

Health Insurance Advisory Council
June 19, 2007
5 – 6:30 PM – DBR Hearing Room

Minutes

Attendance:

Members: Craig O'Connor, Bill Schmiedeknecht, Serena Sposato, , Peter Quattromani, Bill Martin, Annemarie Monks, Rick Brooks, Ed Quinlan, Howard DuLude, Dawn Wardyga; Rick Brooks and Chris Koller (Co-Chairs)

Health Plans: Jason Martiesian, Ken Pariseau

OHIC Staff: Patricia Huschle, Adrienne Evans, John Cogan, Matt Stark

Not in Attendance: Patrick Quinn, Denise Lynn, Domenic Delmonico, Hub Brennan, MD, Elizabeth Walsh,

1. Introductions

- Members of the Council and public attendees introduced themselves

2. Review of Minutes

- May 2007, Minutes
 - Minutes for the May 15, 2007 meeting were reviewed. There were no changes to the notes.

3. Updates

- United Request for Extraordinary Dividend
 - Chris Koller updated the group that United had withdrawn its application for an extraordinary dividend and was proceeding with the general commitments it had made regarding HIT investments, primary care rates and improving provider services. There are no specific dollar amounts in the HIT commitment so it will be expected to be in line with the \$3.7 million that was originally proposed.
 - Dawn Wardyga urged the OHIC to also keep in mind the concerns which have been expressed about responsiveness of consumer services at United. John Cogan noted that several states have initiated a “multi state” regulatory action against United in the areas of provider services, utilization review and claims payment.
- Golden Rule Application for Direct Pay Market
 - As discussed at previous meetings, Golden Rule has indicated their desire to enter the individual (“direct pay”) market. The initial materials from Golden Rule had some significant deficiencies and have been returned with comments. Several

Council Members sought assurances that if Golden Rule were to have any presence in the Direct Pay Market, consistent with the recommendations of HIAC at its April meeting, it would be subject to conditions that it would bear its share of the high risk individuals in the market. Chris Koller said that would be the case.

4. Discussion:

- Report – Uninsured Study
 - The Council reviewed an updated version of this report, which had been previously presented to it. The conclusions were unchanged – the rate of uninsured is increasing in RI and it appears due to an increasing number of low wage workers who are not eligible for employer sponsored health insurance in larger businesses – not fewer employers offering or fewer workers enrolling when they qualify.
 - The Council discussed the findings and the interactions with RIte Care, where enrollment appears to be decreasing, and providers of care to the uninsured – mostly hospitals and community health centers.
 - OHIC will release this report this summer. The Office, however, will continue to focus on the role of commercial insurers in this issue – keeping health insurance affordable, and responding with new products to new markets. A more comprehensive reform strategy, including subsidies for low income people, would be based on this information but is not solely within the purview of OHIC.

- Draft Regulations for Small Group Health Insurance Market.

John Cogan reviewed the areas to be covered by new regulations for the small group market. The need for new regs is driven in part by the Wellness Health Benefit Plan the state is developing in the market, updates required to the regulations themselves, and policy recommendations from the recently completed Market Conduct Exam. The revisions will fall into six areas, which were reviewed and discussed with the Council (see separate handout):

- Wellness Health Benefit Plan Requirements
 - no discussion.
- Annual Rate review
 - Plans would file formulas and trend factors annually rather than certification which OHIC verifies three years after the fact. This will be more in line with large groups and more timely.
 - In response to a question – OHIC would still do market conduct exams every three years.

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- Would not be that much work and would allow for more accountability.
- Minimum Medical Loss Ratio Requirement
 - Would be set at 80%. Intent is to have premiums go towards medical benefits.
 - Insurance industry standards are between 82 and 88%. MLR's for small group tend to lower than large groups because of high distribution costs. Both United and BCBSRI are above this. Some applicants in less regulated markets are significantly below this – effect would to weed them out in RI.
- Standard Health Status Data Collection Tool
 - no feedback
- Standardization of Certification of Employee Eligibility
 - no feedback
- Carrier Reporting to OHIC (annual basis in 12 areas)
 - some concern that the list here was too long and would not give that much helpful information.

The Council discussed the six areas more broadly and gave feedback to OHIC. Most of the time was spent on the concept of minimum medical loss ratios. It was noted that these were limits in rate filings, not a retrospective review. However, if plans consistently overestimated their medical loss ratios and actual was lower, that might effect future reviews of rate filings. In some markets, some MLR's can end up below 60%. The 80% number would not deter either of the current participants but could deter new entrants.

After discussion most members of the Council felt that the benefits of standardized expectations and common rules in the small marker exceeded the potential costs to the insurers or the loss of potential competitors in the market.

- Feedback on topics for this year.

As the Council prepared to break for the summer, Chris Koller reviewed a list of topics covered by the Council this year. He thanked the group for its efforts and ask for feedback on how the Council fulfilled its charter in the second year of its work:

- OHIC appears to listen.
- Diversity of opinions
- Good learning
- Extraordinary Dividend Discussion was good.
- Learned more about what the Office can influence.
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- Membership and Leadership

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- Co-chair is set for another year, per minutes from the fall of 2006
- Please contact either Rick or Chris if you cannot serve or if you have ideas for other members, particularly from the purchasing community.

Have a good summer

Next Meeting

September 18, 2007

5 pm DBR Main Hearing Room