Rhode Island Health Care Cost Trends Project
Steering Committee Meeting Minutes
Virtual Meeting through Zoom
June 28, 2021
9:00–10:30 am

Steering Committee Attendees:
Tim Babineau, Lifespan
Al Charbonneau, Rhode Island Business Group on Health
Tony Clapsis, CVS Health
Michael DiBiase, Rhode Island Public Expenditure Council
Stephanie De Abreu, UnitedHealthcare of New England
Peter Hollmann, Rhode Island Medical Society
Al Kurose, Co-chair, Coastal Medicine
Michele Lederberg, Co-chair, Blue Cross Blue Shield of Rhode Island
Pete Marino, Neighborhood Health Plan of Rhode Island
Beth Roberts, Tufts Health Plan/Harvard Pilgrim Health Care
Sam Salganik, Rhode Island Parent Information Network
Ben Shaffer, Rhode Island EOHHS
Neil Steinberg, Rhode Island Foundation
Patrick Tigue, Co-chair, Office of the Health Insurance Commissioner
Teresa Paiva Weed, Hospital Association of Rhode Island
Larry Warner, United Way of Rhode Island
Larry Wilson, The Wilson Organization

Unable to Attend:
Nicole Alexander Scott, Rhode Island Department of Health
Jim Fanale, Care New England
Diana Franchitto, Hope Health
Jim Loring, Amica Mutual Insurance Company
Betty Rambur, University of Rhode Island College of Nursing

Invited Guest Speaker:
Diana C. Pisciotta, Denterlein Communications *(due to time constraints, we were not able to hear from Diana)*

Welcome
- Al Kurose welcomed Steering Committee members to the June meeting, reviewed the agenda, and notified attendees that the meeting would be recorded.

Approve Meeting Minutes

- Patrick Tigue asked if Steering Committee members had any comments on the May meeting minutes. There were no comments. The Steering Committee voted in favor of approving the May meeting minutes with no opposition or abstentions.

Status and Informational Updates

Assessment and transition from Peterson grant

- Patrick Tigue reported that the assessment did not make it into the final House budget and therefore he did not expect that it would be in the final budget that is submitted to the Governor for signature.
    - Patrick thanked members for their support and advocacy and expressed disappointment that the collective efforts were not successful. Patrick indicated that the project did not, at the time, have a funding mechanism to sustain the work beyond August 2021, which is when the grant from the Peterson Foundation ends.
    - Patrick indicated that he, Al Kurose and Michele Lederberg would discuss options for continued funding and report back to the Steering Committee. Patrick noted the assessment could be included in next year's budget but restated there was no immediate funding stream available.
    - Patrick indicated that Senator Miller introduced bill S 0984, to reinstate the assessment and provide funding to continue and sustain the Cost Trends work. He encouraged members to submit letters of support to sustain the work. *(Update: The project team provided information to Steering Committee members for sending written testimony following the meeting.)*
- Michele Lederberg reiterated the importance of continuing the work through short-term bridge funding until the project can secure long-term funding. She noted that 2021 has been atypical in so many ways and expressed hope that the assessment would make it into the budget next year.
    - Michele also underscored the importance of legislators hearing support from Steering Committee members.
    - Teresa Paiva Weed suggested that members include a general statement about the importance of the Cost Trends work and their commitment to sustaining the work in addition to expressing support for the legislation.
    - Al Kurose said it was important to continue to obtain the performance data for the compact to be meaningful. He said there is still much to learn about the drivers of cost and cost trends to make them actionable and create accountability. He raised the question of potentially scaling back the 2021 data collection process since 2020 spending data will be skewed. This might help manage for a year with reduced bridge funding.
- Al Charbonneau noted that the state's FY2022 budget contains an increase in the hospital tax which generates about $150M a year for the state. He said ongoing negotiations may result in another $20-30M/year. Al recommended that members write to the Governor and propose that some of the added revenue be used to sustain the Cost Trends work.
    - Patrick Tigue said that the co-chairs would review all possibilities and communicate the options for the best course of action.

