



**Rhode Island Health Care Cost Trends Project**  
Steering Committee Meeting Minutes  
Virtual Meeting through Zoom  
February 22, 2021  
9:30am - 11:00am

**Steering Committee Attendees:**

Tim Babineau, Lifespan  
Al Charbonneau, Rhode Island Business Group on Health  
Tony Clapsis, CVS Health  
Tom Croswell, Tufts Health Plan  
Michael DiBiase, Rhode Island Public Expenditure Council  
Stephanie de Abreu for Stephen Farrell, UnitedHealthcare of New England  
Diana Franchitto, Hope Health  
Peter Hollmann, Rhode Island Medical Society  
Al Kurose, Co-chair, Coastal Medicine  
Michele Lederberg, Co-chair, Blue Cross Blue Shield of Rhode Island  
Jim Loring, Amica Mutual Insurance Company  
Beth Marootian for Peter Marino, Neighborhood Health Plan of Rhode Island  
Teresa Paiva Weed, Hospital Association of Rhode Island  
Betty Rambur, University of Rhode Island College of Nursing  
Ben Shaffer, Rhode Island EOHHS  
Sam Salganik, Rhode Island Parent Information Network  
Neil Steinberg, Rhode Island Foundation  
Patrick Tigue, Co-chair, Office of the Health Insurance Commissioner  
Larry Warner, United Way of Rhode Island  
Larry Wilson, The Wilson Organization

**Unable to Attend:**

Nicole Alexander Scott, Rhode Island Department of Health  
Jim Fanale, Care New England

**I. Welcome**

- Michele Lederberg opened the meeting and apologized on behalf of the Steering Committee co-chairs for the delay in meeting materials distribution.
- Tom Croswell shared that he was planning on retiring in a few months. He explained he had invited Beth Roberts to join the Steering Committee meeting to get up to speed. He said that Beth is the president of New England commercial business for the newly merged Harvard Pilgrim Health Care/Tufts Health Plan.

## II. Approve Meeting Minutes

- Patrick Tigue asked for comments on the January meeting minutes. There were no comments. The Steering Committee voted in favor of approving meeting minutes with no opposition or abstentions.

## III. Criteria for Selection of Priority Strategies to Support the Cost Growth Target

- Michael Bailit said that over the past few months, the Steering Committee had begun identifying and moving forward on strategies to promote cost growth target attainment. He said the Steering Committee might need to prioritize in the future what strategies to pursue. In anticipation, project staff and the co-chairs developed a set of draft criteria to be used by the Steering Committee to select priority strategies to support cost growth target attainment. He said not all strategies would need to meet all criteria. Michael reviewed the three draft criteria (slide 8) and asked for feedback.
- Peter Hollmann said the criteria were reasonable. He recommended including a quantitative threshold to help screen ideas, such as 0.5% of total spend, etc.
- Sam Salganik said the criteria made sense. He recommended adding a criterion related to quality, access, and outcomes. He also expressed concern with use of external benchmarks for areas where other states also perform poorly but said he did not have a specific amendment to criterion 1c.
- Al Kurose said he thought the criteria will be useful to us and appreciated the concepts of unintended consequences and thresholds. He said he felt strongly that we need a set of criteria moving forward.
- Al Charbonneau said that he thought it was important to be mindful of the fact that even if we hit the target, we have not produced affordable health insurance.
- Beth Marootian asked if strategy prioritization was within the Steering Committee's charter. She said that if the Steering Committee was considering clinical interventions, it might make sense to include others in the discussions.
  - Michael Bailit said our initial vision was to set a target, apply the data use strategy which is mining the APCD to find opportunities to address cost growth, then informed by those opportunities to strategize on actions.
- **Next steps:**
  - Project staff will review the project charter and confirm that we are in scope.
  - Project staff will redline the criteria and recirculate the criteria for review by the Steering Committee.
  - Next meeting, the Steering Committee will finalize the criteria.

## IV. Pharmacy Spending Recommendations

- Michael Bailit said that Trish Riley, Drew Gattine, and Jennifer Reck had joined the meeting from the National Academy of State Health Policy (NASHP) for this discussion and would answer any questions.
- Michael Bailit reminded the Steering Committee of its adoption of a data use strategy, that Brown analyses previously identified pharmacy spending (and price growth, in particular) as a driver of cost growth, and that the Steering Committee thought that pharmaceutical price increases were negating the efforts put in place by payers and providers to control total cost of care. He said that the Steering Committee spent three prior meetings discussing strategies to address pharmaceutical costs.

