



Bending the Cost Curve in Health Care: State Regulatory Strategies

Kathleen C Hittner, MD
November 24, 2014

Office of the Health Insurance Commissioner (OHIC)



- ▶ The General Assembly created OHIC in 2004
- ▶ Only agency in the country solely dedicated to regulating health insurance
- ▶ OHIC is required to:
 - ▶ Guard the solvency of insurers
 - ▶ Protect the interests of consumers
 - ▶ Encourage the fair treatment of providers
 - ▶ Improve the health care system as a whole

[R.I. Gen. Laws § 42-14.5-2 \(the OHIC Purposes Statute\)](#)

Strategies for Bending the Cost Curve

- ▶ Encourage innovative insurance plan designs
- ▶ Delivery system transformation
 - ▶ Robust primary care and integrated provider entities like ACOs to improve care coordination.
- ▶ Payment reform
 - ▶ Introduce financial incentives for health spending management.
- ▶ Align state agencies and payers
 - ▶ Improves the scope of reforms and sends consistent signals to the market.

Bending the Cost Curve

- ▶ **Role of OHIC in Health Reform**
 - ▶ Set standards to ensure collective action among insurers in delivery system transformation and payment reform.
 - ▶ Set binding achievement targets to affect the direction and pace of reform.
 - ▶ Act as convener of stakeholders to achieve consensus on solutions.
- ▶ **Two levers:**
 - ▶ Rate review
 - ▶ Administrative rulemaking

Ongoing Efforts to Improve Affordability

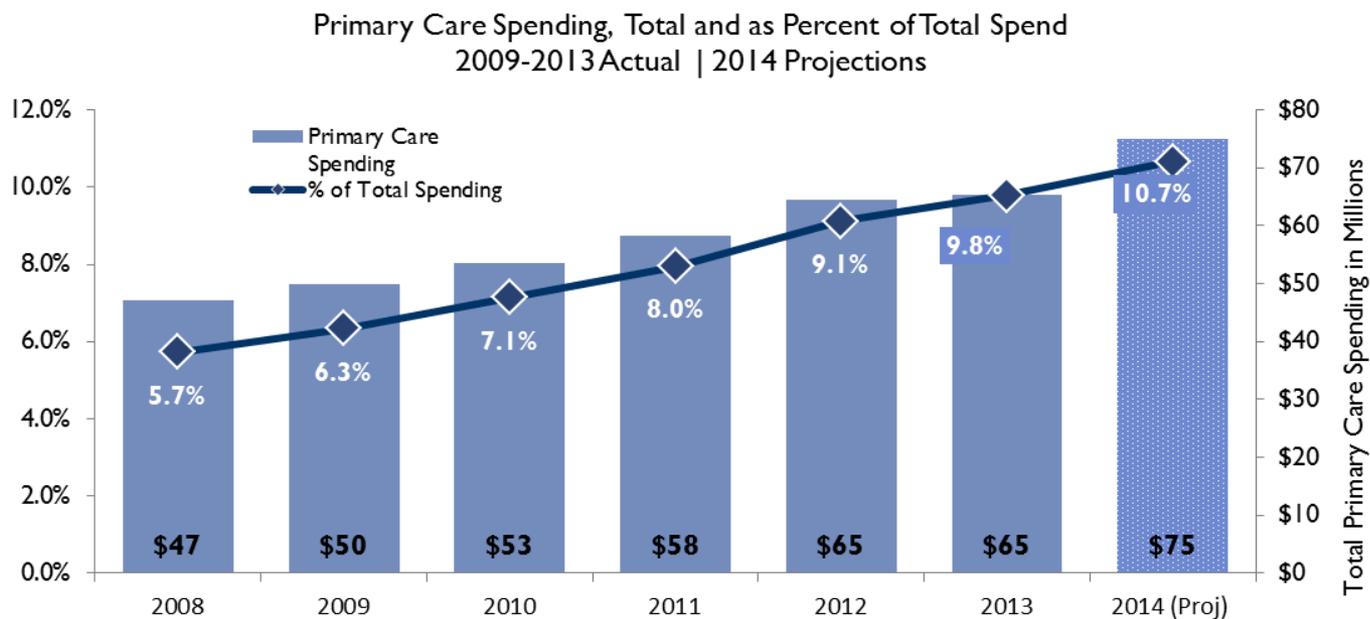
- ▶ **Effective annual review of insurer premium requests**
 - ▶ OHIC may approve, modify, or reject filings based on actuarial soundness and affordability

- ▶ **Affordability Standards**
 - ▶ Primary care investment
 - ▶ Patient-centered medical home expansion
 - ▶ Support for CurrentCare
 - ▶ Hospital contracting conditions

[OHIC Regulation 2](#)

Strengthening Primary Care

- ▶ Since 2010 OHIC has required insurers to increase investment in primary care without adding to premiums.
 - ▶ Insurers have been required to support patient-centered medical homes through CSI-RI.
 - ▶ Ongoing support for CurrentCare.



Patient-Centered Medical Homes

- ▶ OHIC has supported the development of a leading multi-payer medical home project, CSI-RI.
- ▶ PCMHs improve quality and may produce cost savings.

Total number of sites in CSI-RI applying for and achieving NCQA recognition from Jan-Dec 2013



Currently CSI includes 36 primary care practices (48 sites & 303 providers) and provides 220,000 Rhode Islanders access to high performing PCMHs.

Standards on Insurer Contracting

- ▶ OHIC's Hospital Contracting Conditions set standards around the terms insurers can agree to in their hospital contracts:
 - ▶ Set price increase limitations based on a CMS hospital input price index.
 - ▶ Require insurers to include a quality program with contracting hospitals.
 - ▶ Require that at least 50% of a hospital's annual rate increase be earned through achievement of performance measures.

Next Steps with Affordability Standards

- ▶ Continue to strengthen primary care and spread PCMHs.
- ▶ Promote population-based contracting to introduce financial incentives for provider management of patient health care spending.
- ▶ Transition from volume-based fee for service payment to alternatives that link payment to value.
- ▶ Build on hospital contracting conditions and tie hospital rate increases to changes in the Consumer Price Index Urban (Less Food & Energy) for the Northeast Region.