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**Comments on the BridgeSpan Health Company  
Proposal for Individual Health Rates  
Effective January 2014**

**Filing # RGAC-129006490**

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**Health Insurance Rate Watch**  
*A Project of OSPIRG Foundation*

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The authors bear responsibility for any remaining factual errors. The views expressed in this report are those of the authors, and do not necessarily reflect the views of our funders, advisory committee, or those who provided analysis and review.

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## Executive Summary

BridgeSpan Health Company—a new health insurer affiliated with Regence BlueCross BlueShield of Oregon through a parent company, Cambia Health Solutions—has proposed premium rates for its individual and family plans for 2014.

Thanks to a new law requiring all Oregon insurers to offer standard plans, it is now possible to compare proposed rates apples-to-apples across Oregon’s insurers for the first time. In our analysis of this and other filings, we examine the premium proposed for one of these standard plans, the Oregon Standard Bronze plan for a 40-year-old nonsmoker in the Portland Metro area. This allows us to make meaningful comparisons across insurance companies.

BridgeSpan Health Company is proposing a rate of \$244 for this benchmark plan.<sup>1</sup>

Oregon’s health insurance rate review program, administered by the Oregon Department of Consumer and Business Services (DCBS), serves as a critical backstop to protect Oregon individuals and families purchasing coverage on their own from paying unreasonable premium rates.

With federal health reform bringing important new consumer protections into effect in 2014, many more Oregonians will be able to access coverage, and health insurance benefits and out-of-pocket costs will change substantially for many Oregonians. These changes make it more urgent than ever to ensure that premium rates are justified, and that consumers receive good value for their premium dollar.

OSPIRG Foundation worked with the actuarial firm AIS Risk Consultants to analyze BridgeSpan’s rate filing. We examined the insurance company’s justification for the proposed rates, the financial position of the insurer, and how the rates would impact Oregonians if approved. Our staff and consulting actuary also reviewed additional information made available by BridgeSpan.<sup>2</sup>

After careful analysis of BridgeSpan’s initial filing and the supplemental information provided so far, we are concerned that the insurer has not provided sufficient information to evaluate the justification for their proposed rate.

### Key Findings:

- **We are concerned that BridgeSpan’s projection of an 8.2% trend for medical costs has not been justified by the documentation provided.** With a number of major national studies demonstrating a substantial slowdown in health care cost growth in recent years, BridgeSpan’s projections deserve close scrutiny.

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<sup>1</sup> BridgeSpan’s “sister” company Regence received approval for a rate increase for its individual plans last year, an 8.9% change effective as of November 1, 2012. Regence had initially requested an increase of 9.6%, but DCBS approved the lower value. OSPIRG Foundation also submitted comments on Regence’s filing. See DCBS, Rate Filing Decision Summary – Regence BlueCross BlueShield of Oregon Individual Health Plan, at <http://www.oregonhealthrates.org/index.cfm?B64=nZzVWZjFGdvljbo12bl1TJFJ2cvhyd1UmRvR2Yn1XbmQGdft3cmJ2XpZGbul1Zk92b9MzMzkWM%3D%3D>

<sup>2</sup> As part of this process, OSPIRG Foundation submitted questions to the insurer on May 20. BridgeSpan provided responses on May 27.

- **BridgeSpan’s projection of an additional 26.6% increase in claims costs due to the health status of the newly insured is very high and has not been justified.** The exact cost impact of expanding coverage remains unclear, but BridgeSpan’s projection is on the high end and should be scrutinized closely. Some experts have predicted that covering the currently uninsured will prove to reduce costs, since many uninsured individuals are young and healthy, and incur few medical costs.
- **BridgeSpan failed to adjust its cost projections to reflect a reduction in “bad debt” due to the expansion of coverage as the Affordable Care Act (ACA) comes fully into effect.** With hundreds of thousands of Oregonians newly eligible for coverage in 2014, uncompensated care is sure to decline, and this benefit should be passed along to consumers in the form of lower rates. BridgeSpan’s filing indicates a number of areas where ACA provisions may increase costs, but does not include this key area where reform will lead to lower costs.
- **When it comes to reducing costs and improving the quality of care, it is not clear that BridgeSpan is doing all it can.** BridgeSpan reported taking steps to reduce health care cost in ways that improve quality for patients in only three of the six areas we track, and the insurer did not provide enough data to meaningfully evaluate its cost containment strategy.

