July
2014

Comments on the UnitedHealthcare Insurance Company Proposal for Small Group Health Rates Effective January 2015

Filing # UHLC-129570725

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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This publication was made possible by Grant Number IPRPR0057A from Department of Health and Human Services Center for Consumer Information and Insurance Oversight. Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the Department of Health and Human Services Center for Consumer Information and Insurance Oversight.

Executive Summary

Most of UnitedHealthcare Insurance Company's almost 17,000 small group members, from over 1,300 small businesses across Oregon, will see rate increases of 11.8% on average, and as high as 19.2%, if the premium rate hike proposed by United is approved. This and the related UnitedHealthcare of Oregon rate filing are the largest rate hike proposals for Oregon's small group market.

The main reasons given for this increase include the insurer's projection that medical and prescription drug costs will increase by 8.1% in the upcoming year, and that the worsening health status of the Small Group market will drive up costs.

After analysis of United's filing and supplemental information provided by United and the Oregon Department of Consumer and Business Services (DCBS), we conclude that the insurer has not justified their proposed rate increase.

Key Findings:

- **United did not adjust its cost projections to reflect a reduction in "bad debt" from the Affordable Care Act's expansion of coverage.** With over 400,000 Oregonians newly signed up for coverage in 2014, rates of uncompensated care are beginning to decline. This benefit should be passed along to consumers in the form of lower rates.

- **United's medical and prescription drug cost trend projections are higher than many of their competitors, and are insufficiently supported.** United's trend projections are also higher than widely-cited independent projections of marketwide trends.

- **United appears to have included a hidden profit margin of 1% in their projection of medical trend.** Also known as a margin or fluctuation factor, this practice is not allowed under Oregon's health insurance rate review rules. If DCBS confirms this analysis, this margin should be removed from the rate for United's small business members.

- **United's projection of increasing costs due to the worsening health status of its customers is insufficiently supported.** Next year, it is widely expected that the mix of customers enrolling in health coverage will be younger and healthier than those who signed up for 2014, which may bring down costs. Especially in a context in which some insurers are projecting decreases in costs due to this factor, United does not provide enough evidence to support their projection.

- **When it comes to reducing costs and improving the quality of care, it is not clear that United is doing all it can**. New health care quality, cost and utilization metrics submitted for informational purposes show that United has high utilization and costs for emergency room and inpatient care in comparison to most of their competitors. In addition, its performance on a measure of mental health follow-up care is below statewide benchmarks. Further inquiry should be made into the causes of these metrics to ensure United is doing everything possible to cut waste and improve quality of care.

Before deciding to approve or deny this rate request, we urge the Insurance Division to scrutinize the issues raised here, require United to provide all documentation necessary to evaluate their proposal,

and to implement a concrete, achievable plan to contain costs for Oregon small businesses and employees.

Key Features & Insurer Information

Key features of the rate proposal	
State tracking # for this filing	UHLC-129570725
Name of health insurance company	UnitedHealthcare Insurance Company
Type of insurance	Small Group

Proposed Rates*	Rate	Increase from 2014
Standard Bronze	$318	13%
Standard Silver	$372	13%
Standard Gold	N/A	N/A
% premium to be spent on medical costs		81.00%
% premium to be spent on administrative costs		16.00%
% premium to be spent on profits		3.00%

Basis for rate - Key factors	
Medical cost trend	8.10%
Rx cost trend	8.10%
Cost due to health status of new customers	2.4-3.5%

Insurer's history of rate increases	**Requested**	**Approved**
2009	15.40%	15.40%
2010	16.80%	10.00%
2011	8.80%	8.20%
2012	8.90%	7.60%
2013	N/A**	N/A**

Enrollment	
Year	**Members**
2009	11,612
2010	14,243
2011	13,580
2012	15,091
2013	17,507
2014	16,958

Insurer information

Basic Information	
For profit or non-profit:	For-Profit
State domiciled in:	Connecticut

Insurer's financial position	
Year	2013
Surplus	$5,036,000,000
Investment earnings	$505,000,000

Surplus History	
Year	**Amount in Surplus**
2007	$3,102,000,000
2008	$2,819,000,000
2009	$3,423,000,000
2010	$4,019,000,000
2011	$4,419,000,000
2012	$4,709,000,000

*"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
**Due to new consumer protections and coverage standards in the ACA, it is not possible to make an apples-to-apples comparison between the rates filed in 2013 and the rates filed in previous years.