- Michael DiBiase asked if the result of the budget process (i.e., the assessment being cut from the budget) signaled a lack of support among policymakers.
    - Patrick Tigue indicated that he did not have a clear explanation for why it was excluded from the budget and hesitated to read into it that there was either strong support for or opposition to the assessment. Patrick noted that the assessment was a provision among many in a large section of health care policies and it may have been cut during the administrative process.
    - Teresa Paiva Weed agreed with Patrick and noted that the assessment was part of a large health care reform article and that the entire article was cut. She said educating the legislature about the Cost Trends work would be an important activity moving forward. Teresa offered to assist with any such efforts.

Pharmacy legislation

- Patrick Tigue indicated that Governor McKee is willing to make a formal recommendation related to action on the unsupported price increase approach for inclusion in the Governor's budget but that there have been no final decisions made. Patrick said OHIC would put forth a proposal to work with the Governor's team on specific coordinated action with Governor Baker of Massachusetts and Governor Lamont of Connecticut, citing the opportunity to take a tri-state approach if Governor McKee elects to move forward.

VBP Subcommittee

- Patrick said the VBP Subcommittee would begin meeting monthly in July 2021 and increase meeting frequency to twice a month beginning in October and continuing through December.

Reporting de-identified payer and provider performance ranges:

- Patrick Tigue said de-identified payer and provider performance information presented as ranges, and for ACO/AEs, also with median and mean values, will be distributed with the post-meeting materials.

Steering Committee Advisory Bodies

- Patrick Tigue indicated that the co-chairs proposed to reconstitute the Advisory Committee on Actionable Cost Drivers and form two new subcommittees – a Data Analysis Subcommittee and a Clinical Advisory Subcommittee – to advise the Steering Committee on actionable steps to reduce costs and cost growth. Patrick reviewed the plan for implementing the subcommittees and invited Steering Committee comment on the structure of the newly proposed advisory groups.
    - Pete Marino said methodological changes to measuring performance would be the type of thing the data group would consider. He said the group should comprise individuals with technical and data expertise and help consider the broader implications of methodology changes.
    - Patrick Tigue indicated that the group was envisioned to be leveraged in the way Pete described.
    - Regarding the Clinical Advisory Subcommittee, Peter Hollmann said a quarterly meeting with a diverse group of people will need to be carefully managed with a clear agenda and explicit requests for action. He suggested

that there be a lot of "in between" meeting work to ensure the meetings invite and facilitate discussion.
    - Michael Bailit said the Clinical Advisory Subcommittee could serve as a sounding board for the Data Analysis Subcommittee, and even the Steering Committee. Peter Hollmann voiced support for such an approach.

Recommended Methodological Changes to Measuring Performance

- Michael Bailit provided context for three recommended changes to the methodology for measuring cost growth target performance. The proposed changes pertained to high-cost outlier spending, risk adjustment, and confidence intervals.
    - Michael indicated that information about the high-cost outlier and risk adjustment recommendations was provided to Steering Committee members in a June 14th communication, and information about the confidence interval recommendation was conveyed in a June 28th communication.
    - Michael also reported that the project team discussed the methodological issues and their impact on measuring performance with outside experts to inform the recommendations. The experts included RI health plan representatives and state staff from Massachusetts and Oregon.

High-cost outlier spending

- Michael Bailit provided context for the impact of high-cost outlier spending on assessing performance relative to the cost growth target. Michael presented the recommendations from the co-chairs to truncate high-cost spending at a to-be-determined threshold. He indicated that the threshold may vary by market and that truncation would not be applied for measurement of spending at the state and market levels. Michael asked the Steering Committee if it supported the recommendation.
    - Teresa Paiva Weed said outlier spending is a critical issue and that "frequent fliers" can drive up spending. She said coordination among providers and payers to better manage care and reduce costs is critical. She said she understood not counting high-cost outlier spending in the trend but wanted to be sure those individuals are able to be identified to improve coordination and management of care.
    - Michael Bailit said the truncation of high-cost outlier spending was really about the trend and not penalizing the entity for such spending.
- Al Charbonneau reported that there is increasing attention to high-cost outliers in the business community. He said he has seen literature showing that high-cost outlier spending is actionable and asked how the Cost Trends Project could call attention to the spending. He indicated that he had heard from employers that some behavioral health spending turns out to be outlier spending and noted that there are actions that could be taken to reduce such spend.
    - Michael Bailit acknowledged the points raised by Al, but also noted that a lot of high-cost spending is not easily actionable.
    - Al Kurose said it would be good to hear if other states have insight into actionable high-cost outlier spending.
    - Sam Salganik said it might be premature to say a lot of high-cost outlier spending is not actionable. He said Rhode Island is a small state with a fragmented system and small panel sizes and that methods that are being