Before deciding to approve or deny this rate request, we urge the Insurance Division to scrutinize the issues raised here, require BridgeSpan to provide all documentation necessary to evaluate their proposal, and to implement a concrete, achievable plan to contain costs for Oregon individuals and families.

## Key Features & Insurer Information

Key features of the rate proposal	
State tracking # for this filing	RGAC-129006490
Name of health insurance company	BridgeSpan Health Company (all historical data from Regence)
Type of insurance	Individual

Proposed Rate	
Standard Bronze	\$244
Standard Silver	\$288
Standard Gold	\$333
% premium to be spent on medical costs	81.00%
% premium to be spent on administrative costs	18.00%
% premium to be spent on profits	1.00%

Basis for rate	
Medical cost trend	8.20%
Rx cost trend	8.20%
Cost due to health status of new customers (under federal health reform)	26.60%

Insurer's history of rate increases		
	Requested	Approved
2009	14.70%	14.70%
2010	23.60%	16.00%
2011	22.10%	12.80%
2012	9.60%	8.90%

Enrollment	
Year	Members
2006	88,647
2007	102,800
2008	88,340
2009	79,054
2010	65,483
2011	59,447
2012	52,516

### Insurer information

Basic Information (BridgeSpan)	
For profit or non-profit:	For profit
State domiciled in:	Utah

Insurer's financial position	
Year	2011
Surplus	\$522,000,538
Investment earnings	\$36,309,659

Surplus History (Regence)	
Year	Amount in Surplus
2006	\$533,543,425
2007	\$552,188,131
2008	\$486,124,238
2009	\$565,197,607
2010	\$544,200,000
2011	\$522,000,538

\*\*Proposed rates\* are for a benchmark population--a 40-year old nonsmoker in the Portland area

A Bronze plan will pay about 60% of the average policyholder's medical costs in a year; a Silver plan will pay about 70%, and a Gold plan will pay about 80%. For more information about the Oregon Standard plans, see [http://www.oregonhealthrates.org/files/plan\\_summary.pdf](http://www.oregonhealthrates.org/files/plan_summary.pdf)

## Discussion of rate filing

In each of the sections below, we discuss key questions about the rate filing and its impact on Oregonians.

In our detailed discussion of the rate filing, we provide analysis of information provided in the initial rate filing as well as supplemental information from the insurer in response to questions from DCBS and OSPIRG Foundation. All of this information is public record and is or will be available on the Oregon Insurance Division's rate review website, [www.oregonhealthrates.org](http://www.oregonhealthrates.org).

## Examining the justification for the proposed rates

### *BridgeSpan and Regence BlueCross BlueShield*

BridgeSpan is a new entrant into Oregon's Individual market. As such, its projections of future costs cannot be based on the insurer's own unique data, and are based instead on the experience of Regence BlueCross BlueShield of Oregon, one of its "sister companies;" both insurers are subsidiaries of Cambia Health Solutions.<sup>3</sup>

Since BridgeSpan and Regence are related companies, BridgeSpan used Regence's current experience as a starting point. However, there are critical differences between the companies.

The for-profit BridgeSpan intends to offer plans on Oregon's health insurance exchange, Cover Oregon, while the non-profit Regence does not, and as a new carrier, it lacks Regence's name recognition. It is likely that the two companies will serve somewhat different customer bases, as not all of Regence's current customers who choose to purchase through the exchange will choose BridgeSpan, and some portion of BridgeSpan's customers will be previously uninsured individuals.

