


Tens of millions of dollars flow among NY insurers under risk adjustment

Northwell Health's CareConnect was New York's biggest loser for 2016 in the federal risk adjustment program, which aims to shift money to health plans with sicker members from those with healthier customers.

The Department of Health and Human Services [said](#)  CareConnect must pay \$19.8 million in the individual market and \$112 million in the small-group market based on the risk profile of its members.

The major beneficiary of the payments will be UnitedHealthcare's Oxford. Oxford Health Insurance will receive \$254.9 million based on its small-group plan, while a separate subsidiary, Oxford Health Plans, is due to receive \$79 million from its individual market participation.

Risk adjustment was one of three programs set up by the federal government following the implementation of the Affordable Care Act and the launch of the state and federal marketplaces. The goal was to support insurers, which were unsure how sick the customers buying plans in the marketplaces would be.

A spokeswoman for CareConnect said the \$112 million transfer represented 44% of the premiums it collected from small-group customers. She said the program "is flawed and isn't functioning as designed."

"It's also helping to raise costs for consumers," the spokeswoman said via email. "We wouldn't have requested a rate increase for 2018 for our small-group plans if it weren't for the risk adjustment program." CareConnect asked DFS for a 19.3% premium increase in the small-group market.


CareConnect is not the only area insurer the federal government will force to pay into the small-group pool for 2016.

Aetna is slated to pay \$70.1 million, and EmblemHealth's HIP will contribute \$35.2 million.


On the individual market side, Fidelis Care must pay \$72.3 million, Oscar is due to pay \$44.2 million and MetroPlus is required to pay \$30.7 million

CareConnect's chief executive, Alan Murray, told *Crain's* last year that he believes Oxford is better at documenting its patients' medical conditions—which serves as evidence that its customers are sicker.

Efforts are underway to reduce the size of the transfer payments. In May the state Department of Financial Services proposed creating a market stabilization pool that would correct certain aspects of the program that "result in inflated risk scores and payment transfers," the department wrote in its proposed rule. The department would be able to adjust payment transfers up to 26% for next year and beyond. That's in addition to a 14% adjustment announced by CMS, starting next year. For this year, an emergency regulation authorized DFS to adjust payments up to 30%.

But [not all plans](#)  are happy to see changes to the program. Upstate insurers HealthNow New York and Independent Health have asked for average premium increases of 48.8% and 25.9%, respectively, with proposed changes to the risk adjustment program contributing to those requests. —J.L.

Insurers see drug costs surge

Rising drug costs are straining New York's Medicaid budget, with managed-care plans reporting double-digit spending increases in recent years, according to [a new report](#)  from the United Hospital Fund's Peter Newell and Steven Hefter.

The authors attribute the spending increases to expensive new drugs aimed at curing hepatitis C, and to rising prices for existing drugs such as insulin, which costs nearly 300% more than it did a decade ago.

The analysis, which spans 16 Medicaid managed-care plans statewide, found they spent an average of 21% more on drugs per member per month in 2015 than in 2013. Empire BlueCross BlueShield HealthPlus reported the lowest spending, at \$66.38 per member per month, and Buffalo's HealthNow New York spent the most, \$135.84.

The report also looked at drug spending in the small-group market. Last year the commercial insurers spent 62% more on average compared with five years earlier. MVP Health Plan spent the least on drugs, at \$53.66 per member per month, and Empire BlueCross Blue Shield spent the most, \$136.95. UHF picked the Medicaid managed-care and small-group markets to analyze because the roster of plans offering the products was more consistent than in other markets.

"As New York joins the ranks of states seeking to rein in the rising cost of prescription drugs, it is important to keep in mind that federal health care proposals being considered in Washington would make that task much harder," Jim Tallon, president of the United Hospital Fund said in a statement. —J.L.

State graduates first class of certified peer workers

The first 45-person class has graduated from the state's new Peer Worker Certification Program, and about 300 more peers-in-training are currently enrolled. The program is open to people who have had personal experience dealing with HIV or hepatitis C infections or participated in harm-reduction programs, which aim to limit the risks of drug use. It's part of the state's effort to expand and standardize training for the peer workforce—an initiative that was included in the governor's blueprint to end the AIDS epidemic by 2020.

Peer workers can serve various roles in community-based organizations and clinical settings, such as facilitating support groups, accompanying people to appointments or acting as patient navigators. They must complete 90 hours of training paid for by the AIDS Institute and other partners, as well as participate in a 500-hour practicum. They must then pass a test, agree to a code of ethics and complete at least 10 hours of continuing education every year. The certification program is affiliated with employers across the state including Housing Works, Montefiore Medical Center and Northwell Health. Peer workers' salaries vary, with some as high as \$40,000 per year, the Health Department said. Exponents, a harm-reduction organization in Manhattan that offers one component of the state certification course, developed its peer training program, Arrive, in the late 1980s. But peers are receiving new validation through their inclusion in the governor's blueprint, said Dana Diamond, director of health services at Exponents.

In addition to hailing peer workers as a cost-effective way to engage and retain HIV-positive people in treatment, the state framed the model in the blueprint as a way to improve people's health through steady employment. —C.L.

Alliance unveils new high-end home care packages

Alliance Homecare, a concierge home-care agency serving private-pay clients in New York City, on Long Island, and in Westchester County and the Lower Hudson Valley, is expanding and rebranding its services to emphasize why it merits fees higher than the industry standard.

Alliance's hourly rate ranges from \$28 (for its most basic services) to \$36 (for its most comprehensive), compared with the industry standard of about \$23 per hour, said Greg Solometo, Alliance's co-founder and chief executive.

Alliance has started offering its home-care services in three branded tiers. It is also seeking to do a better job of connecting consumers to its curated list of ancillary services. For example, clients can get free trial sessions with an organic chef, an elder-care lawyer, a geriatric psychologist, a financial organizer and a physical therapist.

The company also is planning to roll out a tablet-based program that facilitates video chats between the care team, the client and family members.


"We had been operating as a concierge home-care provider for a few years now," Solometo said, "but we hadn't really articulated what the value proposition is for our clients."

Despite that, he said, Alliance has been expanding. The company last year signed a seven-year lease on a larger office space in Manhattan.

"I believe people are looking for better than what's out there," he said. "The baseline for the industry is fairly low." — C.L.

AT A GLANCE

WHO'S NEWS: Laura Haight has left her position as vice president for public policy at the New York State Association of Health Care Providers, a trade group representing home-care agencies, to become senior policy director at the Partnership for Policy Integrity, an organization focused on energy and environmental issues.

PRICE TRANSPARENCY: Informing clinicians of the Medicare-allowable fees for lab tests at the time an order was placed in the electronic health records system didn't significantly influence their prescribing behavior, according to a study published [in the latest issue of JAMA Internal Medicine](#) . Researchers studied 98,529 patients admitted at three Philadelphia hospitals in April 2014 and April 2016.