

Healthcare Benchmark Initiative Technical Team and Stakeholder Advisory Board Combined Meeting June 29, 2021



Agenda

| <u>Time</u> | <u>Topic</u> |
|-------------|---|
| 10:00 a.m. | I. Call to Order, Public Comment, Approval of Prior Meeting Minutes |
| 10:10 a.m. | II. Logic Model for Cost Growth Benchmark |
| 10:15 a.m. | III. Healthcare Benchmark Initiative Updates |
| 10:45 a.m. | IV. Discussion |
| 11:00 a.m. | V. Adjourn |

Call to Order

Public Comment

Approval of Previous Meeting Minutes

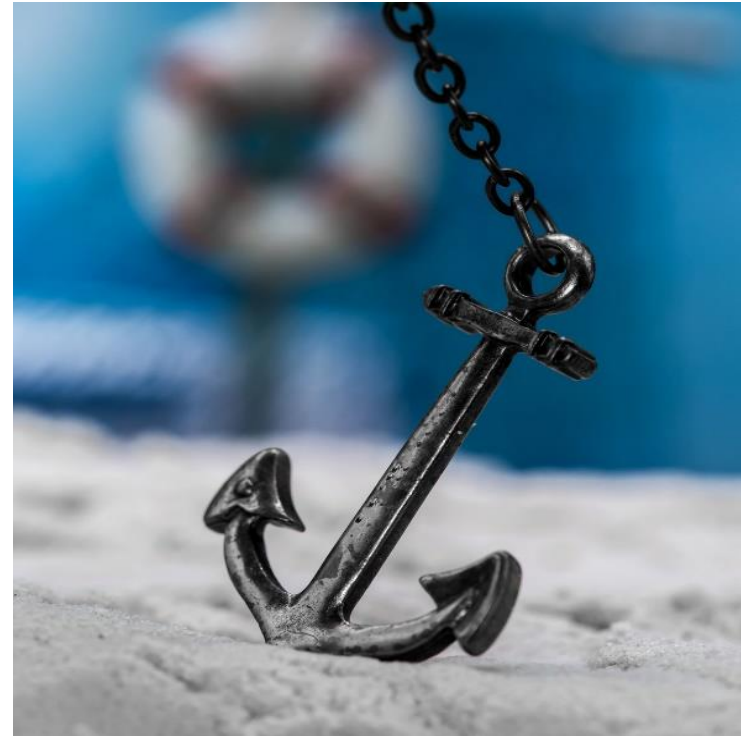
Approval of Previous Meeting Minutes

- In advance of the meeting, OHS shared minutes from the previous Stakeholder Advisory Board and Technical Team meetings.
- Do members of each of these advisory bodies wish to approve those minutes?