Introduction and Background

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.

When health insurers in Oregon wish to increase their rates on small businesses or people purchasing coverage on their own, they must submit a detailed proposal to DCBS laying out the justification for a rate hike. DCBS then determines whether the proposal is reasonable and approves, disapproves or cuts back the proposed rate.

In 2011, DCBS created a formal process for a consumer organization to analyze and comment on rate filings from a consumer perspective, supported by a grant of federal funds. OSPIRG Foundation has been the contracted organization under that program since November of 2011.

As part of this ongoing project, OSPIRG Foundation worked with the actuarial firm AIS Risk Consultants to analyze United's rate filing. We examined the insurance company's justification for the proposed rates, the financial position of the insurer, and how the proposed rates would impact Oregon small businesses and employees if approved. Our staff and consulting actuary also reviewed additional information made available by United.[1]

Health care in Oregon is undergoing major changes. For the first time this year, insurers are no longer allowed to deny coverage to people with pre-existing conditions, and many Oregonians have qualified for new financial assistance to help pay for coverage. Also starting this year, many Americans will be required to have health coverage or pay a penalty. 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.

At the same time, studies consistently show that as much as a third of every dollar spent on health care is wasted on something that does not improve health.[2] With rising costs making health care unaffordable for many Oregonians, Oregon needs all insurance companies to redouble their efforts to contain costs by cutting waste and focusing on prevention and other proven strategies that keep patients healthier.

While health insurance rate review cannot solve the myriad problems facing our health care system on its own, rate review does provide an opportunity to strengthen accountability for insurance companies—to ensure that rates do not go up for consumers unless increases are fully justified, and unless insurers are putting in a meaningful effort to keep down costs and improve quality.

[1] As part of this process, OSPIRG Foundation submitted questions to the insurer on July 1. United provided responses on July 8.

[2] 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

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.

Examining the justification for the proposed premium rates

Impact of federal health reform

United did not adjust its cost projections to reflect a reduction in "bad debt" from the Affordable Care Act's expansion of coverage. The savings associated with these reductions could be substantial, and should be passed along to consumers in the form of lower rates.

Among the outcomes of this expansion has been a reduction in uncompensated hospital care for uninsured individuals. Since the uninsured often cannot pay for their own care out of pocket, the cost of providing needed care in emergency situations is frequently 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.

United did not discuss their decision not to include this factor in their initial filing, only addressing the issue by providing a 0% projection for the impact on the rate. In response to OSPIRG Foundation questions, the insurer provided the following statement:

> "A reduction in uncompensated care would primarily be experienced by our hospital providers. Negotiations with these providers are multi-dimensional, incorporating a variety of trends and factors, including levels of uncompensated care. We have, in fact, seen a reduction in facility cost trend in recent years that may be attributed to the ACA's expansion of coverage. While these trends remain above CPI, they are below the historical average. We can confirm that this is absolutely a topic of conversation in ongoing contracting negotiations. It is remains to be seen to what extent the contracting demands of the hospitals reflect this positive change in the future."

In a context in which many of their competitors have made a number of arguments against incorporating these savings into premiums for their customers, it is refreshing to learn that United is making an effort in this area and may be seeing results. However, without an explicit accounting of the impact of this factor on the development of the rate, it is impossible to evaluate whether the insurer is doing enough to pass along these savings to its customers.

Greater transparency on the part of insurers about the way uncompensated care expenses are incorporated into rates would be very helpful as DCBS and other Oregon policymakers seek to ensure that consumers reap the benefits of these savings.

