



**Rhode Island Health Care Cost Trends Project**  
Steering Committee Meeting Minutes  
EOHHS – Virks Building – 3 West Road, Cranston  
May 24, 2023  
1:00-2:30pm

**Steering Committee Attendees:**

Cory King, Office of the Health Insurance Commissioner  
Michele Lederberg, Blue Cross Blue Shield Rhode Island  
Al Kurose, Lifespan  
Stephanie de Abreu (on behalf of Tim Archer), UnitedHealthcare  
Erin Boles Welsh (on behalf of Kate Skouteris, Point32Health  
Al Charbonneau, Rhode Island Business Group on Health  
Tony Clapsis, CVS Health  
Patrick Crowley, RI AFL-CIO  
Michael DiBiase, Rhode Island Public Expenditure Council  
Pat Flanagan, CTC-RI  
Diana Franchitto, Hope Health  
Peter Hollmann, Rhode Island Medical Society  
Teresa Paiva Weed, Hospital Association of Rhode Island  
Sam Salganik, Rhode Island Parent Information Network  
Larry Wilson, The Wilson Organization

**Unable to Attend:**

John Fernandez, Lifespan  
Mark Jacobs  
Jim Loring, Amica Mutual Insurance Company  
Peter Marino, Neighborhood Health Plan of Rhode Island  
Betty Rambur, University of Rhode Island College of Nursing  
Neil Steinberg, Rhode Island Foundation  
Michael Wagner, Care New England  
Larry Warner, United Way

**Welcome**

Cory King welcomed Steering Committee members to the May meeting and reviewed the agenda.

**I. Approve Meeting Minutes**

Cory asked if Steering Committee members had any comments on the March 30<sup>th</sup> meeting minutes. The Steering Committee voted to approve the March meeting minutes with no opposition or abstentions.

## II. New Cost Trends Compact

Cory King shared that the New Cost Trends Compact was distributed with the meeting materials and that the Public Health and Health Equity Measures Work Group had its first meeting earlier in the month.

- Al Charbonneau requested that the Steering Committee reexamine the virtues of adjusting the targets for inflation, citing that the Massachusetts Health Policy Commission (HPC) set a 3.6% cost growth target after doing so. He added that other states' approaches differed from that of Rhode Island and their targets hovered around 3% while RI's target for 2023 was 6.0%. He reminded everyone that the Rhode Island Business Group on Health's signature represented support for the process but not the cost growth target values.
  - Cory King responded that signatories of the Compact agreed to the targets and that he did not want to reopen the process again. Other states did not reassess their targets to account for inflation and many Steering Committee members compromised their desires in the process of setting the targets. He added that OHIC's hospital rate cap for 2023 was 7.3% and roughly aligned with the elevated 2023 target value.
  - Al Kurose noted that the Rhode Island Foundation sought to gather data to better understand how Rhode Island differed from neighboring states like MA and CT (e.g., state economy, health care utilization, base payment rates).
- Teresa Paiva Weed noted that she would send a HARI representative to the Public Health and Health Equity Measures Workgroup.

## III. Review of Pharmacy Strategies

Michael Bailit noted that during the previous meeting, members reviewed the Steering Committee's previous efforts to embrace pharmacy pricing legislation. He first stated that the goal of the summer Steering Committee meetings was to agree on a strategy in advance of the 2024 legislative session. He then explained that the purpose of the present conversation was to begin digesting the details of two pricing strategies. The first of these addressed absolute prices (both international and Medicare reference pricing) and the other proposed price growth caps (based on an economic index or unjustified price increases, as determined by the Institute for Economic Review (ICER)). He began with an explanation of the former.