Regence has implemented larger premium increases over the past few years than many of its competitors. Given the differences outlined above, it is unclear whether Regence's experience serves as a suitable guide to the costs BridgeSpan will face. We urge DCBS to consider these differences carefully when evaluating BridgeSpan's justification for its proposed rate.

*BridgeSpan's projection of an 8.2% trend for medical costs has not been justified by the documentation provided.*

A number of major national studies have demonstrated a substantial slowdown in health care cost growth in recent years; from 2009 to 2011, health care spending per capita rose about 3% per year.<sup>4</sup> According to a more recent study, health care prices have increased only 1.1% over the past year, with total expenditures—including both price and utilization—increasing 4.2%.<sup>5</sup>

BridgeSpan's projection of a cost trend higher than the national average going forward deserves close scrutiny, since many experts expect that health care cost growth will remain low in the medium term.<sup>6</sup>

BridgeSpan did not provide sufficient information to enable independent evaluation of their claims about growth in medical costs. In their filing, BridgeSpan states that their 8.2% trend is based on

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<sup>3</sup> According to Schedule Y, Part 1 of BridgeSpan's Annual Statement, BridgeSpan is owned by Regence BlueCross BlueShield of Utah. Regence BCBS in both Utah and Oregon are owned by Regence Insurance Holding Corporation, which in turn is owned by Cambia Health Solutions.

<sup>4</sup> CMS. National health expenditure accounts: historical national health expenditures by type of service and source of funds, CY 1960–2011 <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/>

<sup>5</sup> Altarum Institute, Center for Sustainable Health Spending. June 2013 Health Sector Economic Indicators. Available at <http://www.altarum.org/research-initiatives-health-systems-health-care/altarum-center-for-studying-health-spending/health-indicator-reports>

<sup>6</sup> Alexander J. Ryu, Teresa B. Gibson, M. Richard McKellar, and Michael E. Chernew. "The Slowdown In Health Care Spending In 2009–11 Reflected Factors Other Than The Weak Economy And Thus May Persist." Health Affairs, May 2013. <http://content.healthaffairs.org/content/32/5/835.abstract>

projecting forward from their 7% “normalized historical trend” using an internally developed 8.6% “rating trend” that was not supported by data provided in the filing. When questioned about the calculations and methodology underlying these trend projections, BridgeSpan did not supply additional information but directed reviewers back to the information provided in the filing.

The urgency of scrutinizing the basis for these projections becomes clearer in light of the fact that Regence BlueCross BlueShield—BridgeSpan’s “sister” insurer whose experience forms the basis for BridgeSpan’s projections—submits information in its own rate filing that strongly suggests that its cost projections for the current plan year were off the mark.<sup>7</sup>

	Expected 10/1/11 – 9/30/12	Actual 1/1/12 – 12/31/12
Projected Claims	85.1%	79.7%
Operating Expenses	21.3%	20.2%
Profit	-6.4%	0.1%

While these time periods do not match up exactly, lower claims costs in the period 1/1/12 – 12/31/12 can only be explained by either the excessiveness of the Regence projection, or by a much lower level of health care spending in the final quarter of 2012 than in the final quarter of 2011, which is not consistent with the data BridgeSpan has presented.<sup>8</sup>

Furthermore, the 8.2% medical trend being used by BridgeSpan is significantly higher than that used by many other insurance companies in the current rate filing period. There is no reason to believe that the underlying economic, demographic and medical issues that impact cost changes should result in a trend that is unusually high for BridgeSpan in comparison to other insurers.

All these issues raise questions about the reliability of the projections being used to determine BridgeSpan’s premium rates. We urge DCBS to scrutinize the methods used to develop these projections closely to ensure that BridgeSpan customers are not charged more than necessary based on methodologies that have proven to be unreliable in the recent past.