Uncompensated care cost Oregon hospitals over $1 billion in 2008 alone.[3] The primary driver of these costs in past years has been the health needs of Oregon's estimated 636,000 uninsured individuals.[4]

However, at least 400,000 Oregonians have signed up for the Oregon Health Plan or Cover Oregon Qualified Health Plans over the past year, including many previously-uninsured Oregonians. While precise state-level numbers are not yet available, recent studies have suggested that Oregon has been one of the most successful states in the nation in reducing its overall uninsured rate,[5] with some researchers projecting that uninsured rates may have been cut by almost 2/3.[6]

Thus, it is not surprising that rates of charity care in Oregon hospitals have reportedly declined by 40% in the first quarter of 2014, representing a reduction of over 2.6 percentage points as a percent of overall hospital revenue.[7] Oregon Health and Science University (OHSU) reports that the percentage of uninsured patients seeking care has dropped to less than 1% from 5% last year.[8]

These trends are already clear, and will only accelerate in the coming year. If insurance rates are not adjusted to reflect this reality, consumers will be on the hook for unjustified costs. We urge DCBS to consider this issue carefully before making a decision on United's rate proposal.

By using the rate review process to ensure that premium rates accurately reflect reductions in uncompensated care across the board, DCBS can push the market to respond. If no health insurer in Oregon is able to raise rates without incorporating savings from reductions in uncompensated care, no providers or provider networks in the state can continue to expect reimbursement rates that fail to reflect the changes underway in health care in Oregon.

Medical and prescription drug cost trends

United's medical and prescription drug cost trend projections are higher than many of their competitors, and are insufficiently supported.

United's proposed 7.1% claim trend for projecting 2013 experience into the first quarter of 2015, as well as its proposed 8.1% pricing trend for medical and prescription drug costs in deriving rates for the rest of 2015, are higher than most of the insurer's competitors and have not been supported by sufficient data.[9] Furthermore, it is not clear why United uses a higher trend after the first quarter of 2015.

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[3] See http://www.oregon.gov/oha/OHPR/RSCH/docs/uncompensated_care/uncompensatedcaretrends_08.pdf
[4] See http://www.cbs.state.or.us/ins/consumer/federal-health-reform/wakely-aca-actuarialanalysis-20120731.pdf, page 14.
[5] http://www.statesmanjournal.com/story/news/health/2014/07/14/multiple-studies-show-people-health-insurance/12644779/
[6] http://wallethub.com/edu/rates-of-uninsured-by-state-before-after-obamacare/4800/
[7] See http://www.bizjournals.com/portland/blog/health-care-inc/2014/06/oregon-hospitals-spend-less-on-charity-care-in.html
[8] See http://www.oregonlive.com/health/index.ssf/2014/06/oregon_health_science_universi_28.
[9] United stated in response to the DCBS 7/3/14 Objection Letter – Item 4 that "as discuss [sic] over the phone, the 7.1% trend is used to project claims from CY 2013 to CY 2015, and this is the trend used to develop 2015 – Q1 premium rates. The 8.1% trend is only used to develop premium rates for subsequent quarters, that is, 2015 – Q2, 2015 – Q3, and 2015 – Q4.

United's trend projections are also higher than widely-cited independent projections of marketwide trends. [10] The latest Altarum Institute research indicates that price increases for health care are still quite low:

> "Health care prices in May 2014 were 1.8% higher than in May 2013, compared with 1.6% in April, year-over-year. The May 2014 12-month moving average rose to 1.3% from 1.2% in April.
>
> "Year over year, hospital prices – a key price index driver – grew 2.1% in May, equal to the April rate. Physician and clinical services prices grew 0.6%, again equal to the April rate, and home health care prices continued a two-month rebound from a yearlong negative growth trend, recording a 0.5% rate in May. Prescription drug prices rose 3.6%, jumping from the April 2.4% rate." [11]

In response to questions, United provided a more detailed breakdown of factors contributing to their trend projections, as follows:

> Utilization trend = 2.0%
> Unit cost trend = 4.9%
> Mix and leveraging impact = 1.1%

The insurer also provided the following breakdown its projections of trends in provider contracting, which determines trends in unit costs for medical services. The range of possible trends conveys the uncertainty involved in making these kinds of projections.

Medical Expense Type	% of Total Health Care Costs	Range of Trend Low / High
Facility	65%	4.5% / 6.0%
Professional	35%	2.0% / 4.0%
Combined	100%	3.6% / 5.3%

United has not adequately demonstrated why its selected unit cost trend projection of 4.9% should be at the high end of the range of the combined trend in provider contracting that it provided. Furthermore, this range of values was not given clear evidentiary support; nor is United's utilization trend projection, and both are significantly higher than other indications of trend, including trends included in other insurance company rate filings in Oregon.

