NH HealthFirst Advisory Committee

10/09/2008

Meeting Minutes

Present:
Insurance Department staff Roger Sevigny, Commissioner, Alex Feldvebel, Deputy Commissioner, Leslie Ludtke, Health Care Policy Analyst, Michael Wilke, Life, Accident and Health Director, Tyler Brannen, Health Care Statistician. Governor's Office Katja Fox. Advisory Committee Members Rosamond Cain, Marilinne Cooper, Mary Ann Kristiansen, Robert Good, Senator Kathleen Sgambati, Tom Blais. Consultants Daniel Cronin, CGI, Jeff Watson, CGI, Robert Bergan, CGI, James Highland, Compass Health Analytics, Lisa Manderson, Compass Health Analytics, Heather Staples, Middleway Group.

Opening Remarks
Commissioner Roger Sevigny and Leslie Ludtke provided the opening remarks. Leslie indicated that the plan designs prepared for review at this session meet the target number. She also indicated, however, that the Department is getting guidance on the target number, and some changes may occur. The follow-up is in the hands of the Department, and they are seeking the soonest possible resolution on it.

Guidance from 09/18 Session
Heather Staples outlined the guidance from the Advisory Committee's 09/18 session, as follows:

- Consideration of a fund-based plan design, preferably an HSA;
- Consolidate and simplify the wellness incentive options;
- Create an illustrative pricing quote, with decrements for different plan options, to allow the Committee to be more deeply engaged in the decision-making process;
- Avoid select networks.

Plan Design

Lisa Manderson walked the Committee members through three different plan designs: A, B and C. Plan A was the initial plan design, reviewed with the members on 09/18, but with the addition of decrements for lesser plan design options, to minimize the gap. Lisa explained to the group that even with all of the lesser plan design options, Plan A would not meet the target, with the gap ranging from a low estimate of $19.12 pmpm and a high estimate of $32.67.

The group discussed what the family rate equivalent would be for the plan design. Leslie explained that this would be difficult to calculate as each insurance carrier had their own rating multipliers that they apply against the population average. They take the age and average contract sizes into consideration when developing their rating factor and some use a .9 x the base for a single, others might use 1.1 x the base. The same holds true for

family policies, where it is dependent upon their current and expected population and whether they offer Single plus Child or Single plus Children contracts. The group felt that it would be very helpful to understand what any of these plan designs would cost for the average family.

Lisa presented plan design B, which meets the target, but does so at a higher deductible, with an additional coinsurance applied for Hospital, Professional, Emergency Room and Radiological services. Preventive services are covered at 100% and Primary/Specialty copays are set at $20/$50. This design also had a two-tiered Prescription Drug copay at $10 Generic/$50 Brand. Chiropractic services were excluded and the Year 1 wellness incentives, in the form of gift cards, were eliminated.

Several Committee members felt that Chiropractic services should be included as they help to prevent unnecessary surgeries and should be part of a wellness design. Leslie and the consultants explained the rationale for excluding the services, which accounted for $2.61 pmpm. The prior benefit design had a $50 copay, which was effectively no coverage at all, given the average cost of a Chiropractic visit. The consultants further explained that all services were examined to try and bring the price down to the target, while concurrently preserving the wellness components.

The group had a long discussion about the drivers of cost in the system and the burden that hospital profits play. The Department explained that their authority was over the insurance carriers and not the hospitals, and as such, all they could do was make tools available such as NH Health Cost, and reports such as the Acute Care Hospital Comparison Report. The consultants further explained that they have done everything possible, within the context of the benefit design, to address utilization, cost and outlier facilities.

Several Committee members asked what they could do to affect change with respect to hospital profits, and Leslie said that real, concerted effort and presence at legislative hearings would help.

Robert Good asked about the administrative expense item in the price, which ranged from $47.13 pmpm to $53.48 pmpm for Plan B and was the second highest expense listed, after Hospital services. He asked what portion of this was profit, whether the actuary reduced the carrier profit assumptions, and what portion was overhead. Lisa explained that it is a combined number in the filings and cannot easily be broken out. She did indicate that she reduced the profit amount, but did not eliminate it. Robert said that he would like to see overhead rates for other carriers in other locations and that we should be working from a "plug" as there might not be enough discipline to manage expenses at the plans.

Lisa reviewed Plan C, which had higher deductible and out-of-pocket expense amounts, in exchange for lower copays for Primary and Specialty care. All other features of the plan design remained the same, and Plan C did meet the target as well.

Bob Bergan explained that each of the plan designs could be coupled with an HRA fund so that employers could mitigate some of the financial exposure for their employees. He reviewed the differences between an HSA and HRA for the Committee.

The group generally felt that the liability that would be assumed by the member was excessive, that Plan A was the most desirable, but understood that it did not meet the target. They wanted to see comparable administrative expense amounts.

Wellness

Heather Staples reviewed the changes to the wellness design, which included a removal of the gift cards as those had a direct cost of $7.30 pmpm. The deductible credit was maintained, as was the $500 per adult incentive for compliance with a Health Management program. The incentive was bundled, requiring completion of all 5 components, in order to earn it.

Heather reviewed the process flows for earning and obtaining the incentives.

The group felt that the incentives were not immediate enough, with all benefits inuring to the member in the second year. Whereas the actions we are asking the member to undertake are significant, a delayed reward is problematic. Leslie explained that anything more immediate either resulted in greater administrative expense on the part of the carriers, or a further gap in meeting the target.

In follow up, the Committee requested:

- They be provided with the details behind the data used for pricing;
- The Department invite outside, objective business owner perspectives on the plan design;
- A full pricing exercise be completed to illustrate the cost differences between the plans proposed and a comparable plan in the market today;
- Rates to include Single, Two Person and Family;
- Administrative expense comparison figures;
- More creativity with respect to wellness to provide some immediacy in reward.

The Committee was asked to review the plan designs in more detail and to share their thoughts with the Department and the Consultants, by submitting comments to healthfirst@ins.nh.gov or calling Leslie directly at 271-7973.

The next Advisory Committee meeting will be held on Monday, October 27th from 2:00 pm to 4:00 pm at the Insurance Department.