OFFICE OF THE
HEALTH INSURANCE COMMISSIONER
STATE OF RHODE ISLAND

To: Monica A. Neronha, Vice President, Legal Services, Blue Cross Blue Shield of Rhode Island, Patrick Ross, Government Affairs Manager, Tufts Health Plan, and Philip N. Anderson, Associate General Counsel, United Healthcare

From: Christopher F. Koller, Health Insurance Commissioner, State of Rhode Island Office of the Health Insurance Commissioner

Subject: Affordability Standard One (Primary Care Spend Standard) 2013 and 2014 Guidance

Date: January 11, 2013

This memo provides guidance to commercial health insurance issuers regarding Affordability Standard One (the primary care spend standard) under the State of Rhode Island Office of the Health Insurance Commissioner's (OHIC) Regulation 2 for calendar years 2013 and 2014. To the extent that the guidance provided in this memo may conflict with previous guidance provided by OHIC on the primary care spend standard, this memo controls.

The primary care spend standard requires issuers to "expand and improve primary care infrastructure." As such, it represents a core component of OHIC's strategy to facilitate delivery system reform in Rhode Island by bolstering the state's primary care infrastructure and promoting more efficient, affordable health care. The primary care spend standard requires issuers to improve the state's primary care infrastructure by increasing the share of total medical payments made to primary care by one percentage point per year from 2010 to 2014. Issuers are not allowed to turn this new spending into higher premiums. OHIC also sets the percentage of primary care spending that must be paid through means other than fee for service (FFS) rate increases.

At the outset of the Affordability Standards in 2008, OHIC's Health Insurance Advisory Council (HIAC) identified evaluation metrics for the primary care spend standard. These were as follows:

- **Reduced** fully-insured medical expense trend
- **Reduced** incidence of inpatient hospitalization for ambulatory care sensitive conditions
- **Reduced** incidence of emergency room visits for ambulatory care sensitive conditions
- **Increased** primary care physician supply
- **Increased** primary care physician level of satisfaction

HIAC also directed that this spending not increase overall medical expenses and that it reflect a shift in issuers' primary care payment strategies away from the dominant FFS system.

In order to ensure that issuer spending under the primary care spend standard has greatest potential to make a positive impact on the above metrics, OHIC is directing issuers to allocate their spending on primary care as follows:

1. Issuers **shall** allocate spending to non-FFS payments such that at least 40% in 2013 and 45% in 2014 of an issuer's total spending on primary care is allocated to non-FFS payments.

2. Consistent with Affordability Standard Two (the patient-centered medical home standard), issuers **shall** allocate spending to the Rhode Island Chronic Care Sustainability Initiative—a nationally recognized all-payer patient centered medical home pilot project—of an amount sufficient to allow for the maintenance and expansion of the initiative, as determined by agreements reached between the Rhode Island Chronic Care Sustainability Initiative Executive Committee and issuers.
3. Consistent with Affordability Standard Three (the CurrentCare standard), issuers **shall** allocate spending to CurrentCare, Rhode Island's health information exchange—a secure electronic system which will allow doctors and other care givers immediate access to a patient's up-to-date health information in order to provide the best possible and most comprehensive care—of an amount sufficient to allow for the maintenance and expansion of the initiative, as determined by agreements reached between the Rhode Island Quality Institute Board of Directors and issuers.
4. Issuers **may** allocate primary care spending to the following categories:
    a. Proprietary patient-centered medical home initiatives in an amount and fashion that is consistent with the Rhode Island Chronic Care Sustainability Initiative, as determined by OHIC
    b. Retrospective performance-based incentive payments to primary care providers aimed at lowering costs and increasing quality by attaining mutually agreed-to and clearly documented performance levels based on nationally-accepted measures, as determined by OHIC
    c. Retrospective performance-based payments to primary care providers and entities working in partnership with primary care providers to improve the value of the full or partial continuum of care for a defined population of patients, as determined by OHIC
    d. Prospective per capita payments to primary care providers and entities working in partnership with primary care providers to help specific primary care providers develop the capacity to improve the value of the full or partial continuum of care for a defined population of patients, so long as the payments are:
        - Designated for capacity-building in a specific functional area, as determined by OHIC
        - Part of a contract that offers meaningful incentives to the specified primary care providers to improve the value of the full or partial continuum of care for a defined population of patients, as determined by OHIC
5. Issuers **may** allocate spending to FFS payments, including enhancements to fee schedules, to primary care physicians and primary care practices such that no more than 60% in 2013 and 55% in 2014 of an issuer's total spending on primary care is allocated to FFS payments.

No other categories of spending by issuers may be used to meet their obligations under Affordability Standard One. Please let me know if you have any questions about anything in this memo. Thank you.

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