

**Health Insurance Advisory Council**  
**December 15, 2009**  
**4:30-6:00 PM – Department of Labor and Training**

**Minutes**

**Attendance:**

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

Health Plans: Maria LaFerriere, Patrick Tigue, Patrick Ross, John Lynch, Jason Martiesian, George Callan, Sean Donahue

OHIC Staff: John Cogan, Deb Faulkner

Not in Attendance: Ed Quinlan, Hub Brennan, DO, Ted Almon, Peter Quattromani,

Guests: Michael Souza, Angela Sherwin (plus public attendees)

1. Introductions
  - Members of the Council and public attendees introduced themselves. Public attendance was larger than in previous meetings.
2. Minutes
  - Minutes from the November 15, 2009 HIAC meeting were approved with no changes.
3. Updates
  - Rate Factor submissions from plans: United and BCBSRI have indicated their intent to file new rate factors in January. Public review and comment will be taken. Information on the filings will be shared with the Advisory Council at the next meeting. The plans indicated that the conditions which drove their previous requests have not changed and that periods with no – or below-needed – requests create a need for “catching up” to inflation. At this time, OHIC does not intend to alter the annual rate factor review process which normally takes place in the summer of each year.
  - Direct Pay Submission: BCBSRI has submitted new Direct Pay rates, with some product changes, for OHIC review. These would be effective April, and result in an average rate increase of about 10%. OHIC anticipates the mandatory rate hearing will be in January 2010.
  - Open Examinations: Currently OHIC has three examinations open with BCBSRI. The topics are: the Care New England/BCBSRI contract, use of health status rating factor in the small group market, and rating of the RI Builders group. Although the existence of these examinations is a matter of public record, their details, under state law, are not. Orders are issued by OHIC at the close of an examination and are in the public record.

4. Discussion Topic: Effect of Proposed Federal Reforms on Rhode Island

Chris Koller gave a presentation assembled by Deb Faulkner on the potential effects of Federal reforms on the state.

There are numerous caveats to the assessment:

- Nothing is passed and much is up for negotiation.
- OHIC information on the components is imperfect
- Information and data on key components necessary to do a complete assessment – such as uninsurance rates for various subgroups – is not available.

The presentation has three components

1. Starting point for RI
  2. Identify broad areas of impact
  3. Implications for RI
- A. Where RI Starts:
- a. Uninsured rate for 2010 is projected to be 15.7%, based on independent analysis. Up from 9.8% in 2006 (note rates bounce around some)
  - b. Drivers – unemployment rate; shift in industries and resulting decline of commercial insured market,
  - c. High number (51,000) of people who are uninsured are categorically eligible for Medicaid. If a high proportion of these enrolled in Medicaid, DHS budget will take a hit. Council asked about Cobra subsidies – subsequent to the meeting Congress extended these but only for two months. Take up rates in RI are not known.
- B. Key Reform Elements:
- a. Individual and (possibly) employer mandate
    - i. Discussion points included: how payroll is defined, what would be the penalties for the mandate, are they sufficient and how would they be imposed. Effect of feds determining minimum coverage
    - ii. Would the effect of a mandate be to lower average costs because uninsured are healthier, or to release a lot of pent-up demand? Early data from Massachusetts appears to indicate a small increase in utilization initially, followed by a decline.
    - iii. An individual mandate can increase employer expenses as people enroll in employer insurance.
    - iv. Members wondered if this would create an incentive for employers to drop coverage or give their employees a voucher to comply with an employer mandate.
  - b. Facilitated purchase of insurance through exchange.
    - i. Would RI do a connector? Where would it be – inside or outside of government?
    - ii. Who could buy at the connector? Only subsidized individuals? Chris Koller observed that the more places you have to shop – existing markets, the

Health Insurance Advisory Council

Minutes

December 15, 2009

- exchange, a national option, Medicaid – the more confusing and costly the options will be.
- iii. Tighter health insurance regs is not an issue for RI. Our regs are consistent with what is being proposed.
- c. Subsidies for those who cannot afford it.
  - i. Those under 133% of poverty would qualify for Medicaid. Broader coverage with significant state share.
  - ii. From 133 to 400% of poverty would get federal subsidies or enrolled in State Medicaid program if they are covered (as is case in RI)
  - iii. Mr. Koller presented projections of number of uninsured by family status and family income in RI.
  - iv. The implementation date of most of this – 2013 – is after the expiration of the RI Medicaid waiver.
- d. How do you get health insurance
  - i. If you can get affordable health insurance through your employer the policy encourages you to go there.
  - ii. If you cannot then depending on income you are directed to Medicaid (Rite Care) or the Exchange.
  - iii. This involves the mixing of own, employer and public funds. This is extremely complex. In some cases subsidies – to employers or individuals – are paid as tax credits after the fact, not cash up front.
- e. How are the subsidies paid for?
  - i. Mix of Medicare payment reductions and new revenues from fees and penalties.
- f. Cost Containment Efforts:
  - i. These are weak – a stronger Medicare rate setting process possibly, a tax on high benefit health plans which would encourage more careful benefit decisions, Medicare payment demos.
  - ii. Council members observed that this leaves most of responsibility to states.
- C. Implications for RI specifically:
  - a. Mandate:
    - i. Accept fed standards on mandate and minimum coverage
    - ii. RI Benefit Plans would be taxed.
  - b. Exchange
    - i. Policy decision – do we do our own. Partnerships with Massachusetts? Who can and who must buy through exchange. Balance choice/politics with complexity.
    - ii. Coordination with Medicaid and its Rite Share program
    - iii. How to get organized to address these questions? Data for decision-making.
  - c. Subsidies:
    - i. The 51k who are eligible for Rite Care and above 133% of poverty – will be expensive to state if they come into Medicaid and not subsidy program.

## Health Insurance Advisory Council

### Minutes

December 15, 2009

Mr. Koller stressed that this was a preliminary analysis and much will change. It does point, he said, for the need to have a coordinate process for preparing for any Federal reform that passes.

Council members thank Ms. Faulkner for the analysis, expressed in general dismay at the complexity of the reforms necessary, and agree on the need for state-level monitoring with high levels of OHIC involvement, given the impact on health insurance market.

#### 5. Discussion Topic: OHIC Legislative Items:

- OHIC will send to the Governor legislation to oversee Discount Health Plans (being sold as insurance...), define the period of extended medical benefits for employers and insurers) and eliminate the small group rating exemption for RI Builders.
- In addition – legislation that others parties may propose that addresses affordability issues discussed by the Council include:
  - Promoting Primary Care infrastructure (name or usual source of care on card, no cost sharing for that provider, establish all payer project)
  - Minimum Medical Loss ratios for Plans
  - Funding for Health Insurance Exchange
  - Hospital rate oversight.
- At the request of the Council, Mr. Koller will update members on the progress of both OHIC legislation and others' health care affordability proposals.

#### 6. Other Business:

- Discussion on new OHIC regulations for small and large group rate factor review is postponed due to competing staff priorities.

#### Next Meeting

*January 19, 2010.*

4:30 pm – Potter Conference Center, South County Hospital (third of four meetings "around the state" call for by legislature)

#### Agenda:

- Criteria to be used by OHIC in calling for a rate hearing.
- Affordability Standards: Monitoring the plans' spending. Initial data and templates
- Reports:
  - o Commercial Insurer Payments to Hospitals
  - o OHIC Market Conduct Examination Activity
  - o CDHP trends in RI.

The meeting then adjourned.