

Health Insurance Advisory Council
November 16, 2010
4:30-6:00 PM – Greater Providence Chamber of Commerce

Minutes

Attendance:

Members: Bill Martin (Co-Chair), Chris Koller (Co-Chair), Rick Brooks, Howard Dulude, Pat Mattingly, Hub Brennan, DO, Peter Asen, Jack Spears, Peter Quattromani, Ed Quinlan, Herb Gray, Linda Lulli, Gregg Allen, MD, Jeff Swallow

Health Plans: Patrick Ross, Gus Manocchia, MD, Brian O'Malley, Mark Waggoner, Stephen Farrell, Leslie Carver, Phil Anderson, Mark Reynolds

OHIC Staff: Deb Faulkner

Members Not in Attendance:

Roland Benjamin, Bill Schmiedeknecht, Phil Papoojian,

Invited Guests: Tricia Leddy

1. Introductions

- Members of the Council introduced themselves.

2. Minutes

- Minutes from the October 19, 2010 with the correction that Jeff Swallow was in attendance, and the clarification that the thirty-day inpatient readmission rate for Medicare patients in RI is about one in five.

3. Updates

- Staffing Changes: Chris Koller updated the Council on hiring for the Counsel position and for three positions hired under the Federal rate Review Grant (Two new, one existing).
- Transition Planning: Chris Koller said all Agency Directors are meeting with the Governor-elect to discuss budget and policy issues. The Commissioner is a gubernatorial appointee.

4. Discussion: Implementation of OHIC Conditions on Health Plan Contracts with Hospitals.

- Bill Martin introduced the topic. As part of the rate factor review decision in July of this year, Commissioner Koller set forth six conditions that health plans must meet as they recontract with hospitals. Today's meeting is to brief the Council on the conditions and their implementation.

Panel 1: System Performance Measures and Explanation of Conditions

Tricia Leddy update the group in state government led efforts to measure system performance. The Department of Health is in the process of trying to harmonize the initiatives that

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are measuring system performance in the state, the measures they are looking at and the data sources. To date the measures have focused on the ones set forth by HIAC:

- Preventable hospital admissions
- Readmission within thirty days of discharge
- Avoidable ED use.

The Department is collecting feedback from stakeholders on this process, identifying interim data sources and bench marks, and developing a comprehensive all payer database. This is painstaking work, she said.

She then presented preliminary data collected by the Department of Health and from national sources on RI performance for the areas of interest set forth by the OHIC Affordability Standards. Data sources include national data on RI and the RI Hospital discharge data base. She cautioned that RI specific data was preliminary and has not been fully reviewed. For this reason it was blinded.

From a statewide standpoint there is room for improvement:

- No comparable data for avoidable admissions. As a state we are trending up.
- RI readmit rates are slightly higher than national averages and steady.
- Subsequent analysis shows our preventable ED rates to be high.

By hospital there is some variation in readmission rates and ED use and changes over time, but the data are preliminary and need further refinement, including severity adjustment where appropriate.

Members asked clarifying questions about the data. Chris Koller noted that little resources have been devoted by the state to focusing on this issue. The Federal "Beacon Grant" to the RI Quality Institute provides more resources

Chris Koller then reviewed OHIC conditions on health plan contracts with hospitals including:

- Their context
- The conditions themselves
- Implementation issues; specifically: -Communications; what constitutes compliance; consequences of non compliance; transparency; status of conditions post June 2011.

He then outlined the three questions the insurers had been asked to address: Feedback on Contracting Conditions in General; 2. Status of Contracts; and Advice to the Council on any changes to the conditions after they expire in June of 2011.

Plan 2: Plan Responses

Tufts, represented by Leslie Carver, expressed support for the goals of OHIC effort and for the specific conditions. They have one contract expiring during the effective period and report that the conditions are framing those conversations in a constructive way.

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BCBSRI, represented by Gus Manocchia also expressed support for the conditions and the efforts to create alignment across payers and hospitals. He also reviewed feedback by stakeholder group – hospitals were mixed to positive, physicians were quite positive and businesses were very positive. BCBSRI and Lifespan have signed a one year agreement that meets the conditions he reported. They will spend much of that year developing a more comprehensive structure. He said that hospital conversations have been framed by the conditions have well – with more questions than concerns, in general.

United, represented by Stephen Farrell – said it agrees with the direction of the Conditions. They are concerned that is happening at the same time that the state is reducing inpatient rates to hospitals and there is an expectation that commercial insurers will make up the difference. The state could supplement this work with: more data, better health systems planning, and regulations that clarify the ability of insurers to contract for selected lines of businesses and services with large hospitals. United has contracts renewing during this period with St Joseph's and Roger Williams Medical Center, South County Hospital and Care New England. Mr. Farrell then commented about the expiring contract with Care New England, with whom they are in active and sometimes public negotiations.

After the presentations, the discussions by the Council included details of BCBSRI's quality program with Lifespan and the health plans' attitude towards greater standardization of terms across contracts and health plans (views were decidedly mixed from the health plans).

Ed Quinlan noted the cost pressures created by flat or declining public payers. Bill Martin noted that while cost shifting is a real issue he was disappointed by the apparent lack of "seriousness of purpose" by either the health plans or the hospitals in addressing the need for payment reform – judging from the presentations given here.

Pat Mattingly said that this was a test of the ability of rate regulation to create that purpose and focus – to create change. As part of that, hospital costs should not just be accepted – how do we know what is an appropriate cost level?

Jack Spears referred back to the opening presentations – if RI has a utilization issue, that is where cost reduction opportunities exist, although it will create financial pressures for hospitals who see revenue declines.

The Council will revisit the conditions in several months.

Other Business
None

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Next Meeting

December 21, 2010

4:30 pm – Department of Labor and Training.

Agenda:

- Guidance from Council for What Constitutes Spending on Primary Care

The meeting then adjourned.