Rhode Island Health Care Cost Trends Project

Steering Committee Meeting Summary
301 Metro Center Blvd, Room 203
September 17, 2018
9:00am – 12:00pm

Steering Committee Attendees:
Al Charbonneau, Rhode Island Business Group on Health
Adriana Dawson, Bank Newport
Jim Fanale, Care New England
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
Chris Koller, Milbank Memorial Fund
Al Kurose, Co-chair, Coastal Medicine
Teresa Paiva Weed, Hospital Association of Rhode Island
Betty Rambur, University of Rhode Island College of Nursing
Sam Salganik, Rhode Island Parent Information Network
Neil Steinberg, Rhode Island Foundation
Larry Wilson, The Wilson Organization
Lauren Conway, UnitedHealthcare of New England (for Stephen Farrell)
Dan Moynihan, Lifespan (for Tim Babineau)

Steering Committee Members Unable to Attend:
Tim Babineau, Lifespan (sent a representative)
Stephen Farrell, UnitedHealthcare of New England (sent a representative)
John Simmons, Rhode Island Public Expenditure Council

Steering Committee Staff Attendees:
Cory King, Office of the Health Insurance Commissioner
Jaclyn Porfilio, Governor's Office
Anya Rader Wallack, Brown University
Ira Wilson, Brown University
Megan Cole, Boston University
Michael Bailit, Facilitator, Bailit Health
Megan Burns, Bailit Health
Erin Taylor, Bailit Health
Justine Zayhowski, Bailit Health

Welcome

- Marie Ganim clarified that Brown's data analysis and the Steering Committee's establishment of a cost growth target were two separate but related undertakings.
- Michael Bailit noted that the anticipated Delaware Governor Carney might release an executive order establishing a cost growth target in Delaware the week of 9/17.
    - **Action step:** Bailit Health will distribute a copy of Delaware's executive order to the Steering Committee when released. *[Note: following the meeting, Bailit Health received an update from Delaware that release of the executive order may now occur later in the fall.]*
- Michael Bailit flagged that 2017 cost growth target performance data were made available for Massachusetts last week. He noted that preliminary data showed that cost growth was 1.6% but commercial out-of-pocket spending increased by 5.7%.

Cost Growth Target: Total Health Care Costs

Which Populations? The Steering Committee considered the inclusion of the following market segments in the cost growth target: Medicare, Medicaid, commercial, Veterans Health Administration (VHA), correctional health system, and the uninsured.

- Commercial, Medicaid, and Medicare:
    - **Decision:** Steering Committee members supported inclusion of Medicare, Medicaid, and commercial (includes Federal Employee Health Benefits) populations.
- VHA and Correctional Health System: The Steering Committee noted that these data were not available in the APCD. The Steering Committee discussed concerns about including these populations as changes in their spending were less controllable by community providers.
    - **Action steps:** Bailit Health will research the following topics related to VHA and correctional health system spending: 1) confirm the availability of spending data for these populations, 2) look at the trend in expenditures for these populations, and 3) compare the relative proportion of state spend on these populations.
- Uninsured: Some Steering Committee members voiced interest in including data on the uninsured if it did not require much additional effort to create a proxy for uninsured costs.
    - **Action step:** Bailit Health will review the availability of spending data on the uninsured in Rhode Island.
- TRICARE: In response to inquiry, Michael Bailit explained that TRICARE was excluded due to lack of available data.

Which populations – residence/provider locations? The Steering Committee considered how state of residence and location of care would be included in the cost growth target.

- Cost Growth Target Methodology vs. Study Population for Data Analysis: Brown's analysis of the APCD will include Rhode Island residents except for those receiving most of their primary care outside of Rhode Island. It will exclude non-Rhode Island

residents receiving care in Rhode Island. The methodology used for the cost growth target did not need to be the same as the methodology used in Brown's analysis of the ACPD.

- State of Residence and Location of Care: The Steering Committee discussed whether the goal of the cost growth target was to understand the cost of caring for the Rhode Island population or spending for the population.
    - Rhode Island resident/Rhode Island provider:
        - **Decision:** The Steering Committee decided to include Rhode Island residents with a Rhode Island provider.
    - Rhode Island resident/out-of-state provider:
        - **Decision:** The Steering Committee decided to include Rhode Island residents with out-of-state providers. The Steering Committee thought that all costs attributable to a Rhode Island payer or provider should be included, as patients seeking care out of the state impact the finances of both payers and providers.
    - Out-of-state resident/Rhode Island provider: The Steering Committee did not come to a decision on the inclusion of out-of-state residents with Rhode Island providers. The Steering Committee was leaning towards inclusion of this group as these patients are part of the Rhode Island market. The Steering Committee thought it would make sense to look at spending for payers based in Rhode Island, leading towards the assessment that there would be a stronger case to include this population for commercial patients but not Medicaid. The Steering Committee thought inclusion for Medicare would depend on if the individual belonged to traditional Medicare, Medicare Advantage, or Medicare ACO, though the Steering Committee was not sure if traditional Medicare data were available for out-of-state residents.
        - **Action step:** Bailit Health will confirm out-of-state resident data availability for traditional Medicare.

