

Rhode Island Health Care Cost Trends Project
Trends in Health Care Cost Growth Pre-COVID-19, Experience with Care
Delivery During COVID-19, and How to Address Pharmacy Costs
October 23, 2020 | Public Meeting Summary

Background

- Commissioner Ganim of the Office of the Health Insurance Commissioner welcomed meeting attendees, and provided contextual information for the meeting.
- The Rhode Island Cost Trends Project was created with three aims: 1) to reduce growth in health care costs by developing a cost growth target and providing transparent health care performance data to influence purchasing decisions and care delivery reforms; 2) to develop a deeper understanding of the state's health care cost drivers and cost variation, and 3) to create a sustainability plan to support ongoing analyses. To help accomplish these aims, the project created the Cost Trends Steering Committee, comprised of leadership from state payer, provider, business, and community organizations.
- Rhode Island is committed to maintaining a cost growth target during the present time of illness and economic upheaval as it is needed now more than ever. Struggling employers and consumers can't afford large increases in health spending at a time of economic hardship and state tax revenues are down sharply. Finally, cost growth is especially hurtful to low-income and communities of color who have been hardest hit by COVID-19.
- The focus of the meeting was to review: 1) trends in Rhode Island health care cost growth, 2) experience with care delivery during COVID-19, and 3) how to address rising pharmacy costs.

2017-2018 Baseline Performance Against the Cost Growth Target

- The first performance year of the cost growth target was 2019. Consultant Megan Burns of Bailit Health shared results of a baseline analysis of per capita spending growth that examined the time period 2017 to 2018. The rationale for gathering baseline data was to acclimate payers and Cost Trends project staff to collecting and validating these data and to have an initial trend to compare against performance post-implementation of the target.
- Baseline analysis revealed a per capita 2017-2018 trend of 4.4% growth, which is greater than the established annual cost growth target of 3.2% per capita for 2019 through 2022. Megan shared that there were some known problems with the data reported by payers, and so the 4.4% figure must be viewed with that understanding.

Panel Discussion: Experience to Date with Care Delivery During COVID-19

- A panel comprised of Al Kurose of Coastal Medical, Megan Ranney of Brown University, and Tim Babineau of Lifespan and moderated by Betty Rambur of the University of Rhode Island discussed how COVID-19 has strained the health care

system. On the positive side, it has pushed providers to adapt rapidly in the areas of technology, such as telemedicine and wearables, redesigned workflows and offices, and a cultural shift in communication, technology, and operations. These changes offer the potential for many employees to work from home on a more permanent basis.

Relaxations in federal and state regulations have allowed providers to innovate.

COVID-19 has also pushed providers to focus on collaboration versus competition, and they have seen the benefit from that. COVID-19 has also made us aware of the fragility in existing supply chains, as evidenced by failure to have an adequate supply of PPE and treatment supplies.

- We have also witnessed dramatic unintended consequences of delaying care. For the second “wave” of COVID-19 it will be important to co-manage routine patients and COVID-19 patients.
- The health care system needs to pay a lot more attention to the physical and mental health wellbeing of its workers, for example providing a 24/7 employee a mental health line as well as informal peer support. Providers also need structural issues taken care of during a pandemic, including financial support, childcare, being able to quarantine while caring for elderly patients, and PPE.
- There has been a disproportionate impact of COVID-19 on people of color due to structural issues that exist in our society and health care system. There is an opportunity to change how we interact with these patients on an individual and statewide basis as we tackle health disparities. Disparities and social determinants of health have been spotlighted due to the pandemic and require action from multiple systems. There is an opportunity to consider longer-term possibilities through ongoing work led by the Rhode Island Foundation. The State needs to use the right public health metrics and hold everyone accountable.

APCD Analyses of Pharmacy Cost Drivers and Cost Growth Drivers

- Ira Wilson of Brown presented analyses of pharmacy costs using data from the State’s All-Payer Claims Database. These analyses showed: 1) pharmaceutical costs are an important contributor to both costs and growth trends in costs; 2) medical pharmacy is an important component of total pharmacy costs and should be monitored closely; 3) price, not utilization, is what has been driving cost increases, and 4) interventions to control pharmaceutical prices are needed.

Policy Opportunities to Address Pharmacy Costs

- Trish Riley of the National Academy for State Health Policy suggested that Rhode Island consider the following two strategies: 1) assess penalties on manufacturers identified in the annual Institute for Clinical and Economic Review (ICER) report as having a drug with an unsupported price increase and 2) develop an international reference rate using Canadian prices for a list of the 250 drugs costing the state the most.

- State participants also shared two pieces of local legislation on the topic: 1) [Senator Miller's 2019 bill Coupons \(S0137A\)](#) and 2) Senator DiPalma's future bill on a high-cost drug assessment and reinsurance (this was delayed in introduction due to COVID-19; here is [Representative MacNamara's 2020 bill High cost drug assessment and reinsurance \(H8078\)](#)).

Panel Discussion: How to Address Pharmacy Costs

- A panel moderated by Peter Hollman of the Rhode Island Medical Society and Brown Medicine and including panelists Tony Clapsis of CVS, Monica Auciello of Blue Cross Blue Shield of Rhode Island and Paul Larrat of the University of Rhode Island College of Pharmacy discussed Trish Riley's presentation and other options to address pharmacy cost growth.
- Panelists expressed interest in further examining: 1) ICER analyses of drugs with unsupported price increases; 2) lessons learned from the Rhode Island opioid tax when considering taxing drugs with unsupported price increases; 3) Senator DiPalma's legislation to create an assessment on payers to help pay for high cost specialty drugs; these would be purchased by the State through negotiations with manufacturers, and 4) prohibition of coupons or ensuring that all, including the uninsured, can access coupons.
- Panelists also recommended that any potential policies consider the impact on access to drugs, ensure consumers do not end up paying differences in cost, and require benefits to the uninsured as well as the insured.
- Panelists said policies should allow for voluntary inclusion of self-funded plans and recommended considering opportunities to link access to lower prices with self-funded plan data submission to the APCD.

Governor Raimondo's Remarks

- Governor Raimondo shared that the Cost Trends project is a top priority of hers and recommended using the momentum of COVID-19 to move this work further and faster than may have been done otherwise.

Commissioner Ganim's Closing Remarks

- Commissioner Ganim thanked the participants and conveyed that the next Cost Trends project public meeting would occur in early 2021 on the occasion of reporting 2019 performance against the cost growth target.