



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

Steering Committee Attendees:

Tim Babineau, Lifespan
Al Charbonneau, Rhode Island Business Group on Health
Michael DiBiase, Rhode Island Public Expenditure Council
Stephanie De Abreu for Stephen Farrell, UnitedHealthcare of New England
Jim Fanale, Care 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
Beth Roberts, Tufts Health Plan/Harvard Pilgrim Health Care
Ben Shaffer, Rhode Island EOHHS
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
Tony Clapsis, CVS Health
Sam Salganik, Rhode Island Parent Information Network
Neil Steinberg, Rhode Island Foundation

Invited Guest:

Drew Gattine, National Academy for State Health Policy (NASHP)

I. Welcome

- Michele Lederberg welcomed Steering Committee members to the March meeting.

II. Approve meeting minutes

- Patrick Tigue asked if Steering Committee members had any comments on the February meeting minutes. There were no comments. The Steering Committee voted in favor of approving the February meeting minutes with no opposition or abstentions.

III. Finalize criteria for selection of priority strategies to support the cost growth target

- Michael Bailit presented the criteria for selecting priority strategies to support cost growth attainment. He noted that the criteria were introduced and discussed at the February Steering Committee meeting. He indicated that the criteria were used to inform the pharmacy strategies the Steering Committee has explored.
 - Michael said that individual Steering Committee members proposed two additions to the criteria during the initial discussion at the February meeting: 1) quantitative thresholds (either embedded or as a separate technical document), and 2) a criterion related to quality, access, and outcomes.
 - Michael stated that the project staff and co-chairs considered the proposed additions and recommend against pursuing either of them. He said adding quantitative thresholds would be hard to do objectively and incorporating a criterion pertaining to quality, access, and outcomes would extend beyond the current scope of the Cost Trends Project.
- Michael Bailit invited discussion on adopting the criteria as drafted. There were no further comments from Steering Committee members on the draft criteria. Michael indicated that the Cost Trends Project will begin to formally apply the decision criteria on an ongoing basis to determine strategies that will be considered by the Steering Committee.

IV. Vote on recommendations to address pharmacy spending

- Al Kurose shared that the project staff distributed a narrative of the pharmacy strategy recommendations on March 5th for review in advance of the March 22nd Steering Committee meeting.
 - Regarding the first recommendation – unsupported price increase legislation – Al noted that the Steering Committee does not recommend that Rhode Island condition pursuit of this legislation on what transpires in Connecticut or Massachusetts.
 - Al asked if Steering Committee members had any final comments on the pharmacy spending recommendations.
- Tim Babineau said he was concerned about the second recommendation – international reference rates model legislation – due to the uncertainty around its potential impact on the federal 340B Drug Pricing Program. Tim said the legislation is silent on this program, which was a major issue for Lifespan.
- Drew Gattine from NASHIP acknowledged that the model legislation does not attempt to address every aspect of the supply chain or specifically address / carve-in specific programs like 340B. Drew stated that the model legislation is intended to generate discussion. The relationship between the legislation and specific programs would likely be negotiated throughout the legislative process. He noted that he has seen legislative entities add language to bills to address potential negative consequences.
- Tim Babineau said his organization analyzed several scenarios that showed a potential devastating impact on 340B purchasing and that this would inform his vote.
- Jim Fanale stated that the potential impact to 340B is unknown and said it was also a big issue for Care New England.
- Beth Roberts suggested that members provide a brief explanation of 340B for individuals not familiar with the program.

