

# OHIC AFFORDABILITY STANDARDS

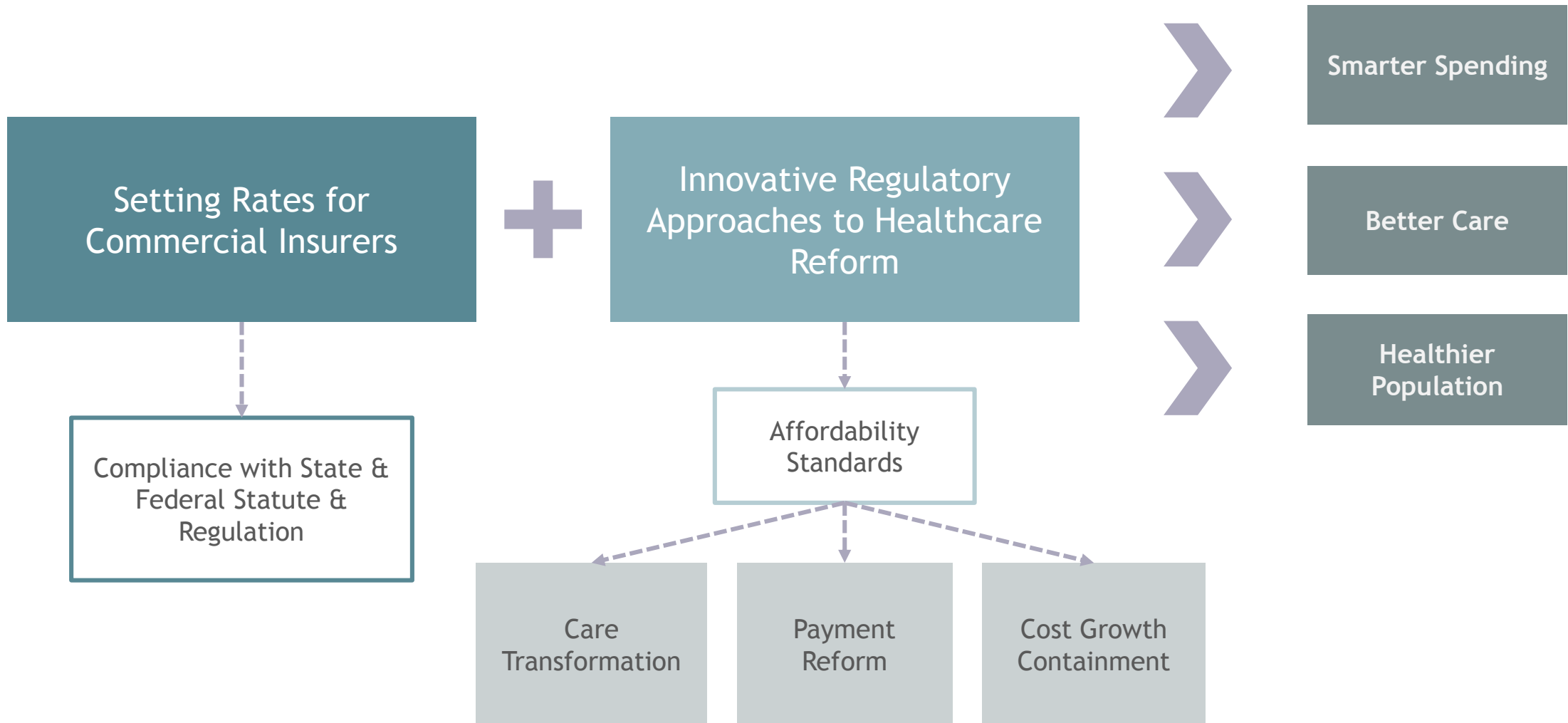
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Presentation to the SIM Steering Committee | March 8, 2018

