Rhode Island Health Care Cost Trends Project
Steering Committee Meeting Minutes
Virtual Meeting through Zoom
December 7, 2020
9:00am – 11:00am

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
Jim Fanale, Care New England
Stephen Farrell, UnitedHealthcare of 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
Beth Marootian (for Peter Marino), Neighborhood Health Plan of Rhode Island
Teresa Paiva Weed, Hospital Association of Rhode Island
Ben Shaffer, Rhode Island EOHHS
Betty Rambur, University of Rhode Island College of Nursing
Sam Salganik, Rhode Island Parent Information Network
Marc Spooner (for Tom Croswell), Tufts Health Plan
Neil Steinberg, Rhode Island Foundation
Larry Warner, United Way of Rhode Island
Larry Wilson, The Wilson Organization

Unable to Attend:
Nicole Alexander Scott, Rhode Island Department of Health

Invited Guest:
David Rind, Institute for Clinical and Economic Review

I. Co-Chair transition

- Marie Ganim said that this was Kim Keck's last day at BCBSRI. Marie thanked Kim for serving as a Cost Trends Steering Committee co-chair.
- Kim Keck said that the Governor had named Michele Lederberg, soon-to-be Acting CEO of BCBSRI as the replacement co-chair. She thanked Marie Ganim for her work on this project.

II. Recommendation on pharmacy price penalty legislative proposal

- Michael Bailit reviewed the Steering Committee's prior recommendation to take a multi-pronged approach to address rising pharmacy costs. He said that the focus of this meeting would be to further discuss the strategy to pursue the assessment of penalties for drugs with an unsupported price increase.
- Michael Bailit said that the Steering Committee recommended pursuing this strategy with other states and reported that since the last meeting project staff had reached out to MA and CT.

Institute for Clinical and Economic Review (ICER) Presentation on Unsupported Price Increases (UPI)

- David Rind, Chief Medical Officer of ICER, said that the UPI philosophy is to answer if the costliest drug-price hikes are supported by high-quality evidence of an important new benefit. He reviewed then reviewed the methodology.
- In response to a request submitted prior to the meeting, David Rind shared concerns expressed to ICER regarding the UPI methodology: 1) it focuses on a yes/no answer of support where the details are complicated; 2) several drug companies have said the net prices are wrong (this year, ICER added a step to allow manufacturers to tell ICER early if they thought we had the numbers wrong); 3) manufacturers say ICER is not adequately valuing the studies their companies publish or the additional benefit they show.
- David Rind explained that it is often the case that new research is confirmatory of prior research, but does not demonstrate new benefit. ICER uses a rule that any new benefit must affect 10% of the population.
- Ira Wilson asked about price increases for generic drugs.
    - David Rind said the intent of ICER's process for taking up to three drugs for assessment in addition to the highest revenue drugs with the highest price increases addresses this concern if the increase is for a single generic drug. He said the methodology, however, does not account for increases across a whole range of generics, e.g., insulin.
- Sam Salganik asked if the UPI only looked back one year.
    - David Rind confirmed this was the case.
- Michael DiBiase asked about the base price of drugs.
    - David Rind said ICER has a separate process to assess new drugs as they come onto the market. He said that there are drugs that are overpriced already, but UPI does not address this issue.
- Larry Wilson asked if price hikes tended to affect particular demographics disproportionately.
    - David Rind said in his experience this was not the case. The drugs with large price hikes have been rheumatologic, cancer, anti-seizure and HIV medications.
- Pano Yeracaris asked if it would it be possible to use the work done in Great Britain or other countries and apply it to United States price increases.
    - David Rind said he was not sure those data are comparable as most countries pay less than we do and are not seeing price increases like the United States.
- Al Charbonneau asked if ICER actively works to help self-insured employers and insurers to add ICER recommended/evaluated drugs to formularies.
    - David Rind said ICER talks to those groups and said that his colleague Sarah Emond may be a more appropriate contact for those questions.