- Teresa Paiva Weed requested that the 340B meeting invitation be forwarded to her so that someone from HARI could attend.
- Michele Lederberg observed that reference-based pricing penalized purchasers of drugs rather than manufacturers.
  - Michael Bailit responded that the strategy was structured as such due to legal limitations and emphasized that the strategies presented were designed by the National Academy of State Health Policy (NASHP) with legal input. He added that NASHP remained a resource for RI and other states in this arena.
- Erin Boles Welsh expressed concern that a reference-based pricing strategy required health plans to purchase drugs at a price that was not the manufacturers' sale price; in which case, there was the fear that the manufacturer would refuse to sell that drug. This was problematic if health plans were penalized for not providing a formulary drug because of this limitation.
  - Michael Bailit acknowledged that many states shared this fear, and that a new cross-state pharmacy workgroup (led by Rhode Island) aimed to address this.

The thought behind this collaboration was that if multiple states backed the reference pricing strategy, it would be highly unlikely that manufacturers would refuse to sell in multiple states.

- Chris Ausura asked whether Michael had a sense of other states' willingness to join in this effort.
  - Michael Bailit said states agreed to jointly pursue this problem.
  - Cory King added that the workgroup had only met once.
- Michele Lederberg commented that in a prior legislative session, a member of the General Assembly put forth a reference pricing bill.
- A member of the public asked whether NASHIP's recommendation of the top 250 drugs were the 250 top spending drugs or based on utilization.
  - Michael Bailit responded that NASHIP recommended the list be defined based on total spend, but the Steering Committee could pursue whatever approach it wanted.

Michael Bailit walked through the pros and cons of reference pricing strategy options and noted possible implications of the Dormant Commerce Clause.

- Dan Moynihan remarked that this strategy would eliminate profit margins for pharmacies.
  - Michael Bailit noted that the Committee would need to explore this question, but stated that if reference pricing were implemented, the immense savings could be used to give pharmacies a healthy margin.
- Sam Salganik asked whether the Committee had investigated the copays paid in Canada, noting that consumer-focused strategies often moved through legislation. He recommended moving in a direction to embrace different constituencies.
  - Michele Lederberg responded that there were currently many bills being considered. However, these bills examined copays without addressing the underlying cost. It was critical to examine both, which would require a strategic approach to gain traction.
  - Michael Bailit added that implementing reference pricing could open the door for the opportunity to redo benefit design.

Michael Bailit then explained the two options under capping price increases, highlighting that this set of strategies had a far lower impact than reference pricing.

- Michael Bailit noted that OHIC and project staff would address the questions that people raised at a future meeting.
- Chris Ausura asked if anything precluded the Steering Committee from pursuing both strategies and Larry Wilson asked what the advantage was of doing so.
  - Michael Bailit explained that the price increase strategy would address drugs that were not on the reference pricing list.
- Michael DiBiase recalled that during the Committee's previous attempts at a pricing strategy, his organization, the Rhode Island Public Expenditure Council, was the only one to not support the bill. His reasoning was that at the time, the chance of implementing it was low and it would have minimal impact. Even after the formal vote, the strategies did not gain traction. He asked what was different now.
  - Michael Bailit responded that the Committee decided to return to pharmacy because it was one of the main drivers of spending growth in RI. Pharmacy costs

- made up 25% of the commercial market spending, and the state had to pursue a pharmacy cost mitigation strategy in order to meet the target.
- Michele Lederberg responded to Michael DiBiase's question by stating that there is now much more national recognition of the problem of rising pharmacy costs (e.g., passage of the Inflation Reduction Act).
  - Michael DiBiase asked if anyone from the pharmaceutical industry was represented on the Steering Committee and Michael Bailit replied that there was no such member.
- Al Charbonneau recommended that members of the Committee spend time with the General Assembly on these issues.
    - Teresa Paiva Weed said that rather than industry lobbyists, it was the national patient organizations (e.g., American Cancer Society, American Lung Society, etc.) who came to testify.
    - Michele Lederberg added that it was extremely difficult to rally at the General Assembly when patients spoke to their medical conditions that were managed with expensive life-saving medications. Michael Bailit noted that Al Charbonneau made a good point that pursuing a pharmacy strategy provided an opportunity to engage with legislators in a new way.
  - Sam Salganik noted that it was possible that pharma's interests and a patients' self-interests could align. He agreed that there was an opportunity to engage with other parties on these strategies, but he advised Committee members to do a "gut check" against political realities and think about what the Committee could realistically achieve.
  - Peter Hollmann suggested that it was most sensible to support strategies that had the greatest impact and agreed that it would be most reasonable to pursue both a strategy that tackles absolute prices and price increases. However, he pointed out that addressing advocacy against these strategies requires addressing a different set of questions. These strategies would help to combat advocates' statement that patients cannot access drugs due to the high prices.
  - Cory King noted that the NASHP model legislation addressing these concepts were relatively new; states had just begun vetting these proposals to understand them from different angles. A bill put forward by OHIC was more likely to pass if 1) there was a collective voice in support and 2) there was strong evidence behind it. He indicated a preference for unsupported price increases but said he would learn more about reference pricing. On the point of consumer cost-sharing, he said he would be open to addressing that as well and cited OHIC's efforts in supporting a bill to reduce consumer cost sharing on specialty drugs.