*BridgeSpan’s projection of a 26.6% increase in claims costs due to the health status of the newly insured is very high and has not been justified*

Experts differ in their estimates of the health status of the current uninsured and the impact this may have on the costs insurers will face when, starting in 2014, many more Americans will be able to purchase health coverage.

While some projections have estimated even higher cost impacts than BridgeSpan’s projection in the current filing, many—including many of BridgeSpan’s competitors in the current rate filing period—have made much lower projections. Some experts have predicted that covering the currently uninsured will prove to reduce costs, since many uninsured individuals are young and healthy, and incur few medical costs.

<sup>7</sup> See Filing Description – Prior Filing Information section of Regence’s current Individual filing:  
<http://www.oregonhealthrates.org/index.cfm?B64=nZzVWZjFGdvljbo12bl1TJFJ2cvhyd1UmRvR2Yn1XbmQGdft3cmJ2XpZGbul1Zk92b9MDN1EgN%3D%3D>

<sup>8</sup> See BridgeSpan’s Trend Information and Projection section.

A study commissioned by CMS suggests that the majority—about 69%—of the currently uninsured have better-than-average health status.<sup>9</sup> A key consideration in determining the cost impact of expanding coverage to the uninsured is estimating how many of these healthy individuals and families will enroll, which will depend in large part on the success of the large-scale outreach, public education and enrollment efforts that the state and federal governments will undertake over the coming year. The extent of the success of these endeavors is difficult to predict, but consumers should not be made to pay extra for coverage on the assumption that coverage expansion efforts will fail.

The exact cost impact of expanding coverage remains unclear, but BridgeSpan’s projection is on the high end and should be scrutinized closely. BridgeSpan did not supply sufficient information in its initial filing to enable independent evaluation of the basis for this projection. In the insurer’s response to questions regarding the development of this projection, BridgeSpan did not provide additional supporting calculations.<sup>10</sup>

### *Impact of federal health reform*

BridgeSpan failed to adjust its cost projections to reflect a reduction in “bad debt” due to the expansion of coverage as the Affordable Care Act (ACA) comes fully into effect.

Hundreds of thousands of Oregonians are expected to gain access to health coverage over the coming year when Cover Oregon coverage becomes available, enabling access to tax credits to pay for coverage, and as the state expands its Medicaid program.

Among the many benefits of this expansion will be a significant reduction in uncompensated hospital care for uninsured and underinsured individuals. Since the uninsured are rarely in a position to pay for their own care out of pocket, and underinsured individuals are frequently unable to cover all of the out-of-pocket costs associated with their plans, the cost of providing needed care is often shifted onto the rest of us and is reflected in the reimbursement rates insurers pay hospitals and doctors for various services.

This is the so-called “bad debt” factor, and the anticipated reduction in bad debt should exert substantial downward pressure on hospital rates.

BridgeSpan’s filing states that “Potential contractual savings from the reduction of ‘bad debt’ due to ACA coverage expansion have been considered in this filing and are not expected to materially impact short-term trend.”

While the cost impact of reducing bad debt can be expected to become clearer—and to grow—over time, there is good reason to believe that uncompensated care will go down substantially even in the first year of the coverage expansion.

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<sup>9</sup> <http://marketplace.cms.gov/ExploreResearch/social-marketing-research-for-the-health-insurance-marketplace.pdf>, see page 8.

<sup>10</sup> BridgeSpan’s response to OSPIRG Foundation RFI 1(N) dealing with the “Pool Morbidity Adjustment” referred back the original filing and a different response which did not provide information relevant to the derivation of that value.