- Jim Fanale stated that 340B is a program whereby Disproportionate Share Hospitals (DSH) are eligible to receive lower pricing (i.e., “340B pricing”) for designated drugs. He said it helps substantially in terms of the prices hospitals pay for Medicare-covered drugs.
 - Tim Babineau added that that eligible hospitals are allowed to purchase drugs at below-market prices to advance their mission. He said the program is available to not-for-profit entities.
- Patrick Tighe said that structurally the model legislation is designed to establish a ceiling on the price, not a floor and was unsure of an immediate impact on 340B pricing given that it is a federally-administered program.
- Al Kurose asked Drew Gattine if there was enough experience to understand the impact on 340B pricing.
 - Drew indicated that he has not seen specific concerns raised in other states around the 340B program.
- Larry Wilson suggested that the Steering Committee take more time to explore this further to better understand the potential impact.
- Tim Babineau said he could invite his colleagues to share their analysis of the impact on 340B for Steering Committee members to review and discuss.
- Patrick Tighe said the model bill has been heard before the Rhode Island Senate, and the House would hear its version of the bill the evening of March 22nd. He stated that there is some time pressure if the Steering Committee wishes to influence this year’s legislative session. Patrick indicated that he believed there was opportunity for future dialogue. He noted the Steering Committee members could vote based on what is known now or delay the vote.
- Stephanie De Abreu (*via Zoom chat box*) indicated UnitedHealthcare support for provider partners and their request to perform additional research on 340B impact before taking a vote.
- Jim Fanale said if the Steering Committee votes to pursue the reference pricing legislation recommendation and the result is that at least two members of the Steering Committee are lobbying against it on the Hill, it would not look good.
- Teresa Paiva Weed indicated that the Hospital Association of Rhode Island provides support to the entire pharmacy group and is in regular communication on pharmacy-related issues. She noted that she could communicate to Senator DiPalma that the Steering Committee would like to explore implications of the legislation on 340B specifically to understand any potential negative impact. Teresa also said she would talk with her counterparts in Connecticut and Massachusetts to gather any information on this issue.
 - Teresa suggested that the project team share the draft bill with Steering Committee members.
- Al Kurose suggested that the Steering Committee convene a short, separate meeting prior to April’s Steering Committee meeting to explore this topic further.
- Al Charbonneau asked if the Steering Committee should prepare a letter to the Senate and House to state that the Cost Trends Project Steering Committee endorses the proposed legislation. He said if there is a draft bill being heard by the Senate now, the legislature should be clear that it is something the Steering Committee is considering.
- Peter Hollmann said he was prepared to vote on a contingency that the legislation does not cause adverse effects for institutions that are eligible for 340B pricing. He said he

also viewed the legislation as establishing a ceiling price so there might not be an issue for 340B pricing; however, he raised concerns about a payer being unwilling to negotiate prices.

- Al Kurose responded that doing a contingent vote is difficult because it is a judgment call and could result in ambiguity.
- Ben Shaffer said that Medicaid also had a strong interest in 340B pricing and that he was also viewing this as a ceiling.
- Michael DiBiase asked if legislation by Rhode Island alone will actually lead to lower drug prices.
- Michele Lederberg indicated that Rhode Island is using the same template as Connecticut and Massachusetts for the unsupported price increase legislation. She said that while the three states are not putting forth the legislation collectively, it would have the intended impact of collective action without suggesting that all states need to pass it or no states do so.
- Michael Bailit indicated that for the unsupported price increase legislation, Rhode Island is not going alone but in parallel with Connecticut and Massachusetts. Regarding the second recommendation, reference rates model legislation, he said that Rhode Island is alone but there are other states exploring the policy. Michael also indicated that an analysis of the reference pricing bill by Connecticut found that associated savings would be significant.
- Drew Gattine indicated that Maine has also pre-filed legislation related to reference pricing and expects it to move forward this year.
- Michael Bailit proposed that Steering Committee members vote on the first recommendation – unsupported price increases. Michael acknowledged that Steering Committee members wished to delay a vote on the second recommendation and said the Steering Committee would need to move quickly if it wishes to influence the legislative process this year.
- Patrick Tigue said he was hearing from the Steering Committee that there is a clear consensus for addressing 340B pricing in the language of the bill related to international reference pricing. He stated that since the Steering Committee was already suggesting modifications related to penalties, he thought the group could take the opportunity to be concrete about how to address 340B. Patrick said there was nothing about the Steering Committee voting process that would preclude individual members from taking their own positions and indicated that OHIC is on the record in favor of the legislation.
- Jim Fanale moved to vote on the first recommendation: unsupported price increase legislation.
- Patrick Tigue instructed Steering Committee members to submit their votes to “all” attendees in the Zoom chat box.
- *A record of Steering Committee member votes is shown in Table 1.*
 - *Yes was a vote in favor of the Steering Committee recommending that Rhode Island pursue legislation to address unsupported pharmacy price increases.*
 - *No was a vote against the Steering Committee recommending that Rhode Island pursue legislation to address unsupported pharmacy price increases.*
 - *Abstain was neither a vote in favor of nor in opposition to the proposal.*