- Kim Keck asked David Rind if there are any insights on pushback that may be received if RI pursues this work. David Rind said if states start using the UPI report, ICER will get a lot of pushback because the drugs that are in the report will get a lot more attention. He said that RI may see arguments on whether ICER has made fair judgements.
    - Michael Bailit said there is a piece of legislation in MA right now that applies a penalty for large increase without the review that ICER performs. Using ICER's report may be easier to support and defend than an arbitrary price increase percentage.
    - Al Kurose, Jim Fanale, and Peter Hollmann said the ICER methodology is clear and useful.
- Peter Hollmann asked if other states are pursuing this work.
    - Marie Ganim said that project staff have had initial conversations with CT and MA, both of which are interested in coordinating with RI. She said that NASHP has also been marketing and promoting its model legislation.
- Sam Salganik said he would be uncomfortable putting patients in the position to potentially be impacted by manufacturers leaving the RI market without support from other states. He said he was supportive of the concept, but not without other states committing to the legislation as well.

Proposal from Steering Committee Co-chairs

- Michael Bailit reviewed the co-chair recommendation that: 1) state staff work with other states, including CT, MA, and VT, to see if they are interested in pursuing a coordinated strategy on the NASHP model; 2) interested Steering Committee members sign on to a letter of support for the proposed concept of the legislation, and 3) the recommendations of the Steering Committee go to the Governor for consideration and introduction of potential legislation. Michael Bailit asked the Steering Committee if it endorsed the three recommended actions.
- Peter Hollmann, Betty Rambur, Jim Loring, Marc Spooner and Tony Clapsis agreed with the recommended actions.
- Sam Salganik said he was not sure if collaboration with CT, MA, and VT would be enough people to pursue the strategy without adverse impact on patients.
    - Michael Bailit said he thought those three states would be enough.
    - Marie Ganim said that MA has been doing work to negotiate prices. It did not receive the same pushback as RI did for RI's opioid fund.
    - Kim Keck said she understood Sam Salganik's point, but would advocate for the policy even without support of other states. She voiced support for all three recommendations.
    - Marc Spooner noted that the NASHP model legislation allows imposition of a large financial penalty if drug manufacturers stop selling drugs within the state.
- Michael DiBiase said he supported the recommendations, adding that this strategy was not overly aggressive; it is measured. He said the Steering Committee was not recommending targeting base prices or routine increases. Michael added that he felt this measured approach has a chance at success.
- Tim Babineau said he supported the recommendations in principle, but was concerned about provoking pharmaceutical companies since his organization is heavily reliant on them for drug supplies and the COVID-19 vaccine at this time.

    - Marie Ganim said that OHIC and EOHHS would start drafting legislation, but that it would not be introduced until at least March 2021. She offered that the project team could pull together an initial list of supporters and add additional supporter later on.
    - Teresa Paiva Weed offered assistance in drafting legislation.
- The Steering Committee discussed whether to have a letter signed by some of the Steering Committee, or to communicate a vote from the Steering Committee, noting dissenting voices and rationale.
    - Tim Babineau, Beth Marootian, Neil Steinberg, Betty Rambur, Al Kurose, Larry Warner, and Stephanie de Abreu agreed with the recommendation to communicate the result of a vote on the recommendations.
    - Larry Warner said that another work group he participated in included both the vote and a section on dissenting concerns in their communication to the Governor and recommended the Steering Committee pursue this approach.
    - **Next steps:**
        - Steering Committee members will review the recommended actions to address unsupported price increases.
        - During the January Steering Committee meeting, the Steering Committee will vote on recommending the price penalty legislation to the Governor.

