



Rhode Island Health Care Cost Trends Project
Steering Committee Meeting Summary
Virtual Meeting through Webex
August 17, 2020
10:00am - 12:00pm

Steering Committee Attendees:

Nicole Alexander Scott, Rhode Island Department of Health
Tim Babineau, Lifespan
Angela Bannerman Ankoma, United Way
Al Charbonneau, Rhode Island Business Group on Health
Stephanie De Abreu (for Stephen Farrell), UnitedHealthcare of New England
Michael DiBiase, Rhode Island Public Expenditure Council
Shamus Durac (for Sam Salganik), Rhode Island Parent Information Network
Jim Fanale, Care New England
Diana Franchitto, Hope Health
Marie Ganim, Co-chair, Office of the Health Insurance Commissioner
Peter Hollmann, Rhode Island Medical Society
Kim Keck, Co-chair, Blue Cross Blue Shield of Rhode Island
Al Kurose, Co-chair, Coastal Medicine
Jim Loring, Amica Mutual Insurance Company
Pete Marino, Neighborhood Health Plan of Rhode Island
Teresa Paiva Weed, Hospital Association of Rhode Island
Kim Paull (for Ben Shaffer), Rhode Island EOHHS
Betty Rambur, University of Rhode Island College of Nursing
Marc Spooner (for Tom Croswell), Tufts Health Plan
Neil Steinberg, Rhode Island Foundation
Larry Wilson, The Wilson Organization

Steering Committee Members Unable to Attend:

Tony Clapsis, CVS Health

Guest:

Chris Koller, Millbank Memorial Fund

Experience with COVID-19 and Implications for the Cost Growth Target

General

- Marie Ganim welcomed Steering Committee members. She said that the co-chairs and project staff had been trying to be sensitive to ongoing COVID-19 concerns and cancelled a number of meetings to avoid overburdening members with requests for their time. She said that the pandemic has raised to the forefront issues of affordability and how without affordability disparities will increase.

- Al Kurose acknowledged how disruptive COVID-19 had been for providers, noting two distinct phases, the first which required very acute and sudden changes to how providers deliver care and the second involving resumption of face-to-face care while controlling infection and maintain social distance. He acknowledged the challenges and complexity of caring for patients and financial challenges during this time and said that it was important to analyze cost trends in a way that accounts for the unique aspects of the pandemic.
- Kim Keck shared efforts by insurers to advance funds and accelerate payments to providers until federal stimulus money was available. She expressed concerns regarding employers continuing to offer health insurance to employees in the future and noted that increases in Medicaid enrollment or use of the individual market would have implications on future cost trends work that bring affordability to the forefront.
- Michael Bailit said that those who are especially hurt by COVID-19 are also those impacted most negatively by health care cost growth.
 - Larry Wilson asked about the applicability of Massachusetts data on those spending over a quarter of their income on healthcare to Rhode Island.
 - Betty Rambur said she thought the data would be directionally similar.
 - Kim Keck said it would be important to consider what the Implementation Committee can do with the data. She said that there was an opportunity in Rhode Island to link the work being done by the Rhode Island Foundation's Long Term Planning Committee with the cost trends work.
 - Chris Koller said there is a unique opportunity in Rhode Island to link the work on affordability to underlying drivers of long-term costs.
 - Michael Bailit said that if Steering Committee members were interested in pursuing how to address disparities across subpopulations, project staff could bring forth ideas to the Steering Committee in the future. He asked interested members to comment in the chat function of Webex.
 - No comments were received.
 - Marie Ganim said that there were some data from Medicare claims showing that telemedicine claims had been equally dispersed across subpopulations which was the first time she saw some equity in the distribution of health care services. She said that Rhode Island could examine its claims data to see if telemedicine might help decrease disparities in access to care.

Update on Sustainability

- Marie Ganim said that the state budget was still in flux due to the pandemic. She said that passing an assessment even prior to COVID-19 would be a challenge. She said that project staff had been developing contingency plans with the Peterson Foundation, but limited funding would result in a decrease in the project's scope. She asked members of the Steering Committee to share their continued support for the assessment with the legislature.

Evaluating Performance against the Cost Growth Target for 2020 and 2021

- Michael Bailit said that current research estimated a reduction in spending between 2019 and 2020 as the decrease in spending for non-COVID-19 care was projected to outweigh the increase in spending for COVID-19-related care. He said that some research anticipated that a portion of the deferred care from 2020 will occur in 2021, leading to a higher-than-expected spending trend from 2020-2021. He shared two potential approaches to evaluating 2020 and 2021 performance: 1) acknowledge each year as

producing aberrant results and/or 2) assess performance for 2020 and 2021 by looking at a 2-year compounded annual rate, assuming (for now) a rebound in 2021.

- Jim Loring said that his organization was considering option two, looking at combining years and rolling averages. He wondered if two years would provide enough data to assess the trend.
- Peter Hollmann asked Michael Bailit to remind the Steering Committee members about the details of how the cost growth target was set.
 - Michael Bailit said that the Steering Committee set an annual target of 3.2% increase through 2022 based on prospective gross state product (PGSP). He said that the target was set without the intent of annually resetting the target based on changes in the forecast. He did note that Bailit Health reviewed the impact of COVID-19 on prospective state economic forecasts, and there had not been much movement, indicating that economists assume the economy will recover within five years.
- Tim Babineau, Betty Rambur and Marc Spooner recommended taking both approaches as well as revisiting the topic as the pandemic continues to unfold.
- Marc Spooner said that there were complexities in how one might think about the impact of the pandemic on health care costs: 1) there may be some potentially unnecessary care that is eliminated, 2) avoidance of care during the pandemic may be harmful to people's health and could result in more care needed in the future, and 3) population shifts across lines of business and product types will make it hard to tease out changes in costs.
 - Michael Bailit said data collected for analysis of performance against the cost growth target will be able to capture population shifts across market segments, but complementary analyses outlined in the Data Use Strategy will be important to understand the first two topics.
- Al Kurose said he was heartened by the Steering Committee's willingness to continue its work on the cost growth target and address complexities associated with COVID-19.
- **Next steps:**
 - Analysis of 2020-2021 performance against the target will 1) acknowledge each year as producing aberrant results and/or 2) assess performance for 2020 and 2021 by looking at a 2-year compounded annual rate, assuming (for now) a rebound in 2021.
 - The Steering Committee will revisit this topic in the future to future discuss its recommendations for evaluating performance against the cost growth target for 2020-2021.