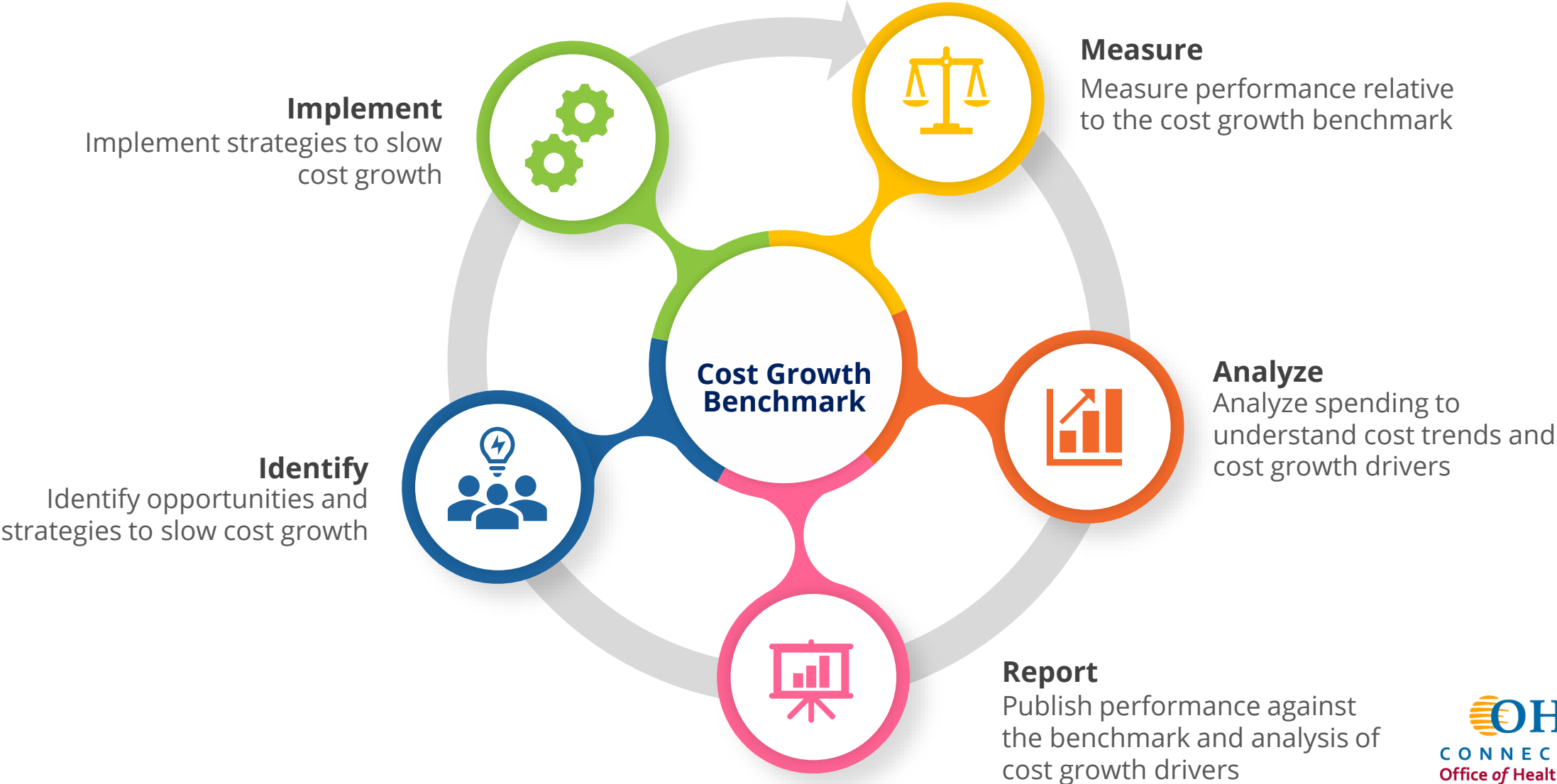
Logic Model for a Cost Growth Benchmark

The Logic Model for a Cost Growth Benchmark

- Setting a public target for health care spending growth alone will not slow rate of growth.
- A cost growth target serves as an **anchor**, establishing an expectation that can serve as the basis for transparency at the state, insurer and provider levels.
- To be effective, it must be complemented by supporting strategies.