According to the Office for Oregon Health Policy and Research, uncompensated care cost Oregon hospitals over \$1 billion in 2008 alone.<sup>11</sup> The primary driver of these costs is the health needs of Oregon's estimated 636,000 uninsured individuals.<sup>12</sup> Oregon's Medicaid expansion is expected to cover at least 222,000 currently uninsured individuals,<sup>13</sup> and according to a conservative estimate, at least 60,000 currently uninsured individuals will receive coverage in Oregon's individual market in 2014.<sup>14</sup>

With nearly half of currently uninsured Oregonians expected to gain coverage in 2014, uncompensated care is sure to decline—most likely by tens or hundreds of millions of dollars statewide—and this benefit should be passed along to consumers in the form of lower rates. BridgeSpan's filing includes allowances for a number of areas where ACA provisions may increase costs, but does not include this key area where reform will lead to lower costs.

### *Other factors*

In addition to outstanding questions regarding BridgeSpan's cost trend projections, the insurer has not done enough to justify some of the other key factors affecting their premium rates. For example, the insurer projects a 1.7% increase—or \$5.33 per member per month—due to an anticipated new mandate to cover Applied Behavioral Analysis therapy for children with autism. This cost projection is significantly higher than other estimates and should be scrutinized closely. Another insurer, Kaiser Foundation Health Plan of the Northwest, found that they were able to cover the cost of this benefit for only \$1.00 per member per month in a small group filing approved last year.<sup>15</sup>

## **Cost impact of proposed rates**

### *Total cost of BridgeSpan's plans*

Taking into account premiums, deductibles, coinsurance and other forms of cost-sharing, the total cost of coverage for BridgeSpan's plans would be substantial.

Federal tax credits will help eligible individuals and families cover some of the cost of premiums and out-of-pocket expenses,<sup>16</sup> but the cost of the proposed rates should be considered on its own merits. The role of rate review is to ensure that the rate is appropriate for the benefits offered, whether the cost is borne by the policyholder directly or by the taxpayer in the form of subsidies.

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<sup>11</sup> See [http://www.oregon.gov/oha/OHPR/RSCH/docs/uncompensated\\_care/uncompensatedcarerends\\_08.pdf](http://www.oregon.gov/oha/OHPR/RSCH/docs/uncompensated_care/uncompensatedcarerends_08.pdf)

<sup>12</sup> See <http://www.cbs.state.or.us/ins/consumer/federal-health-reform/wakely-aca-actuarialanalysis-20120731.pdf>, page 14.

<sup>13</sup> See <http://www.oregon.gov/oha/Documents/MedicaidExpansion-EstimatedFinancialEffects.pdf>, page 4.

<sup>14</sup> See <http://www.cbs.state.or.us/ins/consumer/federal-health-reform/wakely-aca-actuarialanalysis-20120731.pdf>, page 29

<sup>15</sup> See Kaiser's filing here:

<http://www.oregonhealthrates.org/index.cfm?B64=nZzVWZjFGdvljbo12bl1TJFJ2cvhyd1UmRvR2Yn1XbmQGdft3cmJ2XpZGbul1Zk92b9MzMzYgM%3D%3D>; the ABA mandate is discussed in the Small Group Rate Tables and Factors section.

<sup>16</sup> For information about eligibility for these federal tax credits, see [www.coveroregon.com](http://www.coveroregon.com), the website for Oregon's Health Insurance Exchange. Since the amount of premium assistance available via tax credit is pegged to the second-cheapest Silver plan available in a state's Individual market, and Oregon premium rates have not yet been approved, it is impossible to project the impact of financial assistance precisely at this time.

The following case studies illustrate the total potential costs that BridgeSpan policyholders may accrue in the event of serious illness or other medical need.

<b>Policyholders</b>	<b>Plan</b>	<b>Annual premium</b>	<b>Out-of pocket max (deductible + coinsurance + copays)</b>	<b>Total potential cost</b>
Sam, 32	Oregon Standard Bronze	\$2,712	\$6,350	\$9,062
Sarah and George, 50	Oregon Standard Silver	\$9,648	\$12,700	\$22,348
Eric and Cynthia, 45, and their two children	Oregon Standard Gold	\$12,859	\$12,700	\$25,559

These total potential cost calculations represent worst-case scenarios, but whether these costs are borne directly by policyholders or covered in part by taxpayers, they are substantial.