Baseline 2017-2018 Performance Against the Cost Growth Target

- Michael Bailit said that project staff were currently collecting data that will be used to assess performance against the cost growth target for its first year of implementation, 2019. He said that as part of the June Steering Committee update, project staff shared a recorded presentation of baseline performance against the cost growth target that was a little longer than the one to be presented during the meeting. He said the link to that presentation expired, so project staff would send out a new link with the meeting summary

(https://bailit.sharepoint.com/:p:/g/Megan/EWFi8JqsTbNBu00ISGW5i3oBbOOIHd8VTNTRqmS13vt_A?e=Qd6HT1).

- *Data validation and interpreting the data:* Megan Burns said that baseline data submissions underwent a two-part validation process, a check of reasonableness and completeness, those submissions were not audited. She said that baseline analysis could not be compared to Brown's APCD analyses or to publicly available measurements of spending since the ways in which data were collected across sources were different.
- *Total health care expenditures:* Megan Burns reviewed baseline results for state total health care expenditures in aggregate and per capita form.
 - Michael Bailit said that the trend of 4.4% showed Rhode Island as 1.2% above the target of 3.2% for the baseline period.
 - Kim Keck said that it is important to make accessible the story behind the data in future conversations. She said that for example, the 14.9% increase on the net cost of private health insurance may not be a huge increase, but rather could represent a huge insurer financial loss in 2017 and less of a loss in 2018.
 - Al Charbonneau said that even if Rhode Island did hit the 3.2% target, that would not make insurance affordable.
- *Total medical expenses:* Megan Burns reviewed total medical expenses. She said that the way CMS reports Medicare fee-for-service claims data, per capita figures could only be reported for commercial and Medicaid lines of business.
 - Marc Spooner asked if the cost growth target was intended to be risk-adjusted.
 - Megan Burns said at the state and market levels, staff did not think risk adjustment was necessary. She said that in the future when insurer and ACO/AE analyses are reported on, it will be important to risk-adjust data.
- *Spending by service category:* Megan Burns shared the state and market analysis of service category spending. She shared that across payers and markets, hospital outpatient spending increased, and inpatient spending shrunk, which is consistent with national data. She said that Medicaid and Medicare spending was driving pharmacy growth. She said that Medicaid had the highest pharmacy growth rate, but also the lowest overall spending.
- *Net cost of private health insurance (NCPHI):* Megan Burns reviewed the net cost of private health insurance data.
 - Chris Koller recommended calculating these data on a per capita basis to be consistent with the per capita target and the other baseline analyses.
 - Megan Burns said that project staff would look into this request.
 - **Next step:** Project staff will see if net cost of private health insurance data can be calculated and reported using per capita values for future reporting periods.
 - Cory King said that in 2017 the ACA tax was suspended, but that it was reinstated in 2018. He said that this would impact trends in the net cost of private health insurance. He also said that Neighborhood is exempt from this tax, which could explain the lower Medicaid MCO NCPHI trend.
- *General discussion*
 - Michael Bailit said that once 2019 data were available, it might be appropriate for the Steering Committee to use the 2017-2019 data to discuss what actions can be taken to slow cost growth in Rhode Island.

- Larry Wilson said moving forward it would be important to understand how subpopulations were impacted by changes in service category spending.
- Peter Hollmann said that it would be important to contextualize and annotate the analyses to note topics such as if values are net of rebates, or the impact of the ACA tax, so people do not misconstrue the analyses.
 - Pete Marino said it is important for project staff to meet with plans to understand any potential anomalies seen in the data.
- Chris Koller said the ability to describe the reality of health care spending in a common way is powerful.

Public Comment

- There were no comments from the public.

Next Steps

Public meeting

- Michael Bailit said that project staff were planning a public meeting for October. He said that topics would include: 1) 2017-2018 baseline performance against the cost growth target, 2) a panel discussion of the impact of COVID-19 on care delivery, 3) Brown's analysis of pharmacy cost trends, and 4) a presentation by Trish Riley of NASHP (to be invited) on state legislative pharmacy cost strategies followed by a panel discussion.
 - Betty Rambur said that she learned a lot from Trish's presentation to the Steering Committee in February 2020 and thought discussing pharmacy costs was important.
 - Pano Yeracaris asked when further discussion on hospital outpatient spending, specialist spending, and low-value care would occur.
 - Michael Bailit said that these could be topics for future Steering Committee meetings.
 - Kim Keck said that an early look at Brown's analyses clearly pointed to an opportunity related to pharmacy costs, so that was why plans were to start by looking at pharmacy costs.
 - Beth Marootian reiterated Pete Marino's request to review analyses with insurers to understand nuances of the data before sharing them with the public.
 - Michael Bailit said that project staff had previously had conversations with each insurer, but project staff were happy to have additional discussions.

October Steering Committee meeting

- Michael Bailit said that the next Steering Committee was scheduled for October 26th from 9-11 am.