developed in other states may not translate to Rhode Island's market. He said with small panel sizes, there would be things in the math that ACOs will not have had control over and urged caution about what the Cost Trends Project could do with small panel sizes. He expressed concerns about the spending not truing-up at the end of the year and the risk of losing value if there is too much slicing the data at different levels. He noted that the cap in truncation is about what is fair from accountability and what is a reasonable level of risk for provider organizations that do not have reserves to bear.
    - Michael Bailit said high-cost outliers would be kept in state and market-level evaluations, adding that OHIC will know the value of the truncated high-cost spending.
- Teresa Paiva Wood asked about the percentage of patients in Rhode Island that would fall into $50-150K truncation level. She also asked if it included pharmaceuticals.
    - Michael Bailit said the thresholds still need to be explored and established, but would include pharmaceutical spending.
- Larry Wilson expressed concern about the impact on different demographic groups and asked if there are details about the people who fall into the high-cost outlier spending category.
    - Michael Bailit provided an example of individuals with serious diseases that result in multiple hospitalizations and procedures.
    - Larry Wilson asked if there was one particular ethnic or racial group or gender that tended to be more affected than others.
    - Michael Bailit said he had never seen an analysis of the racial / ethnic breakdown of high-cost outlier spending.
    - Sam Salganik asked to hear from others who have looked at high-cost outlier spending to better understand the typical challenges they represent, for example, premature babies, individuals with cancer, accidents. He also said that excluding some populations from these analyses can (sometimes) make it easier (less risky) for providers and payers to engage with those populations. He said if organizations are "accountable" and they know some groups are high cost, it can create a motive to reduce engagement.
- Pete Marino said there is an opportunity to use this infrastructure (i.e., the newly proposed subcommittees) to make the Steering Committee feel comfortable about what this will look like and what the implications are.
- Beth Roberts said the truncation is to be used to calculate trends. She said it is important to manage care and care is being managed all the time. It is top of mind. She said in trying to do a mathematical exercise to report it out can skew the trend and make it look different than the "real truth." Beth expressed her support for the recommendation.
- Michael Bailit reported that the project team consulted with expert staff at Tufts and NHPRI.
- Pete Marino said truncation has its positives but needed a group to help vet the implications.
- Peter Hollmann expressed support for truncation and said there are still incentives to reduce costs because there is still accountability for the non-truncated cost.
- Tim Babineau expressed support for the recommendation.

- Michael Bailit confirmed with the group that he was hearing support from most people and called attention to Pete Marino's recommendation to not make a final decision until it could be vetted with the Data Analysis Subcommittee.
    - Michele Lederberg said she thought the issue was discussed with the Advisory Committee on Actionable Cost Drivers.
    - Michael Bailit said it was not but that it was vetted with other experts.
    - Sam Salganik expressed support (via the chat feature) as long as the truncated costs are not lost.
    - Teresa Paiva Weed indicated support if the costs aren't lost and said experts are needed to determine the levels of truncation.
    - Pete Marino said he supported on principle, but each team would need to perform their own analysis to inform the truncation levels.
    - Larry Warner agreed with considering truncation and suggested that the Data Analysis Subcommittee weigh in once the levels are established.

