossible for us to hire full time staff – why? Full time staff are eligible for health insurance and quite frankly we can not afford this cost. Our rates on the zero deductible plan range from \$647 (individual) to \$1780.11 (family). On the \$1000 deductible plan the rates range from \$570.37 (individual) to \$1568.53 (family). Our employees pay approximately 20% of the cost. Our employees on average make \$10 an hour so this share payment represents a huge financial cost to them as well as to this agency.

It is imperative that we keep increases to less than 4% - no increase is even better. This agency and its employees can not afford any increases.

Thank you

Linda N. Ward MA
Executive Director
Opportunities Unlimited, Inc.
401-942-9044
401-942-9043

From: Rebecca Kislak <rkislak@RIHCA.org>
To: "healthinsinquiry@ohic.ri.gov" <healthinsinquiry@ohic.ri.gov>
CC: Jane Hayward <jhayward@RIHCA.org>
Date: 6/20/2012 2:54 PM
Subject: Testimony regarding requested health insurance rate increases
Attachments: testimony - ohic - premiumincrease 6 20 2012 letterhead sig.pdf

Attached please find the written comments of Jane Hayward, President and CEO of the Rhode Island Health Center Association. Thank you very much.

Best wishes,
Rebecca Kislak

Rebecca Kislak, Esq.
Policy Director and Counsel
Rhode Island Health Center Association
235 Promenade St., Ste. 455
Providence RI 02908
(401) 274-1771
(401) 709-8974 (direct)
www.rihca.org<<http://www.rihca.org/>>

[Description: RICHA LOGO-40th-anniversary]

235 Promenade Street | Suite 104
Telephone: 401-274-1771



Providence, Rhode Island 02908
Facsimile: 401-274-1789

June 20, 2012

Christopher F. Koller
Health Insurance Commissioner
1511 Pontiac Ave, Building #69 First Floor
Cranston, RI 02920

Dear Commissioner Koller,

I write today on behalf of the Rhode Island Health Center Association (RIHCA) and its members, Rhode Island's nine community health centers, to comment on the proposed rate increases for small and large group health insurance by the three commercial insurers in Rhode Island. Our comments today come from our experiences both as health care providers paid by insurers and as purchasers of health care for our employees.

RIHCA is pleased to see that the insurers' requests for rate increases are significantly below what they have been in the past. While any increase in the already high cost of health insurance is a burden for consumers and employers, it is our opinion that the 2.3% (small group) and 4.1% (large group) increases requested by Blue Cross Blue Shield of Rhode Island are likely in the right neighborhood, and the increases requested by Tufts and United (6%-7.8%), while still high, are lower than many of the requested increases last year.

Rhode Island's ten community health centers are a critical element in the state's health care landscape. Serving 128,000 Rhode Islanders, the community health centers provide comprehensive, high quality primary and preventive care to some of Rhode Island's most vulnerable populations. We are active proponents of the medical home model of care, participants in the Rhode Island Chronic Care Sustainability Initiative, the Beacon Community and the Rhode Island Chronic Care Collaborative, and early adopters of electronic medical records. In addition, the health centers and RIHCA together employ over 900 people; some are large employers with well over 50 employees, while others are small employers, with fewer than 10 employees.

Rhode Island as a whole has seen a decrease in the number of privately insured patients, as have the community health centers. About 17% of our patients were privately insured in 2011, down from 22% in 2008. An ever increasing number and percentage of our patients are uninsured. We are concerned that continued increases in health insurance premiums will continue to affect this trend.

While we remain concerned about any rate increases, RIHCA commends OHIC in its leadership and work to lower insurance rate increases and increase spending on primary care. RIHCA further commends the plans on the work they are doing to increase affordability of health care and insurance. As we have commented in the past, the community health centers support the

Insurance Commissioner's initiatives to address insurance affordability, quality of care, and access to primary care.

In conclusion, RIHCA thanks the Health Insurance Commissioner and the Plans for their attempts at reining in high rate increases. RIHCA further urges the Health Insurance Commissioner to carefully review the insurers' requests for rate increases, and to continue to insist that the insurers are working to reduce costs and increase the quality of health care in Rhode Island. RIHCA remains committed to working together with OHIC and the plans to continue to address affordability.

Sincerely,

A handwritten signature in cursive script that reads "Jane A. Hayward". The signature is written in black ink and is positioned to the right of the typed name and title.

Jane A. Hayward
President and CEO