



Rhode Island Health Care Cost Trends Project
Steering Committee Meeting Minutes
EOHHS – Virks Building – 3 West Road, Cranston
June 27, 2023
2:00-3:30pm

Steering Committee Attendees:

Cory King, Office of the Health Insurance Commissioner
Michele Lederberg, Blue Cross Blue Shield Rhode Island
Stephanie de Abreu (on behalf of Tim Archer), UnitedHealthcare
Erin Boles Welsh (on behalf of Kate Skouteris), Point32Health
Patrick Crowley, RI AFL-CIO
Michael DiBiase, Rhode Island Public Expenditure Council
Pat Flanagan, CTC-RI
Peter Hollmann, Rhode Island Medical Society
Mark Jacobs
Peter Marino, Neighborhood Health Plan of Rhode Island
Daniel Moynihan (on behalf of John Fernandez), Lifespan
Zach Nieder, Rhode Island Foundation
Teresa Paiva Weed, Hospital Association of Rhode Island
Sam Salganik, Rhode Island Parent Information Network

Unable to Attend:

Al Charbonneau, Rhode Island Business Group on Health
Tony Clapsis, CVS Health
Diana Franchitto, Hope Health
Al Kurose, Lifespan
Jim Loring, Amica Mutual Insurance Company
Betty Rambur, University of Rhode Island College of Nursing
Michael Wagner, Care New England
Larry Warner, United Way
Larry Wilson, The Wilson Organization

I. Welcome

Cory King welcomed Steering Committee members to the June meeting and reviewed the agenda. He announced that there would be neither a July nor August meeting and that the Committee would meet again in September, during which time the co-chairs would bring forth a pharmacy pricing legislative proposal for members' consideration.

II. Approve Meeting Minutes

Michele Lederberg asked if Steering Committee members had any comments on the May 24th meeting minutes. The Steering Committee voted to approve the May meeting minutes with no opposition or abstentions.

III. Status of Hospital Global Budget Work

Michael Bailit thanked Teresa Paiva Weed and the Hospital Association of Rhode Island for hosting the many Hospital Global Budget Working Group meetings and reported that the Working Group – comprised of payers, providers, and other interested stakeholders – met its July 1st deadline for identifying key parameters of a voluntary hospital global budget model. To inform these decisions, the Working Group looked to the existing models in Maryland and Pennsylvania, and also drew upon Rhode Island’s historical experience. He explained that these design parameters did not include operational specifications, so there would need to be additional deliberations to proceed with implementation.

- Mark Jacobs inquired why a hospital budget would not include services for which there is currently no payment. He also asked how many hospital services were not reimbursed.
 - Michael Bailit replied that the Working Group agreed to pursue a revenue-based budget, rather than a cost-based budget, meaning that the basis for building the budget would be historical payments made to hospitals. He did not know how many hospital services were not reimbursed.
 - Sam Salganik added that the group also decided to make an adjustment for uncompensated care.

Michael Bailit described each of the model parameters agreed upon by the Working Group: hospitals and populations covered by the budgets, levels at which budgets were established, services included in the budget, how to establish the baseline budget, how to annually update the budgets (including adopting a flexible, rather than fixed, budget, and how to make both routine and ad hoc adjustments), and supplemental arrangements to improve access, equity, and quality.

- On flexible vs. fixed budgets, Pat Flanagan asked whether flexibility also accounted for dramatic shifts in payer mix.
 - Michael Bailit replied that the Working Group did not discuss this particular scenario and that the most important adjustment in a flexible budget was for volume of services. The historical Rhode Island model had this feature too, as did Maryland’s older model.
 - Cory King added that Steering Committee members could rewatch the OHIC January 2022 webinar on hospital global budgets on OHIC’s YouTube channel: <https://www.youtube.com/watch?v=H4CWvrFDyWo&t=6s>.
 - Teresa Paiva Weed commented that in Maryland, they recognized and validated the concept of global budget flexibility during the coronavirus pandemic.
 - Michael Bailit added that it would be necessary to agree upon assumptions for the percentage of fixed and variable costs – this was one example of necessary future technical work.

Michael Bailit asked those Steering Committee members who had participated in the Working Group meetings to share their reflections on the experience.

- Teresa Paiva Weed said that if the federal government (CMS) set up a hospital global budget pilot, Rhode Island could point to the Working Group as evidence that stakeholders could have meaningful conversations on this matter.
 - Michael Bailit explained that OHIC anticipated that in September the Center for Medicare and Medicaid Innovation (CMMI) would announce a multi-payer model for states with the hospital global budget concept at its center.
- Peter Hollman reminded everyone that a revenue-based budget would only apply to a given year – the budget would need to be adjusted annually.
 - Michael Bailit agreed, noting that the routine adjustments would be for demographic factors and inflation.

Cory King thanked HARI again for hosting the Working Group meetings and shared that OHIC would share the group’s findings in a written report to be released in the summer.

IV. Process for Reassessing the VBP Compact Terms

Cory King noted that one provision in the April 2022 voluntary [Value-Based Compact](#) was that OHIC would reconvene the Compact’s signatories in the summer of 2023. As was discussed during a previous meeting, members were interested in reassessing Targets #5 and #6¹. Regarding #5, Cory expressed his opinion that action on paragraphs (b) and (c) would be premature, as there did not yet exist a model to evaluate; he was willing to evaluate (a) in the future. He explained that the “working group” mentioned in Target #6 never convened. Cory asked the Steering Committee whether it supported deferring work towards these targets until a broader assessment of the Compact was completed by a voluntary subgroup of the Steering Committee. Members indicated their support for this suggestion.

