

Lower-cost Health Plan to Be Offered

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You may have to pay extra to see the doctor of your choice, and you'll have to pursue "wellness initiatives" to avoid large out-of-pocket costs. But if you don't mind these rules, you'll be able get health insurance averaging \$314 a month for an individual.

That's the essence of a landmark plan announced yesterday by the Office of the Health Insurance Commissioner, which is carrying out a state law passed this year.

Blue Cross & Blue Shield of Rhode Island and UnitedHealthcare of New England are required, starting in May, to offer a "wellness health benefit plan" to individuals and businesses with 50 or fewer employees. The plan has to meet the state's criteria and the average premium can't exceed 10 percent of the average Rhode Island wage.

Most lower-cost plans keep their premiums down by requiring high deductibles and co-pays, and limiting benefits. This plan instead focuses on keeping people healthy and steering patients toward selected providers who meet quality and efficiency standards. The plan was developed by a committee of employers, subscribers, brokers, consumer advocates and union representatives.

"We, as individuals, need to take more responsibility for our health care and manage our lifestyle," said Governor Carcieri at a news conference announcing the plan. "That's what will slow down, long term, the cost of health care."

But it remains to be seen whether these measures will save enough money in medical costs to justify the lower premiums. The two insurers expressed doubt that they could make ends meet under the proposal.

Blue Cross spokeswoman Kim Keough called the plan "not do-able" because the wellness efforts will take too long to bear fruit from possible savings, and because there is not enough data to judge who are the most cost-efficient providers.

Debora Spano, spokeswoman for UnitedHealthcare of New England, was also skeptical. She said the wellness measures wouldn't save enough money in a state that mandates coverage for everything from hearing aids to infertility treatment. "Rhode Island is known for very rich benefits, and there are no benefit changes [in the plan]," Spano said.

Christopher F. Koller, the health insurance commissioner, acknowledged at the news conference that his office was "pushing the health plans."

"If the [insurers] gave a ringing endorsement," he said, "I'd be a little bit worried."

Koller expressed confidence that after "a lot of back and forth," his office and the health insurers will be able to devise feasible plans. "It has to be sustainable over time," he said. "We can't have something that clearly doesn't work for them."

Yesterday's announcement was a request-for-proposals that outlines the requirements for the "wellness health benefit plans." By Jan. 2, Blue Cross and United must file documents specifying how they intend to meet those requirements. Public hearings will be held, and the plans must pass muster

with Koller's office. Then, Blue Cross and United will offer their "wellness health benefit plans" to small groups and individuals.

An estimated 120,000 Rhode Islanders will be eligible for these plans; Koller said he doesn't expect enrollment to get anywhere near that number, but there is no minimum enrollment needed to make the plans work.

The program aims to ease the burden on small businesses and people who get insurance on their own, two groups that tend to face higher health-insurance costs while having lower incomes. The growing ranks of uninsured people are believed to include many from those groups who could no longer afford their premiums.

Small-group premiums typically cost \$425 a month for individuals and \$935 for a family. Premiums for the new wellness plans will vary from group to group, but must average no more than \$314 for an individual plan and \$691 for a family. Koller acknowledged that for many families this was still too expensive. "This is an important advance, but it's not going to solve all affordability issues," he said.

The new plan's deductible will be about \$500, with out-of-pocket costs capped at \$3,000 — provided the enrollee signs a pledge promising to choose a primary-care physician, undergo a health-risk appraisal, either maintain a healthy weight or participate in weight-management programs, either remain smoke-free or participate in smoking cessation programs, and participate in disease-management programs if applicable. In the first year, subscribers will be asked just to promise these things; in the second year, they will have to prove participation.

Someone who didn't want to sign such a pledge could still buy the plan but he or she would face a \$3,000 deductible and out-of-pocket costs up to \$6,000 a year.

The health plans would decide how to police enrollees' compliance with the wellness provisions, subject to the commissioner's approval. "The commitment is not to lose weight — it's to try to lose weight," Koller said. But how will the plan know whether someone is really trying? Such questions have yet to be resolved.

"There's no teeth to it," said Spano, the United spokeswoman. "Someone's going to have to figure out, how do we track this? ... How do we get people to follow up on that wellness?"

"We support the wellness features of the plan," said Blue Cross' Keough. Such measures will lower costs "but you don't see results for a long time," she said. Meanwhile, the premiums are so low that the plan is not "financially sustainable," she said.

The second key component of the wellness plans is encouraging patients to choose providers "who have demonstrated cost-effective, high-quality practice patterns." To use a provider who isn't in the plan's "first tier," enrollees will have to pay extra. This aspect will be phased gradually, starting with diagnostic services.

Although United is already at work developing such "tiered networks," Blue Cross is balking. Keough said that Blue Cross supports the concept. "But until we can come up with what those standards are, we can't move forward," she said. In Washington state, Keough noted, a Blue Cross plan abandoned a similar proposal after it was sued by doctors who were excluded from its first-tier network. "There's insufficient quality data in Rhode Island right now to support it," she said.

The Rhode Island Medical Society also opposes the idea. Steven R. DeToy, spokesman, said that insurers only have information on the claims they paid, not what the doctor actually did. "There is no way to determine quality based on claims-paid data," he said.

Philip M. Papoojian, president of Metachem Resins Corporation of West Warwick, served on the committee that developed the plan. He said he wasn't aware of any studies showing that wellness initiatives save money, but he said many large employers are adopting them with good results. "I think it's a good option for businesses," said Papoojian, whose company, with about 30 employees, makes specialty materials for the electronics business.

John C. Gregory, president and chief executive officer of the Northern Rhode Island Chamber of Commerce, also served on the committee. "I'd hate to think we're putting them in the position of losing money," he said of the insurers. "The feeling was, you gotta start somewhere. ... If nothing else, this is going to help continue the conversation about what other steps we're going to have to take."

Valerie Tutson, another committee member, now pays \$229 a month for health insurance that she buys as an individual. The plan has a \$2,000 deductible, though, so she's had to pay for all her health care out of pocket; it costs her more than having no insurance. The proposed plan, she said, would give someone like her the chance to get coverage with a lower deductible, as a reward for a healthful lifestyle.

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