

Health Insurance Advisory Council
September 19, 2006
5 – 6:30 PM – DBR Hearing Room

Minutes

Attendance:

Members: Domenic Delmonico, Annemarie Monks, Dawn Wardyga, Pat Moran, Josh Miller, Bill Martin Serena Sposato, Chris Koller (Co-Chair)

Health Plans: Tom Boyd Joy, Jason Martesian, Ken Pariseau

OHIC Staff: John Cogan, Matthew Stark, Patricia Huschle

Excused: Elizabeth Walsh

Absent: Patrick Quinn, Hub Brennan, MD, Howard Dulude, Ann Rhodes, Craig O'Connor, Denise Lynn, Peter Quattromanni

1. Introductions

- Members of the Council introduced themselves.

2. Updates

- Health Plan Reserves

Mr. Koller noted that the final Reserves Report had been transmitted to the legislature with a cover letter from the Office of the Health Insurance Commissioner. He asked if the letter accurately reflected the discussions and sense of the Council and there was consent that it did.

The Council will use the standards developed by the report in its work with OHIC. In response to a question about examples Mr. Koller noted that a request from BCBSRI for a supplemental profit margin in the trend factors they use for large group rates – on the basis that they were below the range targeted by the report – was rejected by this Office. Similarly, the Office will use the report in reviewing dividend requests from United Health Care of New England.

- Small Market Conduct Exam:

- Mr. Koller updated the Council on the status of the legislatively-mandated examinations of how health plans are complying with regulation governing pricing and marketing of products in the small group (<50 employers) market. The studies of the health plans are almost complete and a policy report is being completed. These will result in orders to be signed by the Commissioner – hopefully in November. While the Council will not be as

involved in this report as in the Reserves, a report will be made to the Council in the future.

3. Proposed Agenda for 2006/2007

- Mr. Koller and Mr. Brooks presented a draft agenda for Council for the 2006/7 year, developed with Co-Chair Rick Brooks. They noted that they tried to pick a few topics rather than many, and focus on ones where Council input would significantly influence policy with RI's domestic health plans.
- There was general support for the topics proposed. The Council asked for more of a data driven overview on trends in insurance status and costs by category of payer for Rhode Island and in comparison to other states.
- On the topic of Consumer Driven Health Plans, the Council asked for more data as back up.
- OHIC staff will make the recommended changes and re-distribute the agenda.

4. OHIC Regulation 2 ("Purposes")

- Mr. Cogan, Counsel for OHIC, made a presentation on the draft regulation – which was the main discussion topic for the meeting. The presentation covered the following areas:
 - The Purposes Statute for the Office
 - General procedures for developing and adopting a regulation
 - The structure of Regulation 2
 - Examples of how Regulation 2 will work
- OHIC is promulgating Regulation 2 to fulfill its obligation under its statute, which added two new standards to the existing standards to which domiciled health insurers are held (financial solvency and consumer protection)
 - Fair treatment of providers
 - Policies that promote improved access, efficiency and medical care quality

The regulation does not expand the scope of the Office's authority. It does incorporate the General Assembly's policy goals into the OHIC's existing powers and delineates permissible actions by the OHIC to carry out its statutory objectives.

- For each of the four standards, the Regulation articulates "triggering conditions" that would cause the OHIC to take regulatory action; "action mandates" that authorize the OHIC to act; and "factors and conditions" to be considered and acted upon. In each case the OHIC has a range of

Health Insurance Advisory Council

Minutes

September 19, 2006

regulatory actions available – from informal conversations with insurers, to convening public hearings to issuing a formal order with which the health plan must comply.

- Mr. Cogan gave examples of how OHIC would interact with a plan with and without the regulation in place, given the Assembly's legislative intent. Going forward, the legislature is clear it wanted insurers to focus more efforts on affordability of insurance products and the medical system, and collaboration across insurers and providers to improve quality and reduce system costs. OHIC will promote this in its regulatory interactions with health plans and, selectively, in new initiatives.
- The Council asked questions of Mr. Cogan's examples, and sought greater understanding on the how OHIC interacts with health plans – both in reaction to requests from insurers and how it initiates actions. Council members expressed support for the direction of the Regulation but were unclear how it will be used in instances other than in response to a request from an insurer or when an insurer appears to be manifestly out of compliance.
- A public hearing on the Regulation will be held on October 17 at 10 am. The OHIC will incorporate public comment into a final version of the Regulation and use it in interactions with plans.

Other Business

- Leadership: Mr. Brooks was elected as community co-chair for a one year term in September of 2005. The enabling legislation for the HIAC calls for a community co-chair from "a community consumer organization or small business." Mr. Brooks, as Chair of the Health Care Organizing Project, has served in that role. He would be willing to continue as co-chair but the Council agreed to hold off on a vote, pending interest expressed from other parties. Interested council members should contact Chris Koller before the next meeting.

- Membership: Business representatives are being solicited in particular, as the Council is underrepresented here. Council members were asked to pass on names to Mr. Brooks or Mr. Koller.

Next Meeting:

October 17, 2006

5 pm. DBR Hearing Room.