

The 'Value' Equation: Costs and Quality of Rhode Island's Health Plans (2007)

Bruce Cryan, MBA, MS

Among Rhode Island's 338,000 commercially insured individuals in 2007, over 255,000 (75%) received their health coverage through two domestic plans: Blue Cross and Blue Shield of Rhode Island (Blue Cross), and United Healthcare of New England (United). Information about these plans is essential to determining if purchasers receive "value" from their premium dollars expended.

In response, the Rhode Island General Assembly passed the Health Care Accessibility and Quality Assurance Act in 1996 (Rhode Island General Laws 23-17.13).¹ The Act instituted health plan performance reporting in the state, which is summarized annually, and most recently in the *Rhode Island Health Plans' Performance Report (2007)*.² The information presented here is derived from that report.

METHODS

The Rhode Island Department of Health's Center for Health Data and Analysis conducts an annual data survey from three audited sources: 1) Statutory Filings to the state's Department of Business Regulation, 2) **Health Plan Employer Data and Information Set (HEDIS)** reports, and 3) **Consumer Assessment of Healthcare Providers and Systems (CAHPS)** surveys.

From these data, 34 measures are evaluated, comprising eight separate dimensions of performance (enrollment, costs, utilization, prevention, screening, treatment, access, and satisfaction). The measures are trended over time, compared to the average of health plans in New England, and benchmarked to the best-performing 10% of health plans nationally.

RESULTS

Rhode Island's commercial health insurance market remains concentrated in two carriers, Blue Cross, with a 2007 market share of 63.0%, and United, with a share of 12.5%. The remainder of the market (24.5%) consists of a number of smaller plans, none of which are domiciled in Rhode Island.

To assess whether the purchasers of these plans' products are receiving 'value,' one must examine its two components, cost and quality. For Rhode Islanders to receive good 'value' from their investment in health insurance, that coverage should be equivalent or less expensive and deliver the same or better quality services than elsewhere.

On average in 2007, commercial health insurance cost significantly less in Rhode Island than in New England. (Figure 1) Blue Cross's monthly premiums were 12% lower than regional premiums (\$333 vs. \$379), and United's premiums were 14% lower (\$325 vs. \$379). In addition, both Rhode Island plans spent considerably less on medical services for their members (13% less for Blue Cross and 21% less for United).

With few exceptions, both Blue Cross and United generally performed above average when their clinical quality measures were compared to the New England values. (Table 1) For Blue Cross, 11 of its 19 quality measures were equivalent to the regional averages, five measures were better, and the remaining three were worse than these comparables. For United, 12 of its 19 quality measures were equivalent to the regional averages, four measures were better, and the remaining three were worse than these comparables. Given that New England health plans consistently post some of the highest quality (and satisfaction) scores in the country, this regional comparison provides a fairly rigorous benchmark for Rhode Island plans.

No matter how acceptable an individual plan's relative performance may have been on any particular measure, the low absolute values on some clinical measures are concerning. For example, the weak *Chlamydia Screening* values of 42%, and *Antidepressant Medication Management* values under 28% highlight the need for further improvement in these areas.

The nexus between low cost and high quality is 'value,' and both Blue Cross and United provided good 'value' to their

Dimension/Measure	N.E. Averages	Relative to N.E. Averages ¹	
		Blue Cross	United
PREVENTION			
1 Childhood Immunization	73.5%	16%	13%
2 Adult Flu Shots	49.0%	=	-17%
3 Smokers Advised to Quit	79.6%	7%	=
4 Smokers Advised on Meds.	59.1%	-13%	20%
5 Smokers Advised on Methods	56.2%	=	7%
SCREENING			
6 Colorectal Cancer Screening	63.3%	5%	-9%
7 Breast Cancer Screening	77.0%	=	=
8 Cervical Cancer Screening	83.5%	=	=
9 Chlamydia Screening	45.9%	-9%	-8%
10 Diabetic Eye Exams	62.7%	=	=
11 Diabetic HbA1c Testing	89.0%	=	=
TREATMENT			
12 Persistent Beta Blocker Tx.	77.6%	-9%	=
13 Cholesterol Controlled	58.2%	6%	=
14 Appropriate Asthma Meds.	92.1%	=	=
15 Antidepressant Med. Mgmt.	25.8%	8%	=
ACCESS			
16 Follow-up for Mental Illness	81.0%	=	=
17 Well Child Visits (1st 15 mos.)	81.9%	=	11%
18 Well Child Visits (3rd 6th yrs.)	82.8%	=	=
19 Adolescent Well-Care Visits	58.7%	=	=