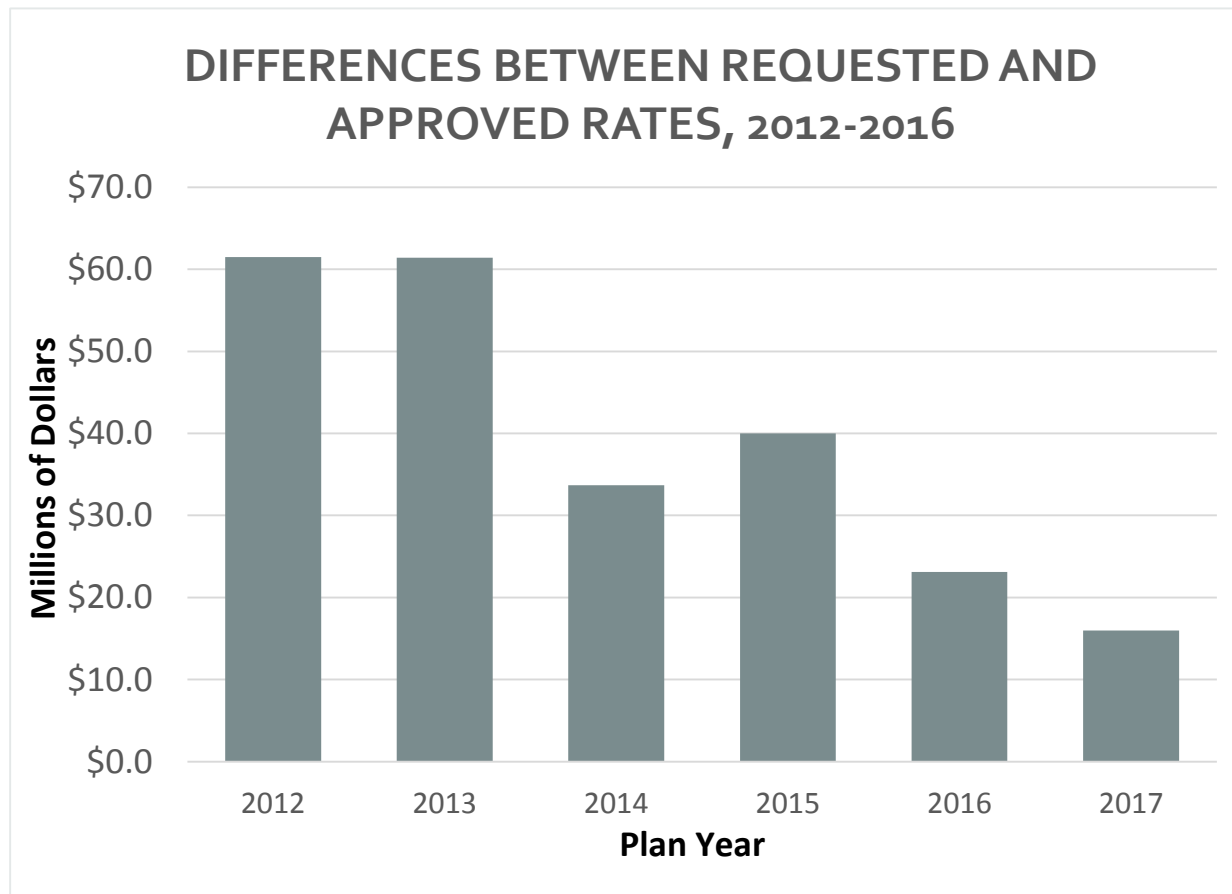
Marie Ganim, PhD, Health Insurance Commissioner



# OHIC Theory of Action



# Setting Commercial Health Insurance Rates



- Since 2012, OHIC's rate setting has saved Rhode Island \$235.7 million
- For 2018 Blue Cross and United plans, rate review will have saved the average policy holder \$168.74
- Decreasing discrepancy between requested and approved rates could indicate successful policy by driving down underlying medical trend (i.e., the Affordability Standards)

# Innovative Regulation: OHIC Affordability Standards

The Affordability Standards were written into regulation in 2010 to influence the affordability of healthcare by focusing on three key strategies:



## Care Transformation

Improving the efficiency and quality of care by transforming primary care practices



## Payment Reform

Moving from volume to value by increasing the amount of payments that are tied to quality and cost efficiency



## Cost Growth Containment

Slowing the rate of rising healthcare costs by limiting the rate increases of hospital based services and ACO total cost of care budgets

# Reforming Payment Models

The Affordability Standards aim to reduce Fee-for-Service payments, which incentivize unnecessary volume, and increase the uptake of Alternative Payment Methodologies (APMs) that incentivize better quality and more efficient care delivery

OHIC uses its regulatory authority to compel insurers to meet targets:

- Payments made in APMs
- Payments made in Non-FFS APMs (subset of first target)
- Risk Based Contracting

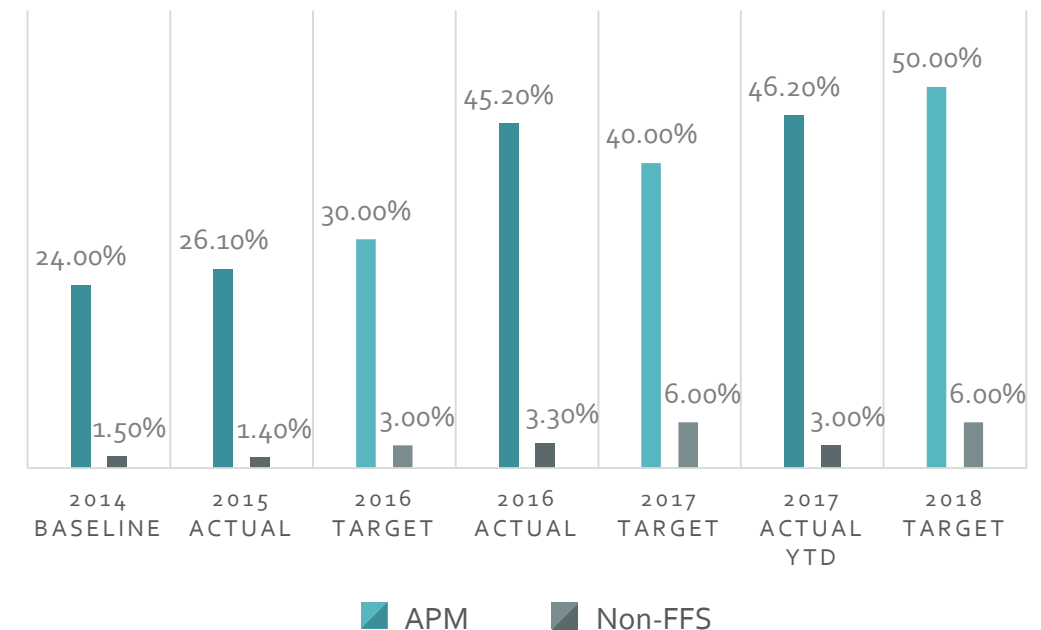
APM Advisory Committee is convened every Fall to:

