

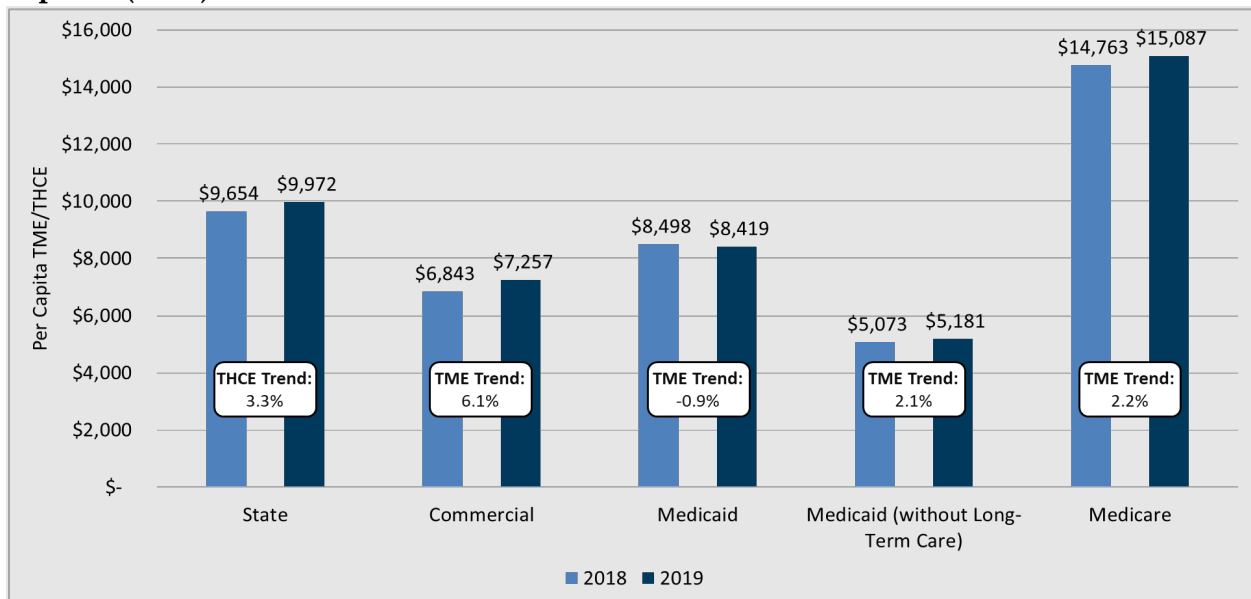
Connecticut Office of Health Strategy Cost Growth Benchmark Results of 2018-2019 Pre-Benchmark Analysis

Connecticut is one of eight states that established a healthcare cost growth benchmark program as a strategy to better understand and create accountability for slowing healthcare spending growth. Under the direction of Governor Lamont’s [Executive Order No. 5](#) and in consultation with [stakeholders](#), the Office of Health Strategy (OHS) [established](#) the following per capita state targets for healthcare costs growth through 2025:

- 3.4% for 2021;
- 3.2% for 2022; and
- 2.9% for 2023 through 2025.

To understand the historical healthcare spending growth in Connecticut before the benchmark took effect in 2021, OHS collected and analyzed 2018 and 2019 healthcare spending data from payers. This analysis found that the overall (statewide) per person spending grew 3.3% in 2019. Per person spending in the commercial market grew by 6.1%, declined by 0.9% for Medicaid¹, and grew by 2.2% for Medicare (see Figure 1).