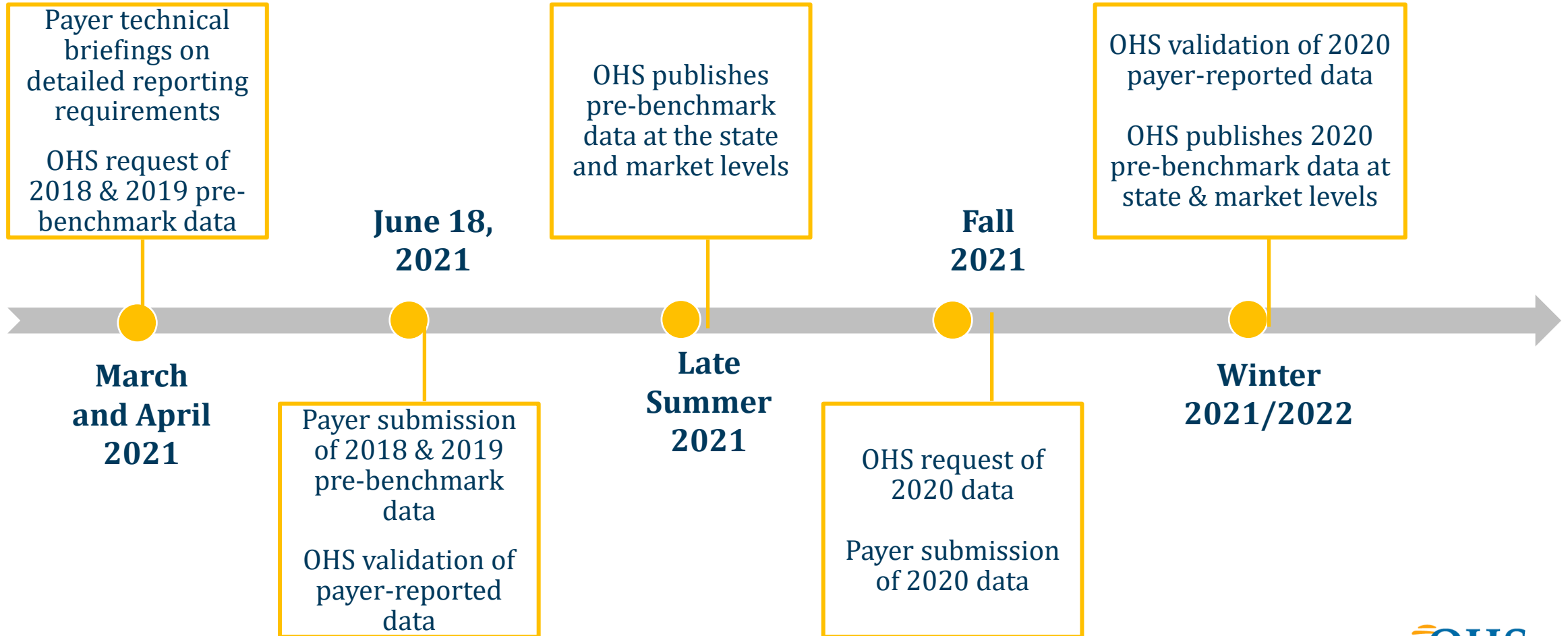
The Logic Model for a Cost Growth Benchmark



Healthcare Benchmark Initiative Updates

Update #1: Pre-Benchmark Period Data Submission and Validation Process

Data Submission and Reporting Timeline



Data Validation and Reporting Process

OHS is working with payers to validate Total Medical Expense (TME)* and primary care spending data. OHS will work with payers:

1. to confirm data were submitted using specifications outlined in the Implementation Manual, and
2. to review initial PMPM spending and trend by service category.

After confirming data completeness and accuracy, OHS will review performance data with large provider entities (Advanced Networks).**

*TME is the sum of the Allowed Amount of total claims and total non-claims spending paid to providers incurred by Connecticut residents for all healthcare services.

**For this purpose, an Advanced Network is a provider organization or group of provider organizations that includes primary care providers within one or more practices.

Update #2: Expanded Cost Growth Driver Analysis

Expanded Cost Growth Driver Analysis

Mathematica is expanding upon its earlier analysis of APCD data in the following manner:

1. Updates of previous analyses, adding 2019 data and pharmacy data
 - PMPM spending by payer and year
 - Out-of-pocket by payer and year
 - Spending by service category, including change in service volume and spending per unit
2. Analysis of variation in ED utilization by race and income stratum
3. Analysis of price growth for hospital services and variation among hospitals

Work began in June and is scheduled to be completed this fall.

Update #3: Long-Term Support for the Data Use Strategy

Long-Term Support for the Data Use Strategy

- OHS released an RFP in June for a contractor to provide ongoing support for OHS' data use strategy, including analysis of cost drivers and costs growth drivers.
- Contractor will provide analytic services for health data including:
 - All-Payer Claims Database
 - Hospital Discharge Database
 - Outpatient Surgical Center Database
 - Hospital Reporting System
- These analyses will be used – in part – to inform strategy identification to support benchmark achievement.
- Bids are due July 12th.

