

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

Minutes

Attendance:

Members: Bill Martin (Co-Chair), Chris Koller (Co-Chair), Rick Brooks, Phil Papoojian, Hub Brennan, DO, Bill Schmiedeknecht, Domenic Delmonico, Roland Benjamin, Peter Asen, Howard Dulude, Robin Benoit, Gregg Allen, Joel Cooper, Monica Coughlin

Health Plans: Maria LaFerriere, Patrick Ross

OHIC Staff: Adrienne Evans, John Cogan

Not in Attendance: Ed Quinlan, Peter Quattromani, Karen Fifer Ferry, Pat Mattingly, United and Blue Cross Representatives

Guests: Michael Souza

1. Introductions

- Members of the Council and public attendees introduced themselves.
- Chris Koller reviewed the summary of the Council's Activities for 08/09. This annual report is required by OHIC statute and addressed to legislative leadership.

2. Minutes

- Minutes from the September HIAC meeting were approved with no changes.

3. Updates

- Rate Factor submissions from plans

Chris Koller reviewed the status of rate factor submissions from plans:

- Tufts commercial rate factors were resubmitted and approved.
- United and BCBSRI have not resubmitted revised commercial rate factors. The effect of this is that when currently approved rate factors expire, all business will be renewed using the last approved set of rate factors; a large group renewing in April gets rated as if it were renewing in December. The longer the plans do not have approved rate factors, the greater the gap between ongoing expense trends and premiums and the greater the pressure on insurers to respond or post losses. It noted by members that insurers are already estimating future losses due to "premium deficiencies" and booking them as expenses in their financial statements. This is required under accounting rules for insurers, due to the need to forecast the effect of catastrophic events.

- United, BCBCRI and Bankers' Life Medigap rate factors have all been submitted to OHIC for review. Rate hearings will not be called and these will go through the standard review process.

4. Charter:

- Chris Koller circulated a revised copy of the HIAC charter, updated to reflect changes in the OHIC statute which were passed by the legislature in a budget article at the close of the current session. He summarized the changes:
 - At least four meetings around the state with public involvement.
 - Annual now reviewed at hearings before the house and senate finance committees.
 - Implement measures to inform small businesses of a complaint process.
 - "Develop proposals for small business health insurance to be affordable and fairer".

The revised charter was passed unanimously.

5. Implementation of Affordability Standards

- The remainder of meeting was spent updating the Advisory Council on work the Office has done in implementing the Affordability Standards they developed last year. Chris Koller reviewed a presentation summarizing this work and the investment plans by the insurers for 2010. (posted on the OHIC web site). Members of the Council offered the following observations and guidance:
 - Increasing the amount plans spend on primary care by increasing rates of utilization of already maxed-out primary care physicians does not necessarily meet the goals of the Affordability Standards.
 - The Goals of the affordability standards will not be met until we have not only more primary care doctors but larger and more integrated medical groups. The data is clear that these groups are necessary to coordinate care better. It does not appear that the health plans are doing enough to promote this development.
 - The difference in plans between insurers is striking - while some efforts are coordinated, United is promoting its pay for performance agenda and BCBSRI is promoting a plan-specific patient centered medical home initiative. Opinion was mixed on how much coordination and alignment this process should produce and OHIC should insist on. The public disclosure and accountability should reduce differences.
 - Because of small membership, Tufts will monitor their spend this year but will not commit to programmatic spending categories and targets, beyond the collaborative patient center medical home project (CSI) and the ER project.
 - Similarly, the Council discussed the merits of a "few big bets" versus multiple initiatives. In general, the Council supported multiple projects to meet the Standards.
 - It is relatively easy to meet the spend targets this year, but it will get harder as the target grows. Members of the Council advocated for considerable public planning work to guide the insurers' investments in primary care in the coming years.

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- Chris Koller noted that high performing health systems not only have more primary care docs but a higher ratio of primary docs to specialists. Perhaps this should be measured too.
- Going forward
 - The Council talked about the need to engage consumers in the promotion of primary care. Historically, this was done through managed care and gatekeeper products that linked people up to a PCP, although now they are not priced in ways that make them that much more valuable. Also, consumer directed health plans can incentivize people to value primary care and prevention more. In the absence of CDHP's or a groundswell for managed care's return, plans can promote larger co-payment differentials between specialists and primary care. This has worked for pharmacy (brand vs generic) because the pricing benefit was immediate. Would the Council be willing to recommend mandating minimum differentials for insurers' products? This would be an intrusion in the market – what would be the feedback of the purchaser representatives on the Council? It is important to note that these issues are beyond the payment reform goals put forth in the Affordability Standards, and need to be prioritized.
 - Chris Koller reviewed a monitoring schedule for HIAC of these affordability standards. HIAC would look quarterly at the activity of the insurers in implementing this work and semi-annually at the plans for the coming year. Members of the Council also advocated some independent monitoring by OHIC staff of the activities by the insurers in the categories they are committing to. They reiterated their desire to be part of the planning for investments in year two

6. Other Business

- The November meeting location and date were discussed. It was agreed to pursue 11/24 at the Johnston Senior Center. Peter Asen will coordinate. The agenda – as was agreed to in September- will be the administrative costs of the plans. In the spirit of the revised OHIC statute, the agenda will be circulated broadly and public comment on this topic will be solicited. It was acknowledged that this brings risks with it as well. Lori Mello will confirm with Peter and inform the group.

The meeting then adjourned.

Next Meeting of the Council
November 24, 2009
New Location to be confirmed

Topics

Health of Health Insurers Report
Projected Administrative Costs
HIAC recommendations