

Goal of Strategy: Reduce cost growth by setting a statewide target on annual total cost of care, and assessing performance at the state, payer and large provider level.

Rationale: Setting a cost growth target will focus the attention of the public, policymakers, providers and payers on containing cost growth, and thereby necessarily consider both service prices and utilization of services. It will also spur action on prices and changes required in care delivery to contain cost growth. The goal is to establish a cost growth rate target that is affordable to consumers, employers and taxpayers. This is consistent with SIM's goal to "achieve a rate of healthcare expenditure growth no greater than the increase in gross state product (GSP)."

Recommendation: The Cabinet should recommend how best to define and implement a statewide health care cost growth target.

The Cabinet should create a work group that includes stakeholders, at a minimum consisting of Advanced Networks, hospitals, post-acute providers, private providers, public and private health care purchasers and payers, consumers, an economist, and a health care policy expert.

When considering a cost growth target, the work group should:

- Study the methodology of Massachusetts and any other state that has adopted or implemented a state-level cost growth target, including their relative public and private reimbursement environment.
- Identify what data various Connecticut agencies have, and what data are needed to define baseline spending and assess state, payer and provider performance relative to the target.
- Recommend a state entity that should assume responsibility for computing state, payer and provider performance relative to the target.
- Define the minimum number of provider-attributed lives for a provider to have its performance assessed relative to the cost growth target.
- Identify what external economic indicator should be used to define the cost growth target, with consideration given to the Prospective Gross State Product and the Consumer Price Index for All Urban Consumers (CPI-U).
- Recommend an implementation timeline for the cost growth target that spans several years' time and defines the time period during which performance relative to the cost growth target should be reported publicly without penalties or sanctions for meeting or exceeding the target. The recommendation should specify the timing for setting each year's cost growth target.
- Recommend how the results of the cost growth target are reported publicly, and what steps payers and providers must take to explain their performance if they exceeded the target.
- Recommend the frequency with which the cost growth target should be assessed for its effectiveness.

The work group should make its recommendations to the Cabinet in a timely manner to allow the Cabinet to make its final recommendations to the Governor and legislature by December 15, 2017.