Table 1: Rhode Island Cost Trends Project Steering Committee Vote on Recommending that the State Pursue Unsupported Price Increase Legislation

Member	Vote
Tim Babineau, MD, Lifespan	Yes
Al Charbonneau, RI Business Group on Health	Yes
Michael DiBiase, JD, RI Public Expenditure Council	Abstain
Jim Fanale, MD, Care New England	Yes
Stephanie de Abreu on behalf of Stephen Farrell, UnitedHealthcare of New England	Yes
Diana Franchitto, Hope Health	Yes
Peter Hollmann, MD, RI Medical Society	Yes
Al Kurose, MD, Co-Chair, Coastal Medical	Yes
Michele Lederberg, Co-Chair, Blue Cross Blue Shield of RI	Yes
Jim Loring, Amica Mutual Insurance Company	Yes
Beth Marootian on behalf of Peter Marino, Neighborhood Health Plan of RI	Yes
Teresa Paiva Weed, Esq., Hospital Association of RI	Yes
Betty Rambur, PhD, RN, FAAN ¹	Yes
Beth Roberts, Tufts Health Plan/Harvard Pilgrim Health Care	Yes
Ben Shaffer, RI EOHHS	Yes
Patrick Tighe, Co-Chair, Office of the Health Insurance Commissioner	Yes
Larry Warner, United Way of RI	Yes
Larry Wilson, The Wilson Organization, LLC	Yes

Note: Sam Salganik, Esq., RI Parent Information Network was unable to attend the meeting but submitted his vote to the Steering Committee co-chairs by email in advance of the March 22nd meeting. He indicated that he opposed the recommendations as drafted.

- **Next steps:**
 - The Steering Committee will convene a one-hour meeting before the April meeting to further discuss any implications of reference pricing legislation (recommendation #2) on the 340B Program and any potential associated negative impact on hospitals, Federally Qualified Health Centers (FQHCs), and / or Medicaid.
 - *The project team will aim to schedule this meeting the week of 3/29/21. Like all Steering Committee meetings, it will be a public meeting.*
 - The project team will obtain a legal assessment of the NASHP model language as it relates to 340B pricing.

¹ Betty requested following the meeting that her vote be recorded as her individual position and not representative of her employer's position.

- Teresa Paiva Weed and Tim Babineau will convene clinical experts to prepare an analysis of the implications of the proposed legislation on 340B pricing and share the analysis with the Steering Committee.
- The project team will obtain and distribute a copy of the current bill from Senator DiPalma. (*Justine Zayhowski, project team staff, emailed the draft bill to Steering Committee members on March 23rd.*)