Update #4: Stakeholder Engagement

Stakeholder Engagement

- OHS continues to work with community and civic organizations to conduct educational briefings about the Healthcare Benchmark Initiative.
- OHS is seeking the input of consumers themselves – with particular attention to hearing input from BIPOC communities. Recent and planned presentations:
 - United Way of Southeast Connecticut
 - Hartford/New Britain League of Women Voters
 - Ministerial Health Fellowship
 - Connecticut Chapter of the National Hispanic Nurses Association
- OHS also continues to provide briefings for stakeholders such as hospitals, insurers, clinicians, employers, and more.

Consumer Webinars Underscore Affordability Concerns

During several spring webinars aimed at seeking consumer input, OHS heard concerns about the affordability of healthcare in Connecticut.

- Some consumers reported that they avoid seeking healthcare services because of high deductibles and copays, and they try to conserve their utilization for emergency situations only.
- Others expressed confusion over what their coverage actually pays for and “sticker shock” when it came to the out-of-pocket costs they are experiencing.
- Consumers noted the increasing popularity of high-deductible health plans offered by employers, and the trade-off in lowering healthcare premiums.
- Consumers expressed frustration with what they perceive and observe as high spending on capital improvements being undertaken by some providers.

Update #5: Examining Inflation

Considering the Current Jump in Inflation

- The Consumer Price Index for All Urban Consumers increased 5.0 percent from May 2020 to May 2021 – the highest jump since 2008.
 - The percent change in CPI for medical care was -1.9%
- There is uncertainty over whether the current inflation spike is transitory, but sustained elevated inflation will impact cost growth target performance.
 - The Federal Reserve expects inflation to settle down to 2.1% for 2022.
- The Technical Team recommended convening an advisory group to revisit the healthcare cost growth benchmark values should there be a significant rise in inflation in the future. OHS will do so should high inflation persist.

Recent Experiences of Cost Growth Benchmark States

DE, MA, RI and VT Recently Reported Exceeding their 2019 Cost Growth Benchmarks

- **Delaware** exceeded its 3.8% benchmark with a per capita trend of 7.8% for 2018-19.
- **Massachusetts** exceeded its 3.1% benchmark with a per capita trend of 4.3% for 2018-19.
- **Rhode Island** exceeded its 3.2% benchmark with a per capita trend of 4.1%.
- **Vermont** exceeded its 3.5% benchmark with a per capita trend of 4.5% for 2018-19. (VT has a benchmark as part of a CMS demonstration.)

What is driving trend in these other states?*

Primarily two services:

1. Pharmacy (Retail and Medical (i.e., physician-administered))
 - Driven by large price increases and introduction of new, very expensive medical pharmacy
2. Hospital
 - Driven by large price increases
 - Sometimes driven by outpatient service volume

Experienced in one or two markets:

1. Always commercial; sometimes Medicaid

* Information not available for all states.

Other Cost Growth Benchmark States Turning Focus to Mitigation Strategies

Mitigation Strategies in Other States

- **Value-Based Payment**

- Oregon's and Rhode Island's stakeholder advisory bodies have prioritized movement towards non-fee-for-service, budget-based payment models as a leading strategy to slow cost growth.
- Oregon has created a stakeholder body to translate a set of principles and adoption targets into an action plan by fall.
- Rhode Island is assembling a similar body next month to do the same, with a planned completion date of December.

Mitigation Strategies in Other States

- **Pharmacy**

- Rhode Island's stakeholder body recommended Governor McKee pursue pharmacy price legislation.
 - Governor McKee is considering submitting supportive legislation for the 2021-22 legislative session.

- **Leveraging Data**

- Rhode Island's stakeholder body has created a small hand-picked subcommittee to scrutinize APCD analyses and make strategy recommendations to the stakeholder body and state.

Mitigation Strategies in Other States

- **Process for Strategy Vetting**

- Oregon and Rhode Island have developed criteria and formal processes for stakeholder advisory body assessment of proposed strategies.

