

Health Insurance Advisory Council
October 19, 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, Pat Mattingly, Phil Papoojian, Hub Brennan, DO, Peter Asen, Jack Spears, Peter Quattromani, Ed Quinlan,

Health Plans: Patrick Ross, Gus Manocchia, MD, Tom Boyd, John Lynch, Jason Martiesian, Lauren Conway

OHIC Staff: Adrienne Evans, Deb Faulkner

Members Not in Attendance:

Roland Benjamin, Gregg Allen, MD, Jeff Swallow, Bill Schmiedeknecht,
Jeff Swallow

Invited Guests: Diedre Gifford, MD

1. Introductions

- Members of the Council introduced themselves.

2. Minutes

- Minutes from the September 21, 2010 meeting were approved with no changes.

3. Updates

Federal Health Reform:

Chris Koller informed the group that the Office had received notification from HHS that it was receiving an Exchange Planning Grant. The Office will use the grant to staff an administrative planning process with the Department of Human Services and an external stakeholder process. In addition funds will be used to help DHS plan the eligibility system needed for the exchange. This process will not engage the Council, as indicated in the planning for the 2010/2011 year reviewed with the Council last month.

Staffing

The OHIC Counsel position has been posted but not filled. The rate review grant will allow for the hiring of three additional staff for as long as the grant lasts – these will be used to staff the affordability standards, the rate review process and to perform much-needed analysis and reports.

Provider Survey.

OHIC released the compilation of its third annual provider survey earlier this month. These results may be discussed by the Council later in the year, but they indicate in particular continued concerns with the quality of United's provide services.

PPACA-related rate decisions

United and BCBSRI applied for additional increased in rate factors they used to account for expanded benefits under PPACA. OHIC decision approving (United) and modifying (BCBSRI) the proposed factors were released earlier this month.

4. Discussion: OHIC Affordability Standards Relating to Primary Care
Panel 1: Health Plan Performance in 2010 and All Payer Medical Home Update

Deb Faulkner, consultant to OHIC, presented an update on health plan performance related to the primary care spend standard in 2010. Copies of her presentation are available at the OHIC web site. Her conclusions:

- The affordability standards are working: Carriers are on target to increase primary care spend from 5.7% to 6.7% of total medical spend
- Eight percent decline in fully insured enrollment since base year (2008)
However, the drop in enrollment due to economic decline and lower rates of medical inflation reduced impact of this spend
- Carriers tended to focus investments on top priority categories – and dropped lower priorities. Two top priorities: Medical Homes and FFS improvements
- Carrier priorities were quite different
BCBSRI: major bet on their proprietary Medical Home initiative
United: major investment in FFS fee improvements

Deidre Gifford, Director of the CSI Project, updated the Council on the progress of the Project. Copies of her presentation are available at the OHIC web site. The project has produced significant improvements in the quality of care for patients with selected chronic conditions and generated support from providers and health plans. Utilization data to measure cost improvement has been much harder to gather. Future work will focus on this and improve the ability to change the way primary care is practiced in participating sites.

Council Members then discussed the presentations. There was satisfaction with the ability to measure health plan performance on primary care spend targets, but there was disappointment that system performance measures and cost and utilization measures in the CSI project have proven hard to put together. This reflects the tension for purchasers in seeing results for these investments. Dr. Gifford noted that the people working on these projects – locally and nationally – are focusing more on reducing the percent of patients discharged from hospitals who are readmitted with 30 days (“readmission rate”). This is generally considered a sentinel measure for care coordination. The figure is about on in five for RI Medicare.

At this point, the Council did not make specific recommendations for how the health plans should target their primary care spend in 2011. This will be a topic for the December HIAC meeting.

Panel 2: Provider Plans for Future Primary Care Investments

At the request of Bill Martin and Chris Koller, representatives from each of the commercial health plans presented briefly on how they intend to spend increased primary care funds in the future. Dr. Gus Manocchia of BCBSRI spoke of the amount of waste in the current medical system

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– estimated at 30% - and need for improved care coordination – particularly in the areas of hospital care, pharmacy and radiology/diagnostic imaging. To address this, he reiterated BCBSRI's commitment to its Patient Centered Medical Home project as well as the CSI project. This will be supplemented by spending for electronic medical records to improve the quality of information available for physicians. Making this a priority will result in lower rates of increases for some specialists and additional administrative efforts by the health plan to reduce unnecessary utilization (for instance review of certain diagnostic tests and tighter formulary management).

Leslie Carver of Tufts presented on Tufts work. Because Tufts membership in RI is small they have focused on less on RI-specific efforts and more on raising fee schedules and participating in community initiatives relating to the EMR and the CSI project. This is supplemented by the health plans administrative efforts to promote wellness and care management.

Jason Martiesian of United spoke of how United hit the 2010 targets (fee schedule increases, vaccine rate increases, plan design changes and HIT program); how it intends to hit the 2011 target (more money for improved primary care performance, plan design changes and the CSI project); and finally of challenges beyond primary care (hospital contracting and provider payment reform).

Council members discussed the presentation. Bill Martin asked Dr. Manocchia how BCBSRI's could be more closely coordinated with CSI. He replied that BCBSRI coordinates closely with the CSI project and sees the two efforts as complementary. Hub Brennan said he has worked with the BCBSRI program as a clinician. He spoke highly of BCBSRI's intentions and efforts but believes that an all payer initiative makes more sense because it is coordinated for the provider.

Pat Mattingly asked about the prospects for payment reform beyond primary care – some of sort of bundling of fees for “service bundles” or capitation. Dr. Manocchia said this is difficult to do but PCP support is critical, especially as there is greater pressure on specialist fees. The primary care spend figure can be hit by increasing the numerator or reducing the denominator. Bill Martin said that good primary care should result in lower rates of utilization of specialists and hospital services. This is preferable to across the-board fee increases.

Several Council members commented that to reduce the rate of growth means “someone will have to get a haircut”. So far the Council has not attempted to pick winners and losers – except for paying more for high quality primary care and pushing for payment reform; with the expectation that utilization changes will result.

Public Comment

Chris Koller and Bill Martin invited public comment. Several attendees spoke. Council members were asked to listen and not respond. Comments centered on the fact that while it was instructive to hear how the Council was looking at long term reforms. Small businesses in particular were in need of lower insurance premiums immediately as renewal quotes for 2011 had been received by the majority of small business in the state. Businesses are left to either pay more, reduce benefits, shift more costs to employee or not provide health insurance. This is a barrier to business growth and economic development. Somebody – the state and health insurers – has to do something.

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There was also public comment on the gap between the promise of patient-centered medical homes and how primary care often does not work for patients, resulting in more trips to the emergency room and confusion for patients.

Other Business

Chris Koller indicated that the Council will be meeting in other sites around the state, starting with the November meeting. This is to comply with changes in the OHIC statute in 2009. The November meeting will focus on the OHIC conditions on health plan contracts with hospitals. Several options for business/purchaser hosts were discussed.

OHIC staff will follow up with a location

Next Meeting

November 16, 2010

4:30 pm – Greater Providence Chamber of Commerce, Providence, RI

Agenda:

- OHIC Conditions on Health Plan Contracts with Hospitals

The meeting then adjourned.