

## Connecticut's Healthcare Cost Growth Benchmark, Primary Care Target, and Quality Benchmarks Initiative

### Frequently Asked Questions

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Governor Lamont's [Executive Order No. 5](#) directs the Office of Health Strategy (OHS) to establish healthcare cost growth and quality benchmarks, and to increase the share of overall healthcare spending devoted to primary care, to ten percent. This document provides answers to frequently asked questions about the State's initiative and will be updated as new questions arise. Please email any questions to [ohs@ct.gov](mailto:ohs@ct.gov), with the subject line: Benchmarks Program Questions.

## Healthcare Cost Growth Benchmark

### 1. What is a healthcare cost growth benchmark?

A healthcare cost growth benchmark is a target for future year to year increases in overall healthcare spending per person, in a state.

Overall healthcare spending *includes*:

- Medical expense payments to providers from sources such as healthcare insurance companies, Medicare, Medicaid, and State and private employee health plans.
- Non-claims payments to health care providers for activities such as adopting an electronic health record system, medical translation services, and payments or penalties for quality of care.
- All patients cost share amounts paid for services such as an outpatient visit, a hospital stay or prescription.
- The difference between private health insurance premiums paid and cost of benefits, plan administration cost and profit.

Overall healthcare spending *excludes*:

- Spending recorded by providers, but not by payers (e.g., spending made by uninsured residents, as such spending data are not easily gathered)
- Non-medical spending made by payers (e.g., gym membership)
- Vision or dental care that is not covered under a medical plan
- Spending on behalf of non-CT residents

## 2. Why is Connecticut establishing a healthcare cost growth benchmark?

Growth of healthcare costs in Connecticut is outpacing the growth of the state's economy. This makes it difficult for residents to afford necessary healthcare services in addition to other expenses such as food, housing, and transportation. Also, it makes health insurance coverage unaffordable for employers and their employees.

The benchmark is part of a strategy to measure healthcare spending in Connecticut and provide a target toward which all healthcare payers, such as insurance companies, Medicare, Medicaid, the State and private employee plans, and providers can aim so annual healthcare cost growth becomes sustainable.

## 3. Does the healthcare cost growth benchmark cap how much insurance providers spend on my healthcare?

No. The benchmark is not a cap or limitation on how much a health plan spends on any individual or group of individuals.

There are many reasons why healthcare payers and providers may exceed the benchmark in any given year. A couple of examples include expensive prescription "blockbuster" medication is approved that cures or drastically improves lives, or more individuals with insurance are sicker in one year when compared to the previous year.

## 4. Who is setting the cost growth benchmark?

Connecticut's healthcare cost growth benchmark will be established by the State with the support of several key deliberating bodies. They are:

- [Technical Team](#). The Technical Team is the primary body providing OHS with recommendations, while considering input and feedback from multiple stakeholder groups (listed below). Technical Team members are a diverse group of experts.
- [Stakeholder Advisory Board](#). The Stakeholder Advisory Board provides input to the Technical Team on the healthcare cost growth benchmark and primary care targets. The Stakeholder Advisory Board consists of patients, healthcare advocates, and leaders from the provider, payer, employer, foundation, and state perspectives.
- Other bodies, such as the [OHS Consumer Advisory Council](#), [Practice Transformation Task Force](#), the [Medical Assistance Program Oversight Council \(MAPOC\)](#), as well as other stakeholders are being actively consulted and providing input to the Stakeholder Advisory Board.

**5. How long have healthcare cost growth benchmarks been used?**

Healthcare cost growth benchmarks have been in place since 2012, when Massachusetts established its first benchmark. Delaware and Rhode Island started similar programs in 2019, and Oregon plans to implement one in 2021.

**6. How do we know this program will be successful in slowing healthcare spending growth?**

There is compelling evidence from Massachusetts that its cost growth target has had a significant influence on controlling cost growth, particularly in the case of employer provided health insurance. Massachusetts estimates that since the benchmark was established it has saved an estimated \$5.5 billion in avoided spending in private insurance plans.<sup>1</sup>

**7. How will total spending be measured and reported in Connecticut, and how is it done in other states?**

How total spending is measured and reported are key decisions that the Technical Team will consider.

In Massachusetts, Delaware, and Rhode Island, total healthcare spending is measured by using data reported by private payers, Medicaid and Medicare managed care payers. In addition, the State collects data from Medicare and Medicaid for their non-managed care or fee-for-service (FFS)<sup>2</sup> programs and collects data for other populations not reported by payers.

**8. What will happen in Connecticut if healthcare costs exceed the benchmark?**

OHS will publish healthcare cost growth trends and compare performance of providers and payers to the target to raise public awareness and transparency of cost growth in the state.

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<sup>1</sup> Massachusetts Health Policy Commission, Hearing on the Potential Modification of the Health Care Cost Growth Benchmark. March 28, 2018.

<https://www.mass.gov/files/documents/2018/04/03/Benchmark%20Presentation.pdf>

<sup>2</sup> A payment system in which health care services provided together are unbundled and paid for separately.