The case studies below illustrate the financial impact of a more likely, though still expensive, scenario: The total cost of an individual medical expense (such as childbirth or an inpatient hospitalization) costing \$10,000.

<b>Policyholders</b>	<b>Plan</b>	<b>Annual premium</b>	<b>Deductible + Coinsurance</b>	<b>Total cost after premium and \$10,000 claim</b>
Sam, 32	Oregon Standard Bronze	\$2,712	\$5,000 + \$1,350	\$9,062
Sarah and George, 50	Oregon Standard Silver	\$9,648	\$5,000 + \$1,500	\$16,148
Eric and Cynthia, 45, and their two children	Oregon Standard Gold	\$12,859	\$2,600 + \$740	\$16,199

As the chart above demonstrates, higher-value plans such as the Oregon Standard Gold plan<sup>17</sup> reduce out-of-pocket exposure to financial risk in the case of medical need, but total costs remain high and will be burdensome on Oregon families and federal budgets.

The out-of-pocket maximums above were established by the ACA cannot be changed in the rate review process, but we urge DCBS to take these costs into account when evaluating whether the coverage provided by Moda's insurance products is worth the proposed premium cost.

<sup>17</sup> Gold plans can be expected to cover about 80% of the average person's medical cost in a year, which is higher than Silver (70%) or Bronze (60%).

### *Comparison with current rates*

It is impossible to make apples-to-apples comparisons between the proposed rates and the rates BridgeSpan offers today, due to new coverage requirements and other consumer protections that will be going into effect next year. Also, BridgeSpan is a new entrant into the market and does not currently offer plans.

However, the \$244 benchmark rate does represent a significant increase from the rate for the closest comparable plan BridgeSpan's "sister" insurer Regence BlueCross BlueShield offers today. Regence's Evolve Core \$5000 deductible plans, which offer the closest equivalent to the benefits and out-of-pocket costs in the Oregon Standard plans, range from \$164 to \$185 in monthly premium today.<sup>18</sup> This means that current Regence customers wanting to purchase similar coverage through BridgeSpan will face increases ranging from about 32-48%.

While many customers will have access to premium assistance tax credits, and will have substantially expanded options for finding coverage elsewhere through Cover Oregon, these increases are very large and, if approved, the impact of these rates will be substantial.

### **Insurer's efforts to reduce medical costs while improving quality**

Rising medical and prescription drug costs are far and away the most significant driver of rising health insurance costs. Health insurance companies have a significant role to play to help lower these underlying costs – not by cutting access to needed care – but by cutting waste and working with providers in their networks to focus on prevention and other proven strategies that keep patients healthier.

Reporting on efforts in this area as part of the rate filing is relatively new for insurers. From the consumer perspective, we are looking for a frank discussion of the insurer's approach to contain costs in ways that cut waste and improve quality.

In this analysis, OSPIRG Foundation tracks the insurer's reported efforts to implement six strategies understood to effectively reduce costs and improve quality, outlined through the chart below.

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<sup>18</sup> For the same reference population: A 40-year-old single non-smoker in the Portland Metro area. See <http://www.regence.com/productFilter.do?id=Standard> for detailed plan and premium information for Regence's current plans.

