



Group Health Cooperative
Public Policy / Government Relations
GHQ-E4N

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August 12, 2010

Department of Health and Human Services
Attention: OCIIO-9991-IFC
P.O. Box 8016
Baltimore, MD 21244-1850

Re: Grandfathered Health Plan Status Interim Final Rule
File Code OCIIO-9991-IFC

Submitted via eRulemaking Portal: www.regulations.gov

Dear Sir or Madam:

Group Health Cooperative ("Group Health") appreciates the opportunity to provide comments on the Interim Final Rules on Grandfathered Health Plans under the Patient Protection and Affordable Care Act. We agree with many of the comments offered by both Alliance of Community Health Plans (ACHP) and America's Health Insurance Plans (AHIP) on grandfathering, and will not repeat those comments here. We wish to provide additional comment on several aspects of the proposed rule that particularly affect organized, integrated group practice plans; in particular, the impact of plan network changes and prescription drug formulary changes on grandfathered status. Reasonable modifications in both these areas should be allowed to assure organizations can deliver quality and value to consumers while allowing them to keep the health plans they currently have.

Group Health is one of America's oldest and largest non profit health care systems. Founded in Seattle in 1947, the organization is governed by consumers. It is a leader in integrated care, and an important voice for health care reform. We provide coverage and care to more than 628,000 residents in Washington State and Northern Idaho through two owned and operated primary and specialty health centers as well as over than 9,000 contracted community providers.

1. Changes in Provider Network that Would Cause a Group or Individual Health Plan to Cease to be a Grandfathered Health Plan

Assuring that our members are served by physicians, hospitals and other providers that consistently deliver high quality, coordinated and cost effective

care is central to our mission. Flexibility surrounding the routine maintenance of a provider network plays a key role in assuring we can deliver on that mission. We work diligently to assure we have strong and ongoing community partnerships. High quality caregiver retention is a priority within our owned and operated delivery system, because this helps assure continuous healing relationships.

Quality provider networks, however, are not static nor should they be. Expansions of networks, along with other provider changes, are often made to health plan networks as a method of not only improving quality of the health plan, but promoting patient safety as well. At Group Health, we selectively contract with community providers that align with our integrated and team based approach to care delivery. We occasionally discover a lack of "fit", or an inability to meet Group Health quality standards. We also must retain the ability to shape our network based on overall value to our members. Providers also retire, move, or otherwise voluntarily leave our network. A grandfathering rule that would "lock" us in to an overly rigid and unchanging network configuration would mean we could not meet the dual promises of reform; enabling members to keep what they have, and to experience ongoing high quality and value.

Furthermore, in Washington, as in many other states, health plans must comply with network adequacy requirements contained in state laws and regulations. Such requirements function as consumer protections to ensure health plan members have an adequate network of providers to choose from under their health plan. Logically, any changes made to provider networks in furtherance of compliance with such state requirements should not have an impact on the plan's grandfathered status. In addition, state requirements such as these do not allow for significant changes to a health plan's provider network. Therefore, any changes made to a provider network for health plans within states that have network adequacy requirements should not have an affect on the plan's grandfathered status.

While we support the overarching goals and objectives of grandfathered health plan status, we have concerns about the final rules being too restrictive in allowance of changes to provider networks. Group Health strongly supports the continued changes in provider networks that health plans routinely make in conformance with state and federal requirements or for the other important reasons discussed above without interference to grandfathered status.

2. Changes to a Prescription Drug Formulary that Would Cause a Group or Individual Health Plan to Cease to be a Grandfathered Health Plan

The American Society of Health-System Pharmacists defines a "Drug Formulary" as "a continually updated list of medications and related information, representing the clinical judgment of physicians, pharmacists, and other experts in the diagnosis and/or treatment of disease and promotion of health." This definition is

commonly used throughout the medical industry, as a key component of a quality prescription drug formulary is its flexibility to change over time.

As an integrated delivery system, Group Health has extensive experience designing, delivering and financing pharmacy benefit plans. We believe that an evidence-based formulary, providing an optimal mix of available medications is essential to offering affordable, quality prescription drugs to our members. In order to achieve affordable choices and provide quality prescription drugs in our formulary, it is necessary to make routine changes to the formulary, in-line with current medical research and development.

It is imperative for grandfathered health plans to be allowed to make routine formulary changes without inadvertently triggering the loss of grandfathered plan status. Formulary changes are essential to the maintenance of any health plan as new prescription drugs become available, and other prescription drugs become obsolete for patient safety concerns. Furthermore, advances in medical knowledge and research result in changes to prescription drug formularies of health plans. The availability of generic versions of current formulary brand name products, as well as newly available generics of drugs in the same therapeutic class as formulary brand name products, also result in change made to the formulary. For example, when the generic anti-seizure medication lamotrigine was introduced, the cost savings for Group Health was approximately \$3.2 million a year. In addition, when the brand osteoporosis medication alendronate-D converted to a generic, cost savings totaled \$1 million. Without the flexibility to alter prescription drug formularies and not impact to a plan's grandfathered status, such cost savings would not be available. The maintenance of prescription drug formularies is essential to the benefit of consumers, as it not only promotes the offering of cutting edge treatments for certain illnesses, but also offers the consumer cost-saving alternatives as generic versions are released into the market.

For the reasons above, the Status as a Grandfathered Health Plan final regulations should provide for significant latitude in adjustment to current health plan prescription drug formularies, while retaining the health plan's current grandfathered status.

We appreciate the opportunity to provide these comments for your consideration, and your willingness to consider these comments as you develop the objectives and measures for determining grandfathered status.

Sincerely,

A handwritten signature in black ink, appearing to read "Megan Grover". The signature is fluid and cursive, with a long horizontal line extending to the right from the end of the name.

Megan Grover
Director, Regulatory Affairs
Group Health Cooperative