- Teresa Paiva Weed asked whether subgroup members could invite representatives from organizations outside of the Steering Committee and the Compact signatories to participate. Cory indicated that such participation would be welcome.
- Sam Salganik suggested that a future VBP Compact could include population health and health measures that the Public Health and Health Equity Measures Work Group was working on, given that the current compact did not include language to attach VBP to public health.
- Mark Jacobs asked whether there is an organization that examines how information technology (IT) could apply to this work.
 - Peter Marino suggested connecting with Neil Sarkar, who ran the Rhode Island Quality Institute (the state’s Regional Health Information Organization).
 - Sam Salganik added that EOHHS (Liv King and Marti Rosenberg) also ran a health IT steering committee that examined the health information exchange.

¹ #5: EOHHS and OHIC will determine how best to (a) perform oversight of risk exposure for certain ACOs/AEs and providers assuming significant downside risk, (b) provide technical assistance to providers entering new advanced VBP arrangements, and (c) obtain funding for the evaluation of new model implementation from the outset of compact implementation, using currently submitted data when possible, by January 1, 2023.

#6: “A working group of employers, insurers, and provider organizations will develop a detailed plan on how to increase PCP selection by patients by January 1, 2023.”

- Cory King asked for people to indicate their interest in participating in this subgroup by emailing Jessica Mar (jmar@bailit-health.com) and stated that Jessica would follow up after the meeting to ask for additional volunteers.
 - Dan Moynihan, Erin Boles Welsh and Teresa Paiva Weed raised their hands indicating interest in subgroup participation.

V. The Value of Addressing Prescription Drug Costs

Cory King explained that he was continuing to meet with other Peterson-Milbank states as part of a cross-state pharmacy workgroup to assess both the impact and political feasibility of various pharmacy pricing legislative proposals. He shared that OHIC would also create messaging and compelling data points to illustrate the need to address rising drug prices, as demonstrated in slides 23-26 of the meeting presentation.

- When reviewing data showing that the price of one 30-day equivalent of Stelara (\$13,091) exceeded the cost of one year of full-time childcare for an infant in 2020, Cory suggested members also consider how many primary care visits could be funded with these funds.
- When displaying data depicting the very high prices Americans pay for Spiriva (an inhaler) in comparison to the much lower prices for this medication in other OECD countries, Michael Bailit said that people should wonder why we consider it acceptable to have such disparate prices.
 - Michele Lederberg noted that consumers were shielded from the true cost of medications. Sam Salganik added the same was true in other countries.
 - Cory King acknowledged the potential tradeoffs with innovation and balancing research and development costs, as had been cited by pharmaceutical manufacturers. He stated that there is significant utility in publishing pharmaceutical cost data.
 - Beth Lange added that other countries do not have heavy direct-to-consumer advertising.
- Teresa commented that there were no pharmacy benefit managers in the room. Cory replied that the PBM industry was concentrated and that perhaps Tony Clapsis could share a PBM perspective during a future meeting.
- Peter Marino asked how Rhode Island could connect this work with larger states who had more leverage (e.g., California or New Jersey).
 - Cory explained that the cross-state workgroup included all the Peterson-Milbank states, which included California and cited Massachusetts and Connecticut as two states that previously pursued a joint price growth cap strategy.
 - Michael Bailit added that the goal was to get at least a subset of states to agree on a strategy; at that point, the coalition could embrace it with other states.
 - Sam noted that any proposal needed to address patient cost-sharing for prescription drugs, which could be done in tandem with lowering prices. He cited the caps on insulin costs for Medicare beneficiaries at the federal level and the state bill on capping costs on specialty drugs as evidence of recent wins in this arena.
 - Cory agreed, sharing that OHIC supported the state's cap on consumer cost-sharing for specialty drugs. He alluded to slide 12 from the National Academy of State Health Policy's (NAHSP) [presentation during the May public forum](#) that provided a snapshot of state legislative action from 2017 - 2023.

Cory King concluded the discussion by informing members that OHIC hoped to produce salient messages and data points on prescription drug costs. Michael Bailit added that for an upcoming [Connecticut public hearing](#), the state's Office of Health Strategy called two drug manufacturers to speak on the drug panel; one agreed to participate and the other refused.

Michele Lederberg reminded members that they needed to reach agreement on a pharmacy pricing policy to support in the fall. Cory King noted that to date, the previously mentioned cross-state pharmacy workgroup examined both the reference pricing and price growth cap constructs as potential strategies to pursue, but that with the Steering Committee, he was open to other concepts and even breaking down these strategies into incremental steps as necessary.

VI. Public Comment

There were no public comments.

VII. Next Steps and Wrap-Up

Michele Lederberg reminded everyone that when the Committee meets again in September, it will be to discuss a pharmacy pricing proposal and that the group will receive recommendations from the VBP subgroup on how to proceed with the Compact terms during the October meeting.

The next Steering Committee meeting will be on September 21st from 2:30pm-4:00pm.