¹ '=' indicates that the relative difference from the N.E. average was less than +/-5%

Table 1: Health Plan Quality Performance (2007)

	Blue Cross	United	New England
Medical Expenses	\$282.21	\$257.36	\$323.91
Administrative Exp.	\$44.44	\$62.15	\$45.53
Profits	\$6.59	\$5.80	\$9.09

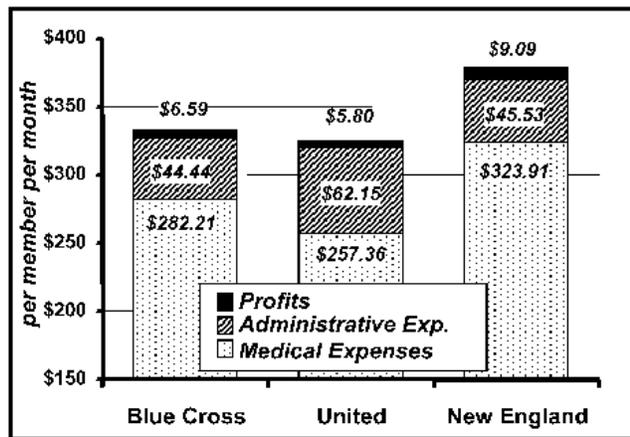


Figure 1: Average 2007 Health Plan Premiums by Component

commercial customers in 2007. Premium costs were lower than the New England rate, and quality performance was generally favorable, when compared to this cohort.

Whether or not the members perceive 'value' in their plans may be approximated by satisfaction surveys. (Figure 2) Even though most members are removed from the actual costs of their healthcare coverage, satisfaction rates may serve as a proxy for gauging the success of the insurer (perception-wise).

Member satisfaction with Blue Cross was 4 percentage points higher than the regional rate in 2007 (66% versus 62%), while member satisfaction with United was 18 percentage points below that comparable (44% versus 62%).

Members' satisfaction with their healthcare services followed a similar pattern. Blue Cross' member satisfaction was 1 percentage point higher than the regional rate in 2007 (77% versus 76%), while United's member satisfaction was 8 percentage points below that comparable (68% versus 76%). This



	New England	United	Blue Cross
Healthcare	76.2%	67.7%	77.5%
Health Plan	62.2%	44.0%	66.3%

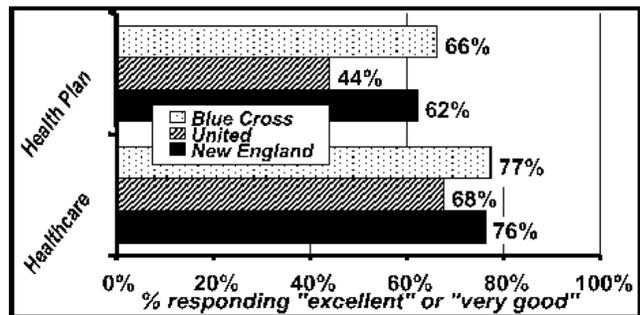


Figure 2: 2007 Health Plan Members' Satisfaction Rates

is significant in that members must believe they are receiving quality services for them to be effectively provided. Interestingly, regardless of geographic area or health insurer, more members were satisfied with their healthcare services than with their health plans.

DISCUSSION

Increasingly, the public, purchasers, providers, and policymakers are requiring meaningful information about health plans. Since 1998, the Department of Health has tracked the performance of this industry and produced annual reports on the subject.

With the small number of health plans in the state and the market dominance of Blue Cross, most Rhode Islanders have limited choice of carrier. The lack of widespread selective contracting also means that most plans deliver services through a similar network of physicians, hospitals, and other providers. Therefore, the real value in publishing this information is less in aiding consumer choice and more in fostering accountability of the industry. Purchasers deserve to know how well the plans are performing and policymakers need empirical evidence to inform their efforts. An added benefit is that health plan performance will likely improve if for no other reason than the results are made public.

Bruce Cryan, MBA, MS, is a Health Policy Analyst in the Center for Health Data and Analysis, Rhode Island Department of Health.

Disclosure of Financial Interests

The author has no financial interests to disclose.

REFERENCES

1. See <http://www.rilin.state.ri.us/Statutes/TITLE23/23-17.13/INDEX.HTM>.
2. Rhode Island Health Plans' Performance Report 2007, Cryan, B., Rhode Island Department of Health and Office of the Health Insurance Commissioner, March 2009; <http://www.health.ri.gov>