- Michael Bailit said that on March 22<sup>nd</sup>, the Steering Committee will vote on the final recommendations brought forth during the February meeting. He reminded the Steering Committee that nothing the Steering Committee might vote on precludes individual Steering Committee members from supporting specific strategies separate from the Steering Committee recommendation.

#### *State Activity*

- Michael Bailit said that CT introduced an unsupported price increases bill that is similar to the MA bill. In addition, the CT governor has expressed interest in a regional, coordinated effort. He said MA reintroduced its unsupported price increases bill. He said that in RI, the NASHP reference pricing model legislation was introduced in the Senate and was expected to be introduced in the House. Michael Bailit noted that there was also RI legislative interest in a regional approach.

#### *Three Strategies to Address Pharmacy Costs*

- *Unsupported Price Increases – NASHP model bill using ICER:* Michael Bailit said that this strategy penalizes manufacturers for the sale of drugs with unsupported price increases, defined as the 10-13 drugs identified in the Institute for Clinical and Economic Review's (ICER's) annual unsupported price increase report.
- *Unsupported Price Increases – CT and MA:* Michael Bailit said that this strategy penalizes manufacturers for sale of all drugs with excessive price increases, defined as two percentage points over inflation.
- *Reference Pricing:* Michael Bailit said that this strategy develops an international reference rate for a list of 250 drugs costing the state the most, though states could elect to focus on fewer drugs. It requires state entities, health plans, and in-state retail pharmacies to purchase drugs at or below the reference price; ERISA plans can opt in.
- Michael Bailit shared a comparison of the strategies and reviewed each of the three proposed strategies against the draft strategy prioritization criteria (slides 21 and 22).

#### *Questions*

- Teresa Paiva Weed asked about the advantages and disadvantages of two strategies. She also said that the MA legislation seemed more understandable than the ICER legislation on unsupported price increase. She asked for NASHP's experience in other states.
  - Trish Riley said that NASHP was intrigued by the MA/CT approach because of the simplicity. She did caution that by creating a fixed inflation-based indicator for price increases there is a risk of capturing drugs with high inflationary increases but with low prices in absolute terms and not representing the highest costs in the system. She also said that sometimes price increases *can be* justified. She said it would be quite a lot of work to implement the MA/CT approach and that it is open to push back from generic drug manufacturers and others in the industry. The ICER model provides a more precise, evidence-based focus where consumers and manufacturers both have input into what is unjustified. MA/CT also may run into vagueness issues on what constitutes an excessive price.
  - Drew Gattine said that one of the reasons NASHP models may look more complicated is that their approach intends to be more targeted. He said unsupported price increases and reference rate legislation are complementary, with the first focusing on cost growth and the second focusing on cost.
- Sam Salganik said it was important to consider feasibility of implementing any recommended strategies, which he said ties in with his interpretation of criterion 3,

discussed earlier. He asked NASHP to speak to barriers to and likelihood of success pursuing pharmacy strategies.

- Trish Riley said that the industry will oppose any legislation on pricing. In NASHP's first set of model legislation, there was focus on a affordability review boards and importation of drugs from Canada, and those were heavier lifts. Since that time, NASHP convened legal experts to ask how to create pieces of legislation that are simple to understand, administratively simple, and have the best chance of holding up legally. This is what led to the creation of the unsupported price increases and reference rate models. While the State may get sued, these strategies are "bulletproof" legally.
- Tony Clapsis said the Steering Committee needs to address its core focus of addressing overall trend. He recommended going in with a broader legislative portfolio.
- Beth Marootian asked what agency would oversee this work if the legislation passes.
  - Patrick Tigue said based on the current bill language, reference pricing would be overseen by OHIC. He said project staff would further need to consider oversight of the unsupported price increase model.
- Sam Salganik asked NASHP to speak to barriers experienced by states trying to pass pharmacy legislation.
  - Trish Riley said that some of the issues that stopped progress in other states were administrative costs such as with the review board legislation, which is why NASHP pivoted to simpler models. In other states, the pharmaceutical lobby pushed too hard. Finally, she said that sometimes legislative sessions ended before actions could be passed.
  - Drew Gattine said as states are facing budgetary challenges, there may be an opportunity for innovation.
  - Trish Riley said that NASHP has capacity to provide technical and legal support with legislative representatives. She said that NASHP also convenes legislative sponsors of bills.
  - Jennifer Reck said that NASHP can work with Rhode Island for a specific savings estimate as that may assist with the legislative discussion.