Figure 1. Per Capita Growth in Total Health Care Expenditures (THCE) and Total Medical Expense (TME) in Connecticut Insurance Markets: 2018-2019 ²



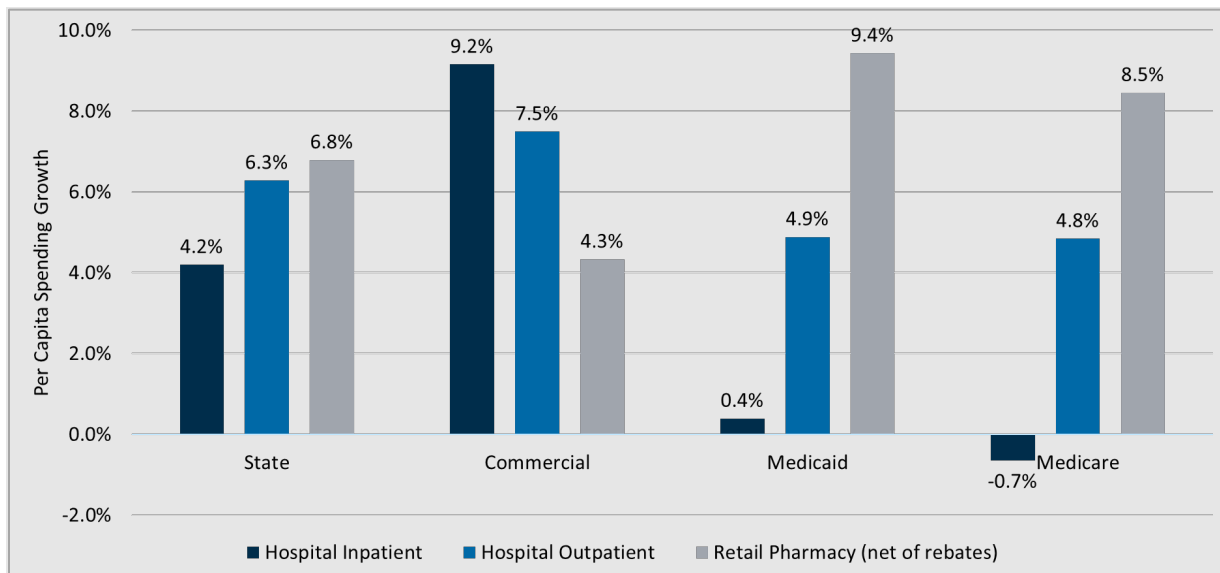
¹ Medicaid grew 2.1%, if per capita spending in long-term care services is excluded.

² Total healthcare expenditure (THCE) includes all categories of medical expenses and non-claims related payments to providers, member cost-sharing for services, and the net cost of private health insurance. State level THCE includes spending in the commercial, Medicaid and Medicare markets, medical spending on veterans by the Veteran’s Health Administration, and on incarcerated individuals by the Department of Corrections. Total medical expense (TME) includes all categories of medical expenses and non-claims related payments to providers, and member cost-sharing for services. More details on the methodology is available at [Connecticut Healthcare Benchmark Initiative Implementation Manual](#).

A deeper analysis of Connecticut’s commercial market spending, using data from the All-Payer Claims Database (APCD), shows price growth in hospital services as the underlying cause of the increased spending. Between 2015 and 2019, hospital inpatient discharges decreased by 10% while per unit spending increased by 37%. Similarly, outpatient encounters decreased by 2% while per unit spending increased by 31%.

Three areas of care drove overall per person spending growth. These are a 6.8% spending growth in retail pharmacy, and a 6.3% and 4.2% spending growth in outpatient hospital and inpatient hospital services, respectively (see Figure 2).

Figure 2. Top Three Drivers of State and Market Cost Growth in Connecticut: 2018-2019



Looking at market-specific trends, Medicaid and Medicare spending growth follow the same pattern, with retail pharmacy growing 9.4% and 8.5% respectively. In the commercial market, however, spending on hospital inpatient services grew fastest at 9.2%, followed by hospital outpatient spending which grew by 7.5%. These rates of growth were more than 2.5 times the statewide average [wage growth](#) rates of 2% and 3% during the same period.³

For more information about CT Health Care Cost Growth Benchmark visit <https://portal.ct.gov/OHS/Services/Cost-Growth-Quality-Benchmarks-Primary-Care-Target> or mail comments to OHS@ct.gov

³ CT Department of Labour statewide annual wages. Retrieved from https://www1.ctdol.state.ct.us/lmi/202/202_annualaverage.asp on February 15, 2022.