Especially in light of the fact that United's cost projections in last year's filing were higher than the actual costs reported this year,[12] these trend projections merit close scrutiny.

[10] Most nationwide studies suggest that health care cost growth remains slow, with many indices at their lowest levels in over a decade. According to Milliman "… the 5.4% growth rate from 2013 to 2014 is the lowest annual change since the MMI was first calculated in 2002." (http://us.milliman.com/uploadedFiles/insight/Periodicals/mmi/pdfs/2014-mmi.pdf)
[11] Altarum Institute Price Brief #14-07: May 2014 Data
[12] See Page 2 of the Filing Description.

Morbidity

United's filing contains two different numbers to represent their projection of an increase due to the health status of their customers: 3.5% and 2.9%. In response to questions from OSPIRG Foundation and DCBS, United submitted a revised projection of 2.4%. All of these projections are higher than some of their competitors, and are insufficiently supported in the filing and supplemental material.

As of this year, insurers can no longer deny coverage due to pre-existing health conditions. While it is too early to determine the precise impact of this historic change on the costs facing insurers, it is likely that many Oregonians who were previously unable to obtain coverage for this reason are now beginning to sign up, some of whom may have health conditions that are expensive to manage and treat.

However, next year, it is likely that the mix of customers enrolling in health coverage will be younger and healthier than those who signed up for 2014. This expected difference in the health status between the early enrollees in 2014 compared to later enrollees is a generally recognized actuarial concept, as expressed by the American Academy of Actuaries: "In general, higher-cost individuals are more likely to enroll early during the open enrollment period and in the first year of the program. Lower-cost individuals are more likely to enroll later during the open enrollment period and perhaps in later years as the individual mandate penalty increases."[13]

Especially in a context in which some of United's competitors are projecting a decrease in costs due to decreasing population morbidity,[14] United does not provide sufficient justification to support their projection of an increase. We urge DCBS to scrutinize this projection closely.

Cost impact of proposed rates

Total cost of United's plans

If approved, the impact of this increase will be significant. Small business United policyholders could see an average increase of more than $6,600 extra dollars a year per business.

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

The following case studies illustrate the total potential costs that United policyholders may accrue in the event of serious illness or other medical need.[15] Total costs include both the employer contribution and employee's share. The employee's share of premium will vary depending on the employer's benefits package.

[13] "Drivers of 2015 Health Insurance Premium Changes," http://www.actuary.org/content/actuaries-shed-light-2015-health-insurance-premium-changes

[14] LifeWise, for example, is projecting a cost decrease of 11.7% due to lower morbidity.

[15] Each of the members in these case studies is a non-smoker in the Portland metro area.

Members	**Plan**	**Total annual premium (Increase since 2014)**	**Out-of pocket max (deductible + coinsurance + copays)**	**Total potential cost**
Sam, 21	Oregon Standard Bronze	$2,988 ($360)	$6,350	$9,338
Sarah and George, 40, and their two children	Oregon Standard Silver	$12,722 ($1,436)	$12,700	$25,422
Eric and Cynthia, 60	Oregon Standard Silver	$18,936 ($2,136)	$12,700	$31,636

These total potential cost calculations represent worst-case scenarios. 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.

Members	**Plan**	**Total annual premium (Increase since 2014)**	**Deductible + Coinsurance**	**Total cost after premium and $10,000 claim**
Sam, 21	Oregon Standard Bronze	$2,988 ($360)	$5,000 + $1,350	$9,338
Sarah and George, 40, and their two children	Oregon Standard Silver	$12,722 ($1,436)	$5,000 + $1,500	$14,722
Eric and Cynthia, 60	Oregon Standard Gold	$18,936 ($2,136)	$2,600 + $740	$22,276

As the chart above demonstrates, higher-value plans such as the Oregon Standard Gold[16] plan 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 small businesses and their employees.

The out-of-pocket maximums above were established by the ACA and 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 United's insurance products is worth the proposed premium cost.

