Health Insurance Advisory Council
September 16, 2008
5 – 6:30 PM – DLT Main Conference Room

Minutes

Attendance:

Members: Bill Martin, Bill Schmiedeknecht, Dawn Wardyga, Hub Brennan, DO, Chris Koller (Co-Chair), Ed Quinlan, Rick Brooks (Co-Chair), Domenic Delmonico, Elizabeth Walsh, Bill Martin, Phil Papoojian, Roland Benjamin

Health Plans: Ken Pariseau, Monica Neronha

OHIC Staff: Matt Stark, Deb Faulkner, Angela Sherwin

Not in Attendance: Patrick Quinn, Denise Lynn, Howard Dulude, Serena Sposato MD, Peter Quattromani

1. Introductions
   - Members of the Council introduced themselves.

2. OHIC activities since last meeting (June 08). Chris Koller discussed some of OHIC's work:
   - The Commissioner noted the Office's work on small group rate review and the market conduct exams that are in process. With United, Mega and Blue Cross & Blue Shield of Rhode Island.
   - A draft rate disclosure form was circulated and Matt Stark and the Commissioner provided an overview, including the following: the elements of the form, that it will be used for contracts effective 1/1/09 and sent out to all small employers. Broker cost as a percent of premium was noted as a piece of information in the form that will help employers understand distribution costs. The goal of the form is to make the reasons for rate increases more clear for small employers and to make sure that carriers are subject to the same requirements.
     Discussion followed with Rick Brooks asking if employers receive a discount on their rate if they do not use a broker. The Commissioner noted that they do not and that this was the subject of past legislation that did not prevail. Hub Brennan asked about the removal of certain language that might mislead an employer to think that use of a broker adds no cost to premiums.
     - The Commissioner continued the review of the summertime activities noting that the small group review standards are similar to large group.
     - The Office is seeking public comment on the pending Medicare Supplement rate review before the Office.
     - Tufts' regulatory review continues, that their forms are still under review. Tufts licenses were issued and they are still targeting 1/1/09 to enter the market.

Hub Brennan noted that providers are welcoming the Tufts entry and that the company's reimbursements are competitive. The Commissioner said that the Office has two challenges before it regarding Tufts: aligning expectations with employers and guarding against a price war.

- Continuing with the summer review, the Commissioner alluded to the provider survey that the Office will soon release. Though there is good directional information in the survey report, it does need to be qualified due to low response rates.

3. 2008/2009 HIAC Agenda

Turning to the future work of the HIAC, Rick Brooks provided an overview, saying that the Office was proposing a new role for the Council. It would be more active in supporting and defending the work of the Office; would drill down deeper into the issue of insurance affordability and that a tangible approach with the carriers in the annual rate factor review process should be the goal.

The Commissioner followed on Mr. Brooks comments saying that OHIC can be more effective if it narrows its focus to those activities over which it has direct authority (i.e. regulating commercial insurers). Working towards broad expectations on health care system reform will be less effective in light of current budget realities.

Mr. Koller walked the Council through a slide presentation on the proposed work of the Council this year. In summary it is suggested that HIAC develop priorities for system-wide affordability initiatives for the health plans and standards for health plan performance in the areas of affordability (medical cost rate factors) administrative costs and contributions to reserves/margins. These would be used by the Commissioner in the annual rate factor review process.

Phill Papoojian asked how an examination of benefit mandates would fit in to the new focus for the HIAC. The Commissioner stated that the subject is not in the purview of the rate approval process, which would be the focus of the work moving forward. Benefit mandates are a legislative issue and the work outlined in the powerpoint is focused on defining affordability standards for review of rates and rate factors over which the OHIC has authority.

Ed Quinlan noted that annual utilization studies from the DOH have not been done in some time and he asked how the Office would become informed on utilization patterns in RI relative to other states. The Commissioner cautioned that while such information might inform the community regarding an important topic, OHIC and HIAC work needs to be focused measures and accountabilities for the health plans in particular.

Dominic Delmonico suggested that the OHIC look at existing metrics; that plans are already scored in many areas, such as HEDIS and financial measures. The Commissioner suggested that the affordability work that the HIAC and the Office has before it might be about rating the plans against one another in the particular priority areas chosen for the medical cost initiatives. This will be more challenging than administrative costs and reserves contributions.

Domenic Delmonico asked if insurer disease management programs were a reasonable area to assess plans. The Commissioner felt that such assessments would be challenging to objectify.

Hub Brennnan suggested that the committee look at cost drivers that are unfavorable in RI relative to other states.

Dawn Wardyga observed that the agenda before the HIAC is new and narrow, setting aside the policy areas of great concern, like the Medicaid Global Waiver. Some discussion followed relative to the productivity of a narrow focus on commercial insurance versus broader work that encompasses the totality of RI's healthcare system.

Ed Quinlan noted that the legislature has been clear with OHIC that work should be narrowly focused.

Dawn Wardayga noted that in her opinion the state needs for a where the whole system can be examined, not just pieces.

Hub Brennan noted that a broader approach exceeds OHIC's statutory mandate. He agreed that Medicaid is a key issue, but one best addressed an other forums. He agreed with the HIAC agenda, noting it would be productive.

Ed Quinlan noted that the commercial market and Medicaid are intertwined. And Dawn suggested that it is irresponsible to ignore the rest of the system – that it is not effective to go after commercial insurers only, since providers see patients from all payers and depend on cross subsidies that are nor well understood. The Commissioner said that Dawn and Ed are right to raise these issues. The core of OHIC's authority is in commercial insurance.

Domenic Delmoico asked where Medicaid Global Waiver concerns should be voiced if not here. The commissioner stated that such concerns could be directed to the agency with authority over Medicaid.

Matt Stark noted that while the agenda before the HIAC is narrow it is important. RI statute is unique in providing regulators with a framework for going beyond actuarial soundness in rate factor approval. But the framework needs finishing.

Rick Brooks noted that the work of the HIAC could serve as a template for state and private purchasers interested in standards for the affordability efforts of plans

At this point, a planning agenda handout indicating a timeline for specific activities was distributed and the Commissioner walked through the document with the HIAC.

Chris Koller noted that this works occurs at a time of dwindling resources for HIAC and other agencies. The Office's provider liaison accepted a new position this summer and its policy/communications person (Matt Stark) will be leaving soon as well. There is a Government-

wide hiring freeze for the foreseeable future. The work of the Council will be staffed by a combination of grants and interns.

Hub Brennan offered that he would support a HIAC call for resources for the OHIC. He also suggested that HIAC might need to formalize its processes in the face of the proposed annual agenda for the committee. He called for Council review of the annual agenda. Rick Brooks called for reactions to the new approach for the HIAC. Ed Quinlan said that the precision and planning was welcome and hoped that regional comparisons would be included in the work.

Angela Sherwin then provided an overview of materials for the HIAC to review prior to the next meeting.

The Commissioner returned to membership nominations, noting the need for more consumer and purchaser (non health care) membership, as well people with expertise in thinking about how health plans can contribute to system affordability. HIAC members offered to email suggestions to the Commissioner.

The Commissioner noted that Rick Brooks has served his term as co-chair and that a new co-chair would be voted on at the next meeting. Anybody with an interest in serving in that role should contact Chris.

The meeting then adjourned.

Next Meeting of the Council

October 21, 2008
4:30 pm DLT Main Hearing Room (note new Time)
Topics –

- Membership and Chair
- Medical Cost Initiatives - Review of initial list of priorities for health plans.