What costs? The Steering Committee discussed inclusion of claims-based costs and non-claims-based costs.

- **Decision:** The Steering Committee supported the inclusion of all claims-based and non-claims-based costs. Some members of the Steering Committee wondered what the impact of the uninsured would be on the trend.
- **Action step:** Sam Salganik will ask the CHCs about their data on the uninsured.
- The Steering Committee discussed two wrinkles to data availability: carveouts and pharmacy rebates.
    - Carveouts: Michael Bailit noted that in Massachusetts, CHIA estimated the cost of carveouts through use of an actuary. The Steering Committee decided that if carveouts were stable, then the Steering Committee was comfortable leaving these costs out for most services, particularly as annual actuarial assessments would be expensive. While Rhode Island reportedly does not have a lot of

behavioral health carved out, the group thought pharmacy carveouts needed to be addressed in the cost growth target definition.

- **Decision:** Pharmacy carveouts should be estimated for inclusion in the cost growth target.

- Prescription Drug Rebates: Megan Burns informed the group that in Massachusetts CHIA tracked prescription drug rebates separately from cost growth tracking and that both Massachusetts and Delaware included prescription drugs net of rebates in their cost growth targets. The Steering Committee believed that these rebates could have a significant impact on cost but noted that there would be payer burden required to collect the data. Some Steering Committee members asked about how Massachusetts and Delaware collected prescription drug rebate data and for a sense of scale of the rebate costs when compared to total costs.
  - **Action steps:** Bailit Health will research: 1) how data on prescription drug rebates is attained, 2) the percentage of pharmacy spend represented by rebates, and 3) operational implications of including rebates in the cost trends target.

Cost Growth Target: Methodology for Target: The Steering Committee considered whether it wanted to tie the cost growth target to an index of economic growth, inflation, or another economic indicator. The Steering Committee believed that it would be important to pick an index that could both tie back to the goals of the project and resonates with the Rhode Island community.

Criteria for the Cost Growth Target: The Steering Committee recommended four criteria for the cost growth target: 1) provides a predictable target, 2) is adjusted for the effects of changes in inflation, 3) relies on independent, objective data sources, and 4) helps accomplish the goals of the Steering Committee.

Goals: The co-chairs requested discussion of Steering Committee goals. Two themes emerged from Steering Committee discussion of the goals of the project: 1) the Steering Committee wanted to ensure health care was affordable for Rhode Island citizenry and employers and 2) the Steering Committee wanted a target that would prevent health care from further crowding out other state investments.

Economic Growth Indicators: The Steering Committee discussed the benefits of using state Gross State Product (GSP) or Personal Income Growth as the reference point for setting the cost trend target. The Steering Committee thought that GSP was a sounder economic indicator, but that Personal Income Growth would resonate better with the Rhode Island community. Peter Hollman cautioned that these indicators were distorted due to the fact that most income growth has occurred among the wealthy.

- The Steering Committee noted that these indicators were volatile but that projections were stable. Massachusetts and Delaware use/will use projections.

Quality: Some Steering Committee members also noted that they were concerned about discussing affordability in a vacuum, and that overuse and quality were also key concepts in the discussion of value. Since this discussion was not pertinent to the development of the cost growth target, the Steering Committee decided to revisit this topic at a later date.

- **Action steps:** The Steering Committee will continue discussions on quality following the establishment of a cost growth target.

The Steering Committee did not reach a decision on which economic indicator it wanted to use.

- **Action Step:** Steering Committee members will let Bailit Health if they would like additional information to inform discussions om the economic indicators.

Leveraging Multi-Payer Claims Databases for Value: Plans for the November 14th Data Use Strategies Conference

- Marie Ganim invited the members of the Steering Committee to participate in the 11/14 conference on leveraging multi-payer claims databases.
- Erin Taylor described the goal of the conference: to gain a broader understanding of actionable ways to use APCD data to measure and improved Rhode Island's health system performance. She let the Steering Committee know that this conference was one of two events targeted at developing data use strategies for Rhode Island moving forward.
    - **Action step:** Steering Committee members will send Justine Zayhowski (jzayhowski@bailit-health.com) questions for discussion at the conference.

Public Comment

- A member of the public shared three observations:
    1. Medicaid is more directly impacted the state budget than GSP,
    2. the out-of-pocket spending increases in Massachusetts were concerning, and
    3. there is reported to be a concerted approach among Boston hospitals toward coordinating community benefit fund investments.

Next Steps and Wrap-up

- **Next Meeting:**
    - The 9/24 Steering Committee meeting will focus on target performance assessment and authority and governance for the cost growth targets. The data analysis team will also discuss patient attribution with the Steering Committee.
    - The meeting will take place at 9:00am at the Rhode Island Department of Labor and Training: 1511 Pontiac Ave., Bldg. 73, in Cranston.