**9. What can private and public payers (like Medicaid, Medicare, and State and private employee plans) and providers do to meet the benchmark?**

Researchers estimate that up to 25% of all healthcare spending is “waste;” there are several strategies that insurers, payers and providers can use to reduce growth in healthcare spending by focusing on reducing “waste.”<sup>3</sup> Such strategies include reducing avoidable hospitalizations or avoidable emergency department use, for example.

**10. How will the healthcare cost growth benchmark help Connecticut residents understand why healthcare costs are growing?**

OHS plans to publish information on the performance of payers and providers against the benchmark, and data analysis that both explores the reasons why healthcare costs are growing and may help providers improve cost and quality performance.

**11. How will the healthcare cost growth benchmark affect healthcare consumers’ out of pocket expenses, health insurance premiums and access to care?**

Should the healthcare cost growth benchmark prove successful, consumers may benefit in several ways:

- Their health insurance premiums will grow more slowly than in the past
- Payers will feel less financial pressure to offer benefits with growing consumer out of pocket cost
- Consumers will feel less financial pressure to select benefit plans with larger out of pocket cost to keep their premium payments low
- Consumers will be less likely to skip necessary care or needed prescriptions because of the associated costs, and
- Employers will increase wages at a higher rate because they will not have to increase health care benefits spending as much as in the past.

**12. Why is Connecticut focused on developing this initiative while still coping with the coronavirus pandemic?**

The need to establish healthcare cost growth and quality benchmarks and achieve primary care spending targets has never been greater, especially at a time when healthcare costs incurred to combat and reduce the spread of COVID-19 are staggering. By continuing to focus on long-term strategies to improve the healthcare system, Connecticut will be poised to evaluate the cost and outcomes of the healthcare system as

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<sup>3</sup> Shrank, W et al. “Waste in the US Health Care System: Estimated Costs and Potential for Savings” *JAMA*, 2019. <https://jamanetwork.com/journals/jama/article-abstract/2752664>

one way to improve access, equity, and the overall health of state residents once the pandemic ends.

## Primary Care Spending Target

### 1. What is a primary care spending target?

A primary care spending target is a goal for the percentage of overall healthcare spending that should be devoted to primary care.

### 2. Why set a primary care target?

The U.S. healthcare system is largely focused on specialist care. Research has demonstrated however, that greater investment in primary care as a percentage of overall healthcare spending leads to better patient outcomes, lower costs, and improved patient experience of care. Other states have strengthened their healthcare system by supporting improved primary care delivery and shifting an increasing percentage of total spending allocated towards primary care.

### 3. Who is determining how to increase the percentage of healthcare spending devoted to primary care?

The process for increasing primary care's share of the state's healthcare spending to ten percent in Connecticut, will be determined by the State with the support of several key deliberating bodies. They are:

- [Technical Team](#). The Technical Team is the primary body providing OHS with recommendations, while considering input and feedback from multiple stakeholder groups (listed below). Technical Team members are a diverse group of experts.
- [Stakeholder Advisory Board](#). The Stakeholder Advisory Board provides input to the Technical Team on the healthcare cost growth benchmark and primary care targets. The Stakeholder Advisory Board consists of patients, healthcare advocates, and leaders from the provider, payer, employer, foundation, and state perspectives.
- Other bodies, such as the [OHS Consumer Advisory Council](#), [Practice Transformation Task Force](#), the [Medical Assistance Program Oversight Council \(MAPOC\)](#), as well as other stakeholder bodies are being actively consulted and providing input to the Stakeholder Advisory Board.

## Quality Benchmarks

### 1. What are quality benchmarks?

Quality benchmarks are targets towards which all public and private payers, providers and the State try to achieve to improve and maintain healthcare quality. Effective quality standards ensure that care provided is effective, appropriate, timely, and safe, and improves the overall health status of a population. Therefore, the benchmarks may include clinical quality, under-and-over utilization, patient safety, and health equity measures.

### 2. Why do we need quality benchmarks in Connecticut?

Connecticut is considered a high-quality-of-care state compared to many states, but there remains wide variation among populations, particularly for people of color. For instance, Hispanics and Blacks have higher rates of preventable hospitalizations and diabetes prevalence than their White peers.<sup>4</sup> Such variations may be eliminated by providing better quality primary care. Also, preventable hospitalizations add to the cost of care. Controlling cost growth is only one part of creating better healthcare for all Connecticut residents. We also need to improve the quality of care for better outcomes.

### 3. Where have statewide quality benchmarks been used?

Delaware is the only state to have quality benchmarks. When implemented, Connecticut will be the second state to have statewide quality benchmarks.

### 4. Who is charged with developing the benchmarks?

The State's [Quality Council](#) will be charged with developing the Quality Benchmarks with support from OHS and the Department of Social Services. Strategies could include facilitating equitable access to appropriate and necessary healthcare services for any individual.

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<sup>44</sup>United Health Foundation. America's Health Ranking 2019 Annual Report. Accessed at <https://www.americashealthrankings.org/explore/annual/measure/Diabetes/state/CT> on 6/25/2020