

Health Insurance Advisory Council
January 20, 2009
4:30-6:00 PM – DLT Main Conference Room

Minutes

Attendance:

Members: Rick Brooks (Co-Chair), Hub Brennan, DO, Chris Koller (Co-Chair), Phil Papoojian, Howard Dulude, Roland Benjamin, Karen Fifer Ferry, Domenic Delmonico

Health Plans: Jason Martiesian, Tom Boyd, David Burnett

Guest: Ted Almon

OHIC Staff: Deb Faulkner, Angela Sherwin, John Cogan, Michael Bailit, (consultant)

Not in Attendance: Bill Martin, Bill Schmiedeknecht, Pat Mattingly, Peter Asen, Serena Sposato MD, Peter Quattromani, Ed Quinlan

1. Introductions

- Members of the Council introduced themselves.

2. Minutes

- Minutes from the December 16th 2008 meeting were reviewed and approved with no changes.

3. Updates

- Recently there was a national settlement regarding Ingenix's maintenance of fee schedules used for the calculation of out-of-network rates. Ingenix is a subsidiary of United Healthcare. Insurance Commissioners were not a party to the settlement and Chris Koller had no information on the settlement. Relationships with Lighthouse MD, an arm of Ingenix based here in RI, and its Caretracker product are not affected.
- OHIC had posted the results of its Provider Survey conducted last spring for the Rate Factor review. It will be used again – an improved upon – for this year.

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4. Discussion/Feedback

Work continued on the Council's major fall item – *refining medical cost improvement priorities in Rhode Island for health plans as a condition of approval of medical cost rate factors in large and small group rate filings.*

¹ OHIC has also received a response from United Healthcare of New England on its Provider Service plan, as required by the conditions imposed in last spring's rate factor review. It is being reviewed.

Deb Faulkner led the conversation, using a presentation "Proposed Rate Factor Standards of Medical Cost Improvement" as her guide. Three proposed standards were presented:

1. Primary Care Spend
2. Chronic Care Model-style Medical Home
3. Mandated EMR Incentive

Please see the presentation for the specifics of each proposed standard.

The Council spent a considerable amount of time on each standard. The discussion is summarized as follows.

1. Primary Care Spend:

- Definitions: should Ob-gyn be excluded? What about specialists who do some primary care? Deb explained that the working definition was from BCBSRI (including a definition of "dual providers") and analysts from the plans were working on codifying in a common way. .
- What insured categories are being monitored? Fully insured commercial only – although insurers historically pay their self-insured business at the same provider rates. No Medicare and no Medicaid.
- Should the standard be weighted to give more worth to payouts for incentives than medical services? This would make it very hard to standardize definitionally.
- The Council asked for more specific proposals from staff on each of these:
 - *Where are we now (the baseline)?*
 - *What is our goal for spend and why?*
 - *How will progress be measured (interim standards)?*
 - *How will we know that attaining the spend goal will make a difference (evaluation)?* Is it increased number of PCPs? Reduced trend rate? Reduced ER visits?
 - **What are the consequences for not meeting any or all standards? Is there partial credit? Probably. Sense of Council members was that standards would have greater effect if consequences were clearly mapped out. They asked staff to prepare a proposal.**

2. Chronic Care Model-Style Medical Home

- So 2 & 3 are ways to meet the Primary Care Spend standard? Yes.
- Isn't the CSI still a pilot? Should we wait two years for that to play out? The thought is that there is enough proof of the chronic care model and the need for support for all payer interventions, so CSI could be expanded with modifications in each round
- What is the value of this investment (or number three) relative to the increased primary care spend required to meet #1. Not known but probably relatively small.

3. Mandated EMR Incentive

- How would the Federal stimulus money change this? Not known – assuming it does not happen.

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- Where did these figures come from? See presentation?
- Will plans be penalized if nobody takes the incentive? No – there is no standard for takeup, although payout amounts will be monitored.
- (Same as above) What are these payouts worth towards the over all spend?

Council members were supportive of the standards but asked staff to come back with more detail – particularly on the bolded questions above.

5. Administrative Expenses and Contributions to Reserves

Staff wanted to introduce these topics as part of the rate factor review. Chris Koller asked for more guidance regarding appropriate administrative costs, because the Lewin studies of reserves from several years ago still remain valid.

Deb Faulkner outlined three basic questions for the Council:

1. What is the appropriate definition of administrative costs? Do the plans use the same definition in expense reports and rate filings?
2. What is the best unit of measure – percent or absolute dollars per capita?
3. What standard (if any) should be used in evaluating carriers' costs and proposed increases? Should the market rule?

She then presented some background data on relative costs in RI and the rate of increase nationally. .

Council questions included whether the standard definition used by regulators was precise enough – where do clinical staff employed by the health plan fit in, for instance?

Similarly – should allowable administrative costs assume some level of value or effectiveness for those costs? (such as claims payment accuracy)

Some of these questions can be answered by staff work with the plans. But many are philosophical or ideological. OHIC will be looking for the Council's advise on the matters.

As preparation, staff will understand plan and regulatory definitions currently, their preferred unit of measure.

The meeting then adjourned.

Next Meeting of the Council

February 17, 2009

4:30 pm DLT Main Hearing Room (note new Time)

Topics

- Initial Recommendations for Plan Affordability Standards, based on Council recommendations.
- First discussion on standards for administrative and reserve/profit ratios.