The impact of this high rate of increase should also be considered when evaluating the impact of the rate. As detailed above, a family of four could see an annual premium increase of over $1,000. To put

[16] 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%).

this in perspective, an increase of $1,000 a year in health insurance premiums is significantly more than the total average annual premium paid in Oregon for either automobile insurance or home insurance.[17]

Comparison of rates between plans

In addition to the Oregon Standard plans at the Gold, Silver and Bronze level, United is offering a range of non-standard plans. These plans have a number of differences from the Standard plans, including both network differences and different out-of-pocket cost arrangements, and United's filing proposes significantly different premium costs for them. Clarifying the basis for these cost differences is important to ensure that small business owners and employees can rely on the premium to be an accurate signal of the value of the coverage they are purchasing. However, the rationale for these differences is not clearly spelled out in United's filing.

For example, the rate proposed for United's Silver Navigate 2000 and Gold Navigate HSA plans are substantially lower than the rate proposed for its Oregon Standard Silver Plan, despite the fact that both of the Navigate plans have higher Actuarial Value (AV)—i.e., they cover more of the average patient's medical costs—and the Gold Navigate plan is even in a higher metal tier.

The purpose of allowing insurers to offer non-standard plans was to give them the freedom to offer innovative, higher value products. However, absent a clear explanation, we are concerned that the result of this kind of price difference could be to steer unhealthy individuals away from some plans, or away from the insurer altogether.

In response to OSPIRG Foundation questions, United points out that the AV filed for each plan is determined using the AV calculator developed by the federal government, which does not include a number of key factors, including the cost of out-of-network services, and that the insurer does not use this calculator in developing its rates. Instead, the insurer states that it uses its own "proprietary pricing tool" without providing any information about the details of this tool or how it was used to develop the rate proposal.

While it is true that the federal AV calculator does not take all potential rating factors into account, its methodology is transparent and its results are independently verifiable. Where insurers' rating practices differ enough from the AV calculator to raise questions about the basis of pricing differences, the insurer must provide enough information to enable regulators to independently verify the validity of the rating methodology.

We urge the Insurance Division to scrutinize these differences carefully to make sure that they are based on legitimate differences between the plans and not on potentially market-distorting practices like attempting to price plans to select for healthy customers.

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

[17] National Association of Insurance Commissioners Reports: "Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owners Insurance: Data for 2011" and "2010/2011 Auto Insurance Database"

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.

In this analysis, OSPIRG Foundation looks at two data sources: newly required quantitative data reported by the insurer, and the insurer's qualitative description of its efforts to implement six strategies understood to be effective in reducing costs and improve quality.

In future years, we hope that both types of data are integrated, and presented in detail sufficient to evaluate the effectiveness of insurers' broader cost containment strategies. From the data available, it is not clear whether United is doing all it can in this critical area.

New quantitative data on cost and quality

For the first time this year, every Oregon insurer submitted hard data on health care quality, cost and utilization as part of the rate filing process. These metrics represent a step forward for transparency and provide some helpful information to form a baseline to evaluate insurers' efforts to contain costs and improve quality of care.

These metrics show that United's utilization and costs for emergency room (122 ER visits per 1,000 members per year and $1,687 cost per utilization) and inpatient care (160 inpatient days per 1,000 members per year and $25,246 per inpatient admission) are high in comparison to most of their competitors. In addition, its performance on a measure of mental health follow-up care (54.5%) is below a statewide benchmark (68%). United also failed to provide data for one key measure, developmental screening.

For this initial year, these metrics have been submitted for informational purposes only, and should be taken with a grain of salt, as the data is not current enough to reflect the changes underway with health reform. In future years, DCBS and the public will have the ability to compare multiple years of data to evaluate insurers' progress on these metrics and begin to hold insurers accountable for delivering results.

Considered as a baseline, this data raises some important questions for United. More information is necessary to fully understand the insurer's performance, as well as what improvement efforts the insurer may be undertaking.

For example, while United's ER and inpatient costs and utilization are higher than some of the competition, this may be due to a number of factors. It is possible that United's customer base is unusually unhealthy and required more intensive and and/or specialized treatment,[18] but it is also possible that United is not doing enough to prevent unnecessary hospital trips by providing proactive, coordinated, preventive care.