### Insurer's Cost and Quality Initiatives

Initiative	Description	Insurer's current efforts	Projected Savings
Quality pricing, also known as "payment reform"	In contrast with the fee-for-service payment model, this model rewards providers that use best practices to help keep patients as healthy as possible.	New quality scoring and provider reward system mentioned but not described in detail	Not specified
"Medical Home" initiatives	Coordinated patient-centered care that focuses on prevention and keeping patients healthy and out of the ER.	Regence BCBS medical home pilot will not be available to BridgeSpan Individual customers.	N/A
Value based benefits	Plans with lower co-pays for treatment proven to be effective, and higher cost sharing for unnecessary procedures. Some insurers use this term to describe plans with higher cost sharing for specialty care or brand-name drugs.	None.	N/A
Chronic disease management	Case management and other tools to improve the health of patients with chronic disease. <sup>19</sup>	Inpatient management program	Not specified
Reducing hospital readmissions	Working with providers to ensure that discharged patients have adequate follow up care.	Discharge management program	Not specified
Reducing errors, hospital-acquired infections and other adverse events.	This includes not reimbursing providers for "never events," and incentives to encourage provider safety practices.	No specific initiatives outlined	Not specified

In its initial filing, BridgeSpan reported taking steps to reduce health care cost in ways that improve quality for patients in only two of the six key areas we track. In response to questions, the carrier explained its efforts in other important areas, but did not provide detailed cost savings or health outcome data for any of its specific programs.

BridgeSpan's steps to reduce health care cost in ways that improve quality for patients include a new physical medicine management program and expansion of Regence's existing inpatient and discharge management programs, as well as a briefly outlined plan to implement a quality pricing scheme based on a version of a global budgeting methodology.

BridgeSpan estimates that its cost containment programs will lead to \$0.32-\$0.76 million in savings for its Individual market customers. To put these figures in context, this represents about 0.3%-0.7% of BridgeSpan's projected total premium for 2014. BridgeSpan and Regence are to be commended for the

<sup>19</sup> Such as diabetes, asthma, depression, coronary artery disease, and congestive heart failure

work they are putting in to determining the quantitative impact of their cost containment efforts. However, since many experts estimate that a third or more of all health care spending is wasted on things that do not improve health,<sup>20</sup> it seems likely that BridgeSpan could do much more in this area.

In response to questions from OSPIRG Foundation, BridgeSpan revealed more information about their quality improvement and cost containment efforts, including an example of how the insurer calculates cost savings resulting from one cost containment program that enables the insurer to recover funds in the event of an accidental overpayment to a provider.

However, it remains unclear whether BridgeSpan is doing everything it can in this critical area. Key strategies not outlined in BridgeSpan's filing include implementing a Medical Home model of service delivery and implementing value-based benefit designs. While BridgeSpan's "sister" insurer Regence is involved in a Medical Home pilot program, the program is concluding at the end of the year and is not expected to be available for BridgeSpan members.

In response to OSPIRG Foundation questions, BridgeSpan references other cost containment efforts not outlined in the filing without outlining those programs, and the associated savings, in any detail. Without a more comprehensive overview of the insurer's cost containment efforts, it is difficult to evaluate the insurer's overall strategy.

We encourage the insurer to redouble its efforts in this critical area, while addressing the questions raised here to help the public and policyholders understand the breadth and depth of the company's cost and quality improvement programs. We additionally urge DCBS to encourage BridgeSpan and other carriers to seek and submit more detailed measures of the success of cost containment and quality improvement programs, and associated savings, as part of the rate review process, so that expected reductions in costs can appropriately be passed through to policyholders.

## Conclusion

BridgeSpan has not adequately justified its proposed rates.

OSPIRG Foundation is concerned that BridgeSpan has not provided enough data to support its projections of the cost of covering the currently uninsured as well as its projections of medical and prescription drug cost trends, and that the insurer has not done enough to pass along to consumers the cost savings associated with health reform.

We are also concerned that BridgeSpan has not provided information about its cost containment and quality improvement programs sufficient to enable independent evaluation of adequacy of the insurer's strategy in this key area.

We respectfully urge DCBS to closely examine these issues, as well as all the others raised through these comments, as it completes review of this rate proposal.

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<sup>20</sup> Institute of Medicine, *Best Care at Lower Cost: The Path to Continuously Learning Health Care in America* (2012), available at <http://iom.edu/Reports/2012/Best-Care-at-Lower-Cost-The-Path-to-Continuously-Learning-Health-Care-in-America.aspx>