Risk adjustment

- Michael Bailit described the distorting impact of changes in clinical risk scores on performance relative to the cost growth target. He said the co-chairs recommended risk-adjusting payer and ACO / AE spending using standard age/sex factors and asked if the Steering Committee supported the recommendation.
- Sam Salganik expressed appreciation for the work. He indicated his general support for the approach with two comments.
    - Sam suggested that the proposal consider zip code in risk adjustment calculations given the impact of social determinants of health. Sam indicated that it is important to capture as many factors as possible outside of the organization's control.
    - Michael Bailit said the relationship between social risk adjustment and spending is not clear based on existing analyses. He said it is possible to see lower or higher spending in areas where there is a high social need; we do not have enough information to proceed because there is a risk that we could cause harm if we do so.
    - Sam also asked if the methodology should consider relative risk scores so there is no impact of inflating the overall target but also give organizations some slack for improvements.
    - Michael Bailit explained that at present the payers are asked to calculate the risk scores; they are not calculated from the APCD, so it is not possible to make the calculations net to zero across the population. Michael added that the proposal is to have payers submit spending by age and gender so that future analysis will support aggregation to determine by market the relative weights of each age/sex cell.
- Teresa Paiva Weed said she was uncomfortable with an age/sex risk adjustment and asked if Massachusetts was grappling with this question.
    - Michael Bailit indicated that the clinical risk adjustment software considers age and sex, but also considers clinical diagnoses on claims. The recommendation would pull out the clinical piece because of the distortions it creates. Michael reported that Massachusetts has grappled with this issue but is unable to make changes to the measurement methodology because it is codified in statute.

Michael added that other states are not as far along as in Rhode Island and haven't yet confronted this issue.
    - Teresa said she was keeping an open mind but expressed again her concerns about being the first state to use an age/sex adjustment.
    - Based on conversations with Massachusetts, Michael said he thought the state would make the same change as was being discussed if it could.
- Pete Marino reiterated the need to thoroughly understand implications and consequences before changes are implemented.
- Michael Bailit indicated that OHIC would continue to collect clinical risk scores to assess the impact of the change in methodology.
- Peter Hollmann expressed his support of the recommendation because of the issue of coding. Using an age/sex adjustment reduces the variation that results from the different software platforms that are used to calculate risk.
    - Peter also asked if the team considered other factors, such as disability status, end stage renal disease, dual eligibility.
    - Michael Bailit indicated that individuals who are dually eligible are separated in the current methodology, but other considerations such as disability status had not been considered. (Disability status is very difficult to assess from claims data.)
- Michael Bailit invited Mark Cole from BCBSRI to weigh in on the discussion.
    - Mark Cole indicated that the recommendations capture the issue appropriately. He said there is a code creep, and that clinical adjustment may cause assessed risk to creep up more than age/sex adjustment. Mark also noted that risk adjustment does not capture the pediatric population well.
- Beth Marootian called attention to Ira Wilson's comment in the chat in which he wrote: "Black race is associated with poor access and underutilization" and cited this article: https://science.sciencemag.org/content/366/6464/447.
    - Ira indicated that there is some research that shows that algorithms can be very biased if the variable that it looks at is utilization and if utilization is associated with racial bias, which research finds it is.
- Michael Bailit said he thought he was hearing more support than opposition for the recommendation.

Confidence Intervals

- Michael Bailit provided context for implementing confidence intervals for cost growth target performance reporting and said the co-chairs supported utilizing confidence intervals. Michael asked if the Steering Committee supported the recommendation.
- Sam Salganik asked how large the confidence interval spans might be.
    - Michael Bailit said the answer was unknown but that generally an insurer (or ACO/AE) with higher enrollment will have a tighter span. Michael also said the decision on outlier truncation points will positively impact the confidence intervals by reducing them. Michael said if there is public reporting on an organization did not meet the cost growth target, the analysis would demonstrate that finding with a degree of confidence.
- Michele Lederberg indicated her support of the confidence intervals, particularly as the project looks ahead to analyzing 2020 data.

- Michael Bailit asked if the Steering Committee was comfortable reporting confidence intervals in the future.
- Steering Committee members nodded their heads or otherwise indicated support.

Treatment of 2020 Performance Data

- Michele Lederberg indicated that the co-chairs had discussed reporting 2020 performance data, and were recommending collecting 2020 data for longitudinal analysis purposes and to ensure a complete data set. She said the co-chairs will discuss how to conceptualize the findings and report results with the Steering Committee at a future meeting.
- Michael Bailit asked if the Steering Committee was comfortable with the recommendation to collect 2020 data.
- Steering Committee members nodded their heads or otherwise indicated support.

Denterlein Findings and Recommendations

- *Due to time constraints, the Steering Committee was unable to discuss this agenda topic.*

Public comment

- There were no comments from the public.

Next steps and wrap-up

- Al Kurose said the next Steering Committee was scheduled to take place on September 14th from 12:00-1:30pm. He said there would be subcommittee activity during the summer as was discussed during the meeting.