



Rhode Island Health Care Cost Trends Project
Steering Committee Meeting Minutes
Rhode Island Foundation
1 Union Station, Providence
June 23, 2022
12:00-1:30pm

Steering Committee Attendees:

Patrick Tigue, Office of the Health Insurance Commissioner
Michele Lederberg, Blue Cross Blue Shield Rhode Island
Al Kurose, Coastal Medical - Lifespan
Larry Wilson, The Wilson Organization
Stephanie de Abreu (on behalf of Tim Archer), UnitedHealthcare
Teresa Paiva-Weed, Hospital Association of Rhode Island
Al Charbonneau, Rhode Island Business Group on Health
Dan Moynihan (on behalf of Arthur Sampson), Lifespan
Peter Hollmann, Rhode Island Medical Society
Paul Bartosic (on behalf of Patrick Cahill), Point32Health
Diane Franchitto, Hope Health
Neil Steinberg, The Rhode Island Foundation
Sam Salganik, Rhode Island Parent Information Network
Tony Clapsis, CVS Health
James Loring, Amica Mutual Insurance Company

Unable to Attend:

Larry Warner, United Way of Rhode Island
Betty Rambur, University of Rhode Island College of Nursing

I. Welcome

- Patrick Tigue welcomed Steering Committee members to the June meeting and thanked the Rhode Island Foundation for hosting the meeting.
- Michele Lederberg welcomed Paul Bartosic and Erin Boles Welsh, attending on behalf of Patrick Cahill, the new Steering Committee member representing Point32Health. She also introduced David Cutler as the meeting's invited guest and presenter. Michele then reviewed the agenda.

II. Approve meeting minutes

- Al Kurose asked if Steering Committee members had any comments on the March 29th meeting minutes. Tony Clapsis asked if "retail pharmacy" was erroneously conflated with drug costs. Michael Bailit clarified that the cost trends reporting only encompassed retail pharmacy, as medical (aka specialty) pharmacy were not teased out. He added that OHIC could possibly ask payers to break medical pharmacy in the future.

- The Steering Committee voted in favor of approving the March meeting minutes with no opposition or abstentions.

III. Setting cost growth target values for 2023 and beyond

- Michael provided an overview of the history of RI's cost growth target, noting there are now eight states with targets. He then introduced David Cutler to discuss inflation's impact on health care spending, its implications for setting cost growth targets, and how the Massachusetts Health Policy Commission (HPC) navigated this conversation when it set its target value for 2023.

David Cutler

- David summarized that inflation affects health care because, as history has shown, as input costs increase, so too do health care costs.
 - Peter Hollmann replied that labor costs were not reflective of trends seen in the general population, as nursing costs in hospitals were much higher. At the same time, there was greater competition to keep employees at lesser-skilled levels, so there were concerns on all sides.
 - David noted that the issue would be with specialized health care workers not getting wage increases, and that currently, there is a shortage of health care workers. He said he would not be surprised if after this bout of high inflation there was a reduction in some high-end wages as labor supply increased.
 - Teresa Paiva-Weed said that she did not imagine the wage increases that have been contractually made would decrease.
 - David noted that it may happen for institutions that struggled to stay solvent. He anticipated part of struggling hospitals' plans to stay open would involve wage concessions.
 - Neil Steinberg clarified that even if the rate of inflation went down, people would still be living with the high costs, i.e., prices would not return to where they were pre-heightened inflation.
- David noted that the Massachusetts HPC decided to not change its target value for a few reasons: 1) no adjustment had been made when inflation was lower than the target value, 2) providers could cut costs in other ways (in Massachusetts, HPC tried to identify areas where hospitals have been inefficient), and 4) there is great value in a predictable target. David noted that it was possible to differentially apply the targets based on institutions' financial health. He then briefly alluded to HPC's administration of a performance improvement plan (PIP) to Mass General Brigham (MGB).
 - Sam Salganik noted that he suspected there would need to be special considerations in analyzing 2021 results, as both depressed utilization and workforce shortages persisted. There was a need to tease out the effect of utilization vs. price on trend.
 - Michael responded that OHIC was making progress in using All-Payer Claims Database data to understand the roles of price growth and utilization on trend. Patrick agreed, adding that OHIC would release with next year's reporting a supplemental package of analyses that address the utilization vs. price question.
 - Tony Clapsis asked David what, in the context of administering a PIP to MGB, would he have done differently in MA in the absence of resources.

- David responded that the HPC did not have the authority to do much more than state the truth about MGB's financials.
- Al Kurose agreed that differential allocation of targets for systems would make sense and inquired about the HPC's system for parsing hospital's financial information.
- Al Charbonneau asked if the HPC examined the efficiency of hospital resource use.
 - David responded that staff at the HPC looked at quality indicators and metrics of efficiency.

Economic Indicators Used in Other States

- Michael Bailit noted there were five states that used a blend of wage and economic growth to set their target values. He explained that some states chose to use Potential State Gross Product (PGSP) as the economic indicator because it projected state economic growth for 5-10 years in the future and so provided a stable long-term value.
 - Neil Steinberg pointed out that multiple states had tiered targets year-to-year. States' attitude on these values represented a concerted effort to either reduce costs or cap them.
 - Michael noted that states took different approaches – some wanted to set targets in a slower, stepwise manner, while other states wanted to set more aggressive targets.
 - Stephanie de Abreu asked whether having an aggressive target, such as Nevada's value of 2.3% in 2027, was meaningless because it may be unattainable.
 - Michael explained that the value reflected Nevada's slower wage growth and poor economy.
 - Patrick Tigue added that the goal should be to be neither too aggressive nor too lenient. It was important to not simply build in expected cost growth into the target.
- Al Kurose said it was hard to predict how long the present strains on the economy would last and that there needed to be more conversation about the ways in which the delivery system has been distressed.
- Neil Steinberg wondered if setting a more aggressive target would encourage the plans to simply strategize to meet it, rather than making systemic changes and doing things differently.
 - Michael explained that one of the tenets of the logic model was that the state collectively discussed what to do about costs (the new VBP compact was an example of this) and that part of reporting involved naming those individual organizations that exceeded the target to keep them accountable.

Three Straw Model Options

- Michael displayed the three straw models, noting that the conversation would continue at the next meeting.
- Teresa Paiva-Weed requested that there be an overview of how the work with the hospital rate caps intersect with the work of the cost growth target.

IV. Public comment

- Michele asked for public comment. There were no public comments.

V. Next steps and wrap-up

- Patrick noted that the next Steering Committee meeting will take place on July 27th from 12:30 - 2:00pm and the following will occur on September 23rd from 3:00 - 4:30pm.
- Patrick shared a sustainability update. Governor McKee included in his budget the Health Spending Accountability and Transparency Program, which would make the cost trends work a core part of OHIC's function. The funding for this work would now be part of the state's general revenue, which alleviated the need for philanthropic funding. He thanked Neil again for the Foundation's help in funding the work.