### ***Recommendation***

- Michele Lederberg said that the co-chairs recommended endorsing both the CT and MA unsupported price increase legislation and the NASHP international reference pricing model legislation, with a modification to the latter that fines not be applied to health plans or participating ERISA plans.
  - Patrick Tigue explained that the rationale for pursuing the CT and MA version of the unsupported price increase bill was the Steering Committee's recommendation to pursue multi-state alignment.
- Al Kurose said that the co-chairs were sensitive to the fact that materials for this meeting come out late, which was the reason they were not asking for a vote during the meeting. He said that from a process perspective, the co-chairs wanted to offer this recommendation as written for a vote at the next meeting. He said that the co-chairs will invite final comments in March and then will call for a vote on the recommendation as-is.
  - Sam Salganik asked if the Steering Committee would see a draft recommendations document prior to the vote.

- Michael Bailit said that the project staff would provide a formal recommendations narrative for the Steering Committee’s review.
- Sam Salganik said that the Steering Committee previously recommended coordinated action, not just aligned action, in anticipation of potential lawsuits or market actions. He asked for confirmation that this would not be included in the recommendation.
  - Patrick Tighe said the co-chairs were not recommending that the recommendation for Rhode Island to proceed be conditional on action in other states.
  - Tim Babineau said that a multi-state approach addresses his concern about interruptions to the supply chain during the pandemic. He recommended formally presenting this work as part of a tri-state coalition.
  - Peter Hollmann said that the co-chairs made a strong case for replicating CT and MA legislation. He said there are three legislatures involved, and so the output may be different across states. He said in the past important generic drug access have been impacted. It would be useful to try and make people aware of some of the benefits of the NASHIP legislation because of the concerns with generic drugs.
- **Next steps:**
  - Project staff will draft narrative text on the recommendation and share it with the Steering Committee.
  - Steering Committee members will review the recommendation and come prepared to vote on the recommendation on 3/22/21.

#### *January Meeting Follow-ups*

- Michael Bailit reviewed the January meeting follow-up requests from the Steering Committee (see slides 26-31).
- Sam Salganik said sometimes proposals like this have a bigger chance of success in the legislature if there is a coalition pushing for the bill. He said that groups like RIPEC and RIBGH may be prime supporters. He asked if there had been work to build this coalition.
  - Michael Bailit said there had not yet been such effort.
  - Michele Lederberg said that the co-chairs wanted to be careful not to assume that the Steering Committee would agree to their recommendations. If the Steering Committee voted to proceed, the co-chairs would ask that Steering Committee members support this effort.

#### **V. Preview Value-based Payment Strategy Proposal**

- **Next steps:**
  - Michael Bailit asked that the Steering Committee review both slides on this topic in advance of the March meeting.
  - OHIC will distribute the value-based payment strategy proposal in advance of the March meeting.

#### **VI. Informational Updates**

- **Letter to the Governor:** Michael Bailit said that it had been suggested the Steering Committee transmit a letter to the Governor describing this project and expressing support. He asked if the Steering Committee agreed with this recommendation.

- Patrick Tigie said that OHIC is already sharing this work, but this would be a value-add to have the Steering Committee’s own statement of support. He said that this would be complementary to the OHIC briefing.
- Teresa Paiva Weed said she raised this proposal. She also thought it would be helpful to invite the new governor to an upcoming meeting and express continued interest.
  - Patrick Tigie agreed.
- No one objected to this recommendation.
- **Next step:** Project staff will draft a letter of support to the Governor and share it with the Steering Committee.
- ***Analysis of 2018-2019 Performance Against the Target:*** Michael Bailit said that during the next meeting on March 22<sup>nd</sup>, project staff are planning to share 2019 performance against the target at the state and market levels. He said that during the April meeting, project staff will share performance at the payer and ACO/AE levels. He said that project staff have met with the payers to review the analysis and are planning to meet with the ACOs/AEs during the first two weeks of March for the same purpose.
- ***May Community Meeting:*** Michael Bailit said that project staff are planning to hold a public community meeting on May 7<sup>th</sup> to share 2018-2019 performance against the cost growth target and to share Steering Committee recommended strategies to-date to address cost growth.

#### **VII. Public Comment**

- There were no comments from the public.

#### **VIII. Next Steps and Wrap-up**

- Al Kurose said the next Steering Committee will take place on March 22<sup>nd</sup> from 9:30-11:00am.