V. Consider value-based payment strategy proposal

- Cory King presented a proposal regarding value-based payment (VBP) strategies, and specifically, advanced VBP models. Cory asked the Steering Committee the following questions:
 - Do you agree that facilitating accelerated adoption of advanced VBP beyond its current state will be a meaningful and effective strategy to achieve the health care cost growth target? If so, how should this occur?
 - Do you agree that a subcommittee should be convened to develop a set of principles and a plan of action? If so, what should the composition of the subcommittee look like?
 - Are there other entities, such as specialty providers not represented on the Steering Committee, who should be engaged in this work?
- Jim Fanale said that establishing a minimum level of risk will result in the elimination of risk-taking. He said setting minimum thresholds could put organizations in financial jeopardy and urged caution. He said the Cost Trends Project should establish a group to talk about this. Regarding specialists, he noted that the Cost Trends Project should not bring them in until a second phase.
- Cory King indicated that the proposal was as an opportunity for a non-regulatory, collaborative approach among the Steering Committee members to discuss a long-term vision and plan for the evolution of payment models. He said the Cost Trends Project could recognize the constraints and barriers while undertaking the work.
- Jim Fanale said he would be personally delighted to take global risk for all contracts if there were enough reserves to take care of this in down years. He said global capitation for providers is the ultimate solution as it removes the fee-for-service incentives.
- Al Charbonneau asked if the discussion of VBP strategies seeks to advance a high-quality, *affordable* health care system noting that “affordability” was not included in the description of the proposal.
 - Cory King indicated that affordability is a goal, consistent with OHIC’s statutory objectives.
 - Al suggested that this goal be made explicit in the proposal language.
- Peter Hollmann asked if the role of a body that discusses VBP strategies, as envisioned, would develop recommendations, make information publicly available, submit recommendations to OHIC for regulatory review, and then proceed through the typical regulatory process.
- Cory King stated that he did not think regulation needed to be the end result of the process. He said OHIC will act in ways necessary to achieve its statutory objectives, citing affordability as one of them. He indicated that one end result could be that providers came together to sign a compact committing to efforts to advance VBP contracts.

- Patrick Tigie emphasized the voluntary nature of the proposed VBP strategy process. He stated that OHIC’s policymaking is broader than the Steering Committee group. He said if the Steering Committee were to reach a voluntary agreement that is in conflict with an OHIC policy or approach, OHIC would work constructively to seek alignment. Patrick indicated that that kind of approach is different than OHIC’s regulatory process.
- Al Kurose said he welcomed the discussion of VBP strategies. He stated the importance of figuring out how to get to the next step with VBP and cost trends. He noted it is an appropriate policy area for Steering Committee discussion and agreed that fee-for-service payment works against the Triple Aim.
- Betty Rambur emphasized how important it is that the Steering Committee look at all-inclusive total cost of care models with downside risk. She indicated that addressing social determinants of health in a meaningful way and moving away from a specialty-centric model are necessary.
- Teresa Paiva Weed echoed much of what other members said and stated that the Steering Committee should ensure that individuals representing behavioral health providers are included as members of any subcommittee discussing VBP.
- Ben Shaffer said that the benefit of the proposed approach was that it was multi-payer. He indicated that the coordination, scale, and principles of process like this were incredibly valuable and noted that the Cost Trends Project Steering Committee structure is one of the few places that lends itself to these conversations.
- Michele Lederberg agreed with Ben that having multi-payer support is valuable. She said not waiting until OHIC imposes something on payers is also beneficial.
- Stephanie De Abreu (*via Zoom chat box*) voiced support for achieving affordability through innovative payment models but noted that providers must be amenable to risk assumption. She added that the goal for the Steering Committee should be to find out how everyone can get to a comfort level on risk.”
- Michael Bailit noted that there was agreement to proceed with Cory’s proposal.

VI. Informational updates

- Patrick Tigie asked if Steering Committee members were comfortable with OHIC sharing the letter to the Governor as drafted (and shared with members in advance of the meeting). There were no objections.
 - *The letter was submitted to Governor McKee on March 23, 2021.*
- Patrick Tigie indicated that formal invitations and an agenda for the May 7, 2021 community public meeting were sent out and meeting planning was underway.
- Michael Bailit said that originally the project team planned to present the results of performance against the cost growth target at the State and market level during the March 22nd Steering Committee meeting. He indicated that the team was working through data submission corrections and clarifications and so results were not ready to be shared. Michael said the plan was to present the results at the State, market, insurer, and ACO / AE levels at the April meeting.

VII. Public comment

- There were no comments from the public.

VIII. Next steps and wrap-up

- Michele Lederberg said the next Steering Committee meeting will take place on April 29th from 1:30-3:00 pm.