Michael Bailit asked meeting attendees whether either strategy was particularly resonant to them and whether they needed more information to evaluate these options.

- Al Kurose reminded everyone that the reference pricing's impact on the pharmaceutical industry would be significant and that the manufacturers would do everything to stop that legislation from passing.
- Peter Hollman added that the American Medical Association's current position is to not support reference pricing, citing their concern about the potential implications for physician compensation given lower compensation for physicians abroad when

compared to the United States. He clarified that RIMS did not agree with that as a defining reason but recognized that was one concern.

- Pat Crowley suggested that it would be helpful to think through reference pricing's effect on premiums and how the money collected from taxing excessive profits would be reallocated.
- Cory King commented that one state's analysis found savings in the millions for their state employee health plan with reference pricing.
- Michele Lederberg shared that BCBSRI this year proposed that those funds garnered from taxing excessive price increases would go into the immunization fund and not the General Fund. She added that the fundamental question at hand was whether there was enough consensus to support a pharmacy strategy.
- Teresa Paiva Weed agreed and acknowledged that HARI participated in this conversation as both an entity affected by the high pharmaceutical costs on the medical side and as self-insured employers (considering the ERISA implications).
- Sam Salganik commented that it would be difficult for RIPIN to support anything that did not address consumer cost sharing.
- Michael Bailit reminded everyone that they previously agreed to prioritize a pharmacy pricing proposal for 2023.
- Tony Clapsis requested more time be spent on reviewing the options and asked that attention to be given to the question of pursuing a long or short-term strategy.
- Michael Bailit added that the returns of the reference pricing strategy would not be realized in the short-term.
- Teresa Paiva Weed asked Sam Salganik whether it would be helpful to add evaluation of consumer impact to the discussion.
  - Sam responded that any strategy would need to be coupled with explicit cost sharing relief strategies.
- Michael DiBiase commented that pharmacy was not the largest cost driver in the state and that there was zero chance of a pharmacy pricing strategy would have an impact on cost growth trend. Rhode Island would not lead efforts in this area; it would instead trail behind. He posited that it was ironic to focus on pharmacy in pursuit of cost trends when no one from that industry was present.
- Sam Salganik asked whether the Committee had ever considered non-legislative strategy options for pharmacy.
- Michael Bailit responded that to date, there had not been consideration of non-legislative solutions to address pharmacy pricing.
- Al Charbonneau added that the hospital global budget design work was a non-legislative approach to saving money for the state. He alluded to the RIBGH's participation in the National Alliance of Healthcare Purchaser Coalitions, which partners with self-insured companies and groups like RIBGH. They have cited success in advocating for employees with legislators in Washington DC, and this organization could raise these issues with other states and employers.

#### **IV. Status of Hospital Global Budget Work**

Due to time constraints, the Steering Committee did not review this topic. Cory King noted that the discussion would be deferred to June.

#### **V. Public Comment**

There were no public comments.

**VI. Next Steps and Wrap-Up**

Cory concluded the meeting by reminding everyone that he had distributed the Cost Trends Annual Report to the Steering Committee and would share it with a broader OHIC email list too.

The next Steering Committee meeting will be on June 27<sup>th</sup> from 11:30am-1:00pm.