In response to OSPIRG Foundation questions, United provided some limited additional information to help evaluate this data in context, stating that while "It is […] difficult to make comparisons across

[18] Though it should be noted that United states in the filing that "UnitedHealthcare members have lower average risk score than the market average." See DEVELOPMENT OF RATE CHANGE OR BASE RATE - Projection to rating period

carriers without first normalizing the populations" to account for differences between the customer bases served by different insurers, United does score well on these metrics when considered against normalized national metrics for "well managed" populations. The insurer also provided some detailed insight into their efforts to improve their performance in the area of mental health follow-up care.

In evaluating United's performance in these areas, comparing trend lines year-over-year will be critical. Some insurers may serve a less healthy customer base than others, and this may be reflected in their performance on some of these metrics, but if insurers implement adequate, comprehensive cost containment and quality improvement efforts, consumers should be able to expect continuous improvement on these metrics as insurers work to bend the cost curve for quality care.

It is troubling, however, that United apparently does not intend to provide data regarding the required metric for developmental screening, despite offering this service as part of their plans. In response to OSPIRG Foundation questions regarding this issue, the insurer stated the following:

> "In responding to this question, United assumed that the question applies to the requirements under HB 2118, and the recommendations reported in May 2014 by the Work Group developing performance measurement recommendations for PEBB, Cover Oregon and the Medicaid programs. While we provide the care measured in this benchmark as part of the services under the essential health benefits classification of preventive health services, since we do not provide coverage under Care Oregon [sic], PEBB, or Medicaid in Oregon, we have no current plans for "obtaining performance measurements" for this Bright Futures standard."

Although the package of quality measures recommended by the Health Plan Quality Metrics Workgroup established by House Bill 2118 (2013) is an important effort to align quality measurement efforts across the spectrum of health care, the quality metrics DCBS adopted for rate filings were not directly related to this effort, and should apply to all plans filing rates in Oregon regardless of their participation in Cover Oregon or the state's Medicaid or public employee benefit programs.

For DCBS's efforts to include consideration of health plan quality in the rate review process to be meaningful, it is crucial to ensure apples-to-apples comparisons between health insurance companies. If insurers can choose whether or not to provide information for all of the metrics, much of the promise of increased transparency in this area will be lost. DCBS should consider its options for policy changes to ensure that all of the metrics required are available from all insurers filing rates in Oregon.

Qualitative reporting on cost and quality initiatives

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.	Initiatives in this area are described in the filing as "value-based contracting," but few details are available.	Not specified
"Medical Home" initiatives	Coordinated patient-centered care that focuses on prevention and keeping patients healthy and out of the ER.	None	Not specified
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.	United's "Navigate" plans have various value-based benefit designs, including incentives for effective management of medical conditions, although these benefits are not described in detail.	Not specified
Chronic disease management	Case management and other tools to improve the health of patients with chronic disease. [19]	A number of programs in this area are mentioned but not described in detail.	Not specified
Reducing hospital readmissions	Working with providers to ensure that discharged patients have adequate follow up care.	A number of programs in this area are mentioned but not described in detail.	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.	Adverse event review programs, including incentives and penalties for providers, outlined but not described in detail.	Not specified

In its initial filing, United reported taking steps to reduce health care cost in ways that improve quality for patients in three of the six key areas we track. In response to OSPIRG Foundation questions, United provided some additional information, including some initiatives not included in the original filing, but did not specify savings projections, goals or benchmarks.

It is a positive sign that United has been able to provide estimates of the cost impact of some of its programs, such as $0.04 per member per month (PMPM) in savings attributed to a Sleep Testing Optimization program, and $0.12 PMPM attributed to the implementation of new clinical guidelines for the use of Avastin. However, without much more detailed savings and effectiveness data, it is not possible to provide an independent evaluation of the adequacy of the insurer's strategy to contain costs.

[19] Such as diabetes, asthma, depression, coronary artery disease, and congestive heart failure.

Conclusion

Before deciding to approve or deny any increase, we urge the Insurance Division to obtain all necessary documentation to justify any increase, scrutinize the details of this filing carefully, and consider the consequences of the rate for individuals and families in Oregon.

OSPIRG Foundation is concerned that United is not taking steps to pass along the savings from reductions in uncompensated care, and in many areas has not provided enough information to justify its projections of increased costs.

We are also concerned that United 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, raising the possibility that United's customers are being asked to pay more than they should.

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.