III. Plan for public reporting of 2019 performance against the cost growth target

- Megan Burns reminded the Steering Committee that in 2018 it agreed to assess performance against the cost growth target at four levels: state, market, insurer (by line of business), and ACO/AE (by line of business). The rationale at the time was that providing a detailed view of performance provides transparency and supports accountability.
- Megan Burns said that baseline 2017-2018 performance was shared with the Steering Committee in June only at the state and market levels. This was because staff wanted to sort out the data and get insurers accustomed to reporting before sharing these data publicly. She said for 2018-2019 performance, we will report for the insurer and ACO/AE levels by line of business. When the cost growth target program was established, the Steering Committee set a minimum number of attributed lives by LOB required to report ACO/AE performance. This is 120,000 member months for commercial and Medicaid managed care and 60,000 for Medicare Advantage.
- Kim Keck asked about accounting for insurer-to-provider infrastructure payments.
    - Megan Burns said total medical expenses (TME) are reported at the ACO/AE level. She said that total medical expenses include claims and non-claims (which includes risk settlements, infrastructure payments, etc.).
    - Kim Keck said BCBSRI saw large growth in this area and asked how that impacted ACO analyses.
    - Megan Burns said project staff have not performed this analysis yet for 2018-19, but she would discuss this question with the project team.
        - **Next step:** Megan Burns will discuss the impact of infrastructure dollars on ACO TME with the Cost Trends project team.
- Al Kurose asked if all the reporting would be about the cost trend or level of cost.
    - Megan Burns said cost trend would be reported.

    - Michael Bailit added the analysis would focus on whether the target was met and look at the service category level.
    - Al Kurose recommended also looking at cost performance in the future. Jim Fanale and Kim Keck agreed.
        - Michael Bailit said this complementary analysis may lie in our data use strategy activities.
- Neil Steinberg asked how the performance would be made public.
    - Michael Bailit said there will be insider constituencies who are interested in the nuance, but the simple message for the public is if we hit the target or not, and if not, why not.
    - Marie Ganim said the project received support from the RI Foundation to develop a communications strategy for the Cost Trends work. She said it will include an internal communications piece for the Steering Committee and member organizations in a way that is helpful and collaborative. The broader communications will translate findings for the business community and the legislature in an understandable way.
    - Larry Wilson asked where the information will be disseminated.
        - Marie Ganim said that the communications strategy will be brought to the Steering Committee for comment. She also said that Milliman is going to create a report with graphics and policy options in a digestible format.
    - Al Charbonneau said it will be important to be able to explain why premium increases exceed the cost growth target.
- Megan Burns said that before publishing results, project staff will: 1) educate ACOs/AEs on the analytic methods and planned process for public reporting, 2) share pre-publication results with each insurer, 3) share pre-publication results with each ACO/AE and allow time for ACO/AEs to work with insurers. She reviewed the timeline for this process.
- Beth Marootian said on the Medicaid side, project staff will need substantial time to sync results up with Medicaid reporting.
    - Megan Burns said project staff are hoping that at the AE level trends are consistent, but it will not be possible to tie every dollar since definitions are different. She said project staff are in active conversations with Medicaid discussing these data.

IV. 2021 meeting frequency and duration

- Marie Ganim observed that Steering Committee meeting frequency has fluctuated over time. She said that project staff now have cost driver and cost growth driver analyses to inform discussion and pursuit of strategies to promote cost growth target attainment. As a result, she said that the co-chairs recommended: 1) moving to a monthly meeting schedule in January and shortening the meetings from two hours to 90 minutes and 2) establishing a practice of creating time-limited ad hoc subcommittees to develop strategies to address specific opportunities to reduce cost growth, as revealed by APCD data analysis or other means.
- Tim Babineau said that he would have difficulty making monthly meetings during the pandemic, but could send a designee in his place when he could not attend.

- Peter Hollmann said the recommendation was fine. No other Committee members offered comment on the recommendation.

V. Public comment

- There were no comments from the public.

VI. Next steps

- Kim Keck said that the next meeting was scheduled for January 21st from 12:00-1:30pm. She said that the Steering Committee will continue discussing pharmacy strategy proposal decisions and discuss insights based on targeted analyses of professional spending by insurer and ACO.
- Al Charbonneau asked to add low-value care to the agenda. He said that CTC-RI is hoping to gain endorsement from the Steering Committee on its pre-operative testing initiative. Al added that there are studies from the Lown Institute showing that RI is not doing well in the area of low-value care.
    - The co-chairs recommended continuing this discussion offline, for two reasons: 1) so the new co-chairs can weigh in and 2) to date, the Steering Committee has not assumed a role of endorsing particular initiatives.
    - Marie Ganim offered to speak with CTC to further understand the request.
    - **Next step:** Al Charbonneau and Pano Yeracaris will connect with the Cost Trends co-chairs.