- Evaluate progress
- Revisit assumptions
- Set new targets
- Formalize an annual plan to encourage system-wide APM uptake

# Reforming Payment Models

- **2018 Targets:**
  - APM: 50% of insured medical payments in APMs
  - Non-FFS: 6% of insured medical payments in Non-FFS APMs
  - Risk Based Contracts: 10% of insured covered lives (must meet meaningful downside risk thresholds)
- Medicaid & OHIC are aligned on APM targets, definitions, and quality measures align with OHIC's

## APM AND NON-FFS TARGETS AND PERFORMANCE



# Transforming the Healthcare Delivery System

The Affordability Standards aim to transform the way primary care is delivered in Rhode Island by systematically encouraging the adoption of the Patient Centered Medical Home (PCMH) model.

## Three Part Definition of PCMH

- NCQA designation OR participation in a formal transformation initiative
- Cost management
- Meaningful performance improvement

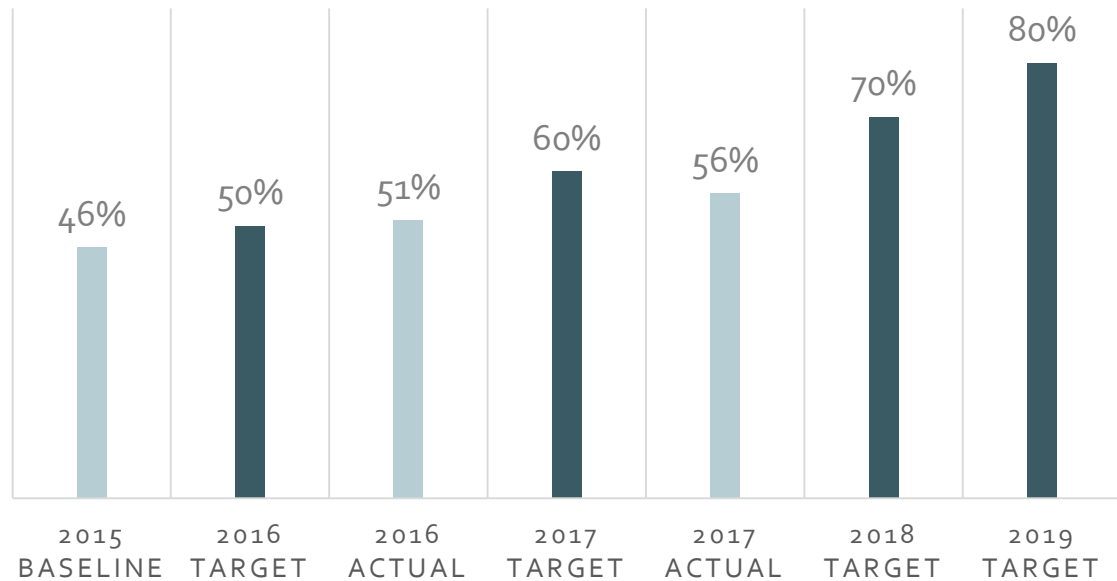
## Financial support of PCMH

- Commercial insurers must support transformation through infrastructure payments and sustainability payments

Care Transformation Advisory Committee meets annually to formalize an annual plan

# Transforming the Healthcare Delivery System

## CARE TRANSFORMATION PCMH TARGETS



- **Target:** 80% of primary care practices contracting with each health insurer will be designated Patient Centered Medical Homes (PCMHs) by the end of 2019
- 2018 Target focuses on practices within an ACO that are not yet PCMH.
- In 2018 OHIC will formally recognize ACOs as transformation agents
- Medicaid is aligned in promotion of a transformed primary care infrastructure *as a payer*



# Statewide Health System Transformation

## Aligned Vision

### Changing the way care is financed

- Incentivizing efficiency
- Focused on quality
- Moving toward accountability

### Enhancing the way care is delivered

- Data Driven
- Integrated
- Team Based
- High level of coordination
- Supported by HIT

## Different Tools

### OHIC

- Regulation/Oversight of Commercial insurers
- Rate Setting

### Medicaid

- Payer
- Oversight of MCOs



# THANK YOU

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