

Health Insurance Advisory Council
March 23, 2010
4:30-6:00 PM – Department of Labor and Training, Cranston, RI

Minutes

Attendance:

Members: Bill Martin (Co-Chair), Chris Koller (Co-Chair), Rick Brooks, Howard Dulude, Robin Benoit, Pat Mattingly, Phil Papoojian, Ed Quinlan, Hub Brennan, DO, Gregg Allen, MD, Peter Quattromani, Bill Schmiedeknight, Peter Asen, Jeff Swallow

Health Plans: Maria LaFerriere, Patrick Ross, Tom Boyd,

OHIC Staff: Adrienne Evans

Not in Attendance: Roland Benjamin, Monica Coughlin, Karen Fifer Ferry, Joel Cooper,

Guests: (public attendees)

1. Introductions

- Members of the Council introduced themselves. Jeff Swallow was welcomed to the Council. Mr. Swallow is the Director of Human Resources for Electric Boat.

2. Minutes

- The minutes from the February 16, 2010 meeting were approved with the correction of a misspelling ("this level of detail..." instead of "his level of detail." on p2).

3. Updates

- OHIC Rate Factor Decisions: Mr. Koller reviewed documents summarizing the decisions by OHIC for the rate factors to be used by health plans in the last two quarters of 2010. None of the plans is contesting the decisions. The overall strategy is as directed by the Council – to create pressure on plans and providers to make the sorts of payment reform changes recommended by the Advisory Council. The amount of pressure that is required is the uncertain factor.
 - Pat Mattingly noted that he believed the decision was well balanced but a significant challenge remains in education stakeholders about the factors driving up medical costs. This will come up soon, since the conversation will be repeated in May and June for 2011 rate factors.
 - Bill Martin said he believed the decision continues to give health plans administrative costs, which are too high. He also noted that the effect of lower rate factors to United might increase their competitive advantage if their products are still profitable.
 - Ed Quinlan asked if the projections used by the health plans were audited for accuracy – the price and utilization trends reported by the health plans do not match what hospitals report. Chris Koller said they

have not been. OHIC will be able to reconcile projected outcomes with actual results, but that is not the same.

- Council members also discussed the public reaction to the decisions.

- Federal Reform Bill

In the wake of the passage of Federal health reform, OHIC has been reviewing analyses of the legislation. In 2010 there are two primary areas for state action – commercial insurance markets and Medicaid. Items on the commercial side include:

- Funds to states for high risk individuals
- Funds to states for consumer ombudsman programs.
- Funds to states for rate review.
- Elimination of pre-existing condition clauses for kids.
- Inclusion of kids up to age 26 as dependents.
- Increase oversight of rates
- Minimum medical loss ratios
- OHIC will work on implementing these issues in RI, much of which will depend on what federal regulations are developed. The changes are smaller in RI than in other states.
- The Governor has not organized an administration-wide response to the reform legislation.
- OHIC will make a fuller presentation on this topic at the April meeting.

4. Discussion Topic; Legislative Session: OHIC Priorities

Mr. Koller circulated a list of pending legislation, organized into four categories: affecting HIAC affordability standards; representing OHIC priorities, Health Insurance Access; and Other Health Insurance.

Mr. Koller asked in particular for feedback relating to legislation regarding the Affordability Standards

- There was support on the Council for the bill to require collection of PCP info. There were mixed opinions regarding the waiver of any patient co-payments for certain office visits: it should not be seen as supporting primary care, since there are no new funds coming in; it may not encourage greater connection between a patient and their PCP. Mr. Koller noted it could be used as an incentive for patients to declare a PCP.
- More time was spent on the bills regarding hospital payments. Mr. Koller noted that these in response to the findings of the PHOC study on inpatient payments. Bill Martin noted that he was in favor of greater price transparency but recognized that it could be inflationary.
 - Pat Mattingly asked if rate factor increases could be conditioned on limited rates of increase for hospital pricing. Chris Koller indicated that this authority was probably not in the OHIC statute.
 - Rick Brooks asked if this legislation would lead to Global Budgeting for hospitals. Chris Koller said not as written, but some health plans indicated that a comprehensive approach to hospital rate setting would be preferable to the individual contract reviews called for in this legislation.

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- Ed Quinlan and Pat Mattingly referred to the experience of Maryland – the only state that retains hospital rate setting. (Rhode Island relinquished it in the 80s). Medicare participates in the MD process, so it truly is all payer.
 - Several participants noted that RI Medicaid was shifting its payments to a DRG basis to make comparisons to other payers easier. Medicaid has also proposed pulling dollars out of both Fee for service and Rite Care plan payments to hospitals to help with the state budget. This just heightens the need for good comparable information to understand the relative payments between hospitals and between payer types. There are many assertions that are made about who pays poorly.
 - There was recognition by the Council of the inadequacy of the current way of determining hospital payments and of the need for more consistency and transparency in assessing rates of payment by payer type and by hospital. Absent this information, however, the Council was reluctant to endorse full public rate setting for hospitals
 - Phil Papoojian talked about an SBANE bill to promote greater price transparency for broker rates and some of the concerns raised by brokers that their costs were being unfairly targeted. Phil explained the intent of the bill – to promote greater cost awareness among businesses that may not have known of it.
 - Other bills were reviewed briefly.
5. Other Business:
- The OHIC report on trends in the uninsured and costs of insuring them was reviewed briefly. This was the result of work by OHIC consultants funded by the RI Foundation. Among the findings
 - Uninsured in RI are increasing steeply, driven by shift in industries and rise in unemployment.
 - Most of the costs of covering the uninsured are spend in the system/ however they are paid through a complex set of subsidies to providers which would be very hard to sort out.
 - The RI Foundation with the Lieutenant Governor is hosting a set of presentations on delivery system reforms needed to reduce costs, regardless of insurance access reforms. These tie closely to the Council's affordability work.

Next Meeting

April 20, 2010.

4:30 pm – Department of Labor and Training Conference Room

Agenda:

- Quarterly review of Health Plan Compliance with Affordability Standards
- OHIC Analysis of 2010 Commercial Insurance Changes resulting from Federal Health Reforms.
- Review of legislation proposed this session of relevance to OHIC/HIAC

The meeting then adjourned.