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Office of Health Strategy
Healthcare Benchmark Initiatives
Informational Public Hearing

June 23, 2025

Agenda

9:00 – 9:10	Welcome and Introductions
9:10 – 9:35	Healthcare Affordability in Connecticut: Highlights of the 2023 Cost Growth, Quality and Primary Care Benchmark Reports
9:35 – 10:00	The Business Case and the Impact on Consumers
10:00 – 10:45	Spending Drivers for 2023 - Prescription Drugs
10:45 – 11:00	- Break -
11:00 – 11:30	Cost Growth Benchmark – Insurer Perspectives
11:30 – 12:15	Hospital Payment Variation
12:15 – 12:30	Public Comment
12:30 – 12:45	Conclusion/Next Steps

Healthcare Affordability in Connecticut: Highlights of the 2023 Cost Growth, Quality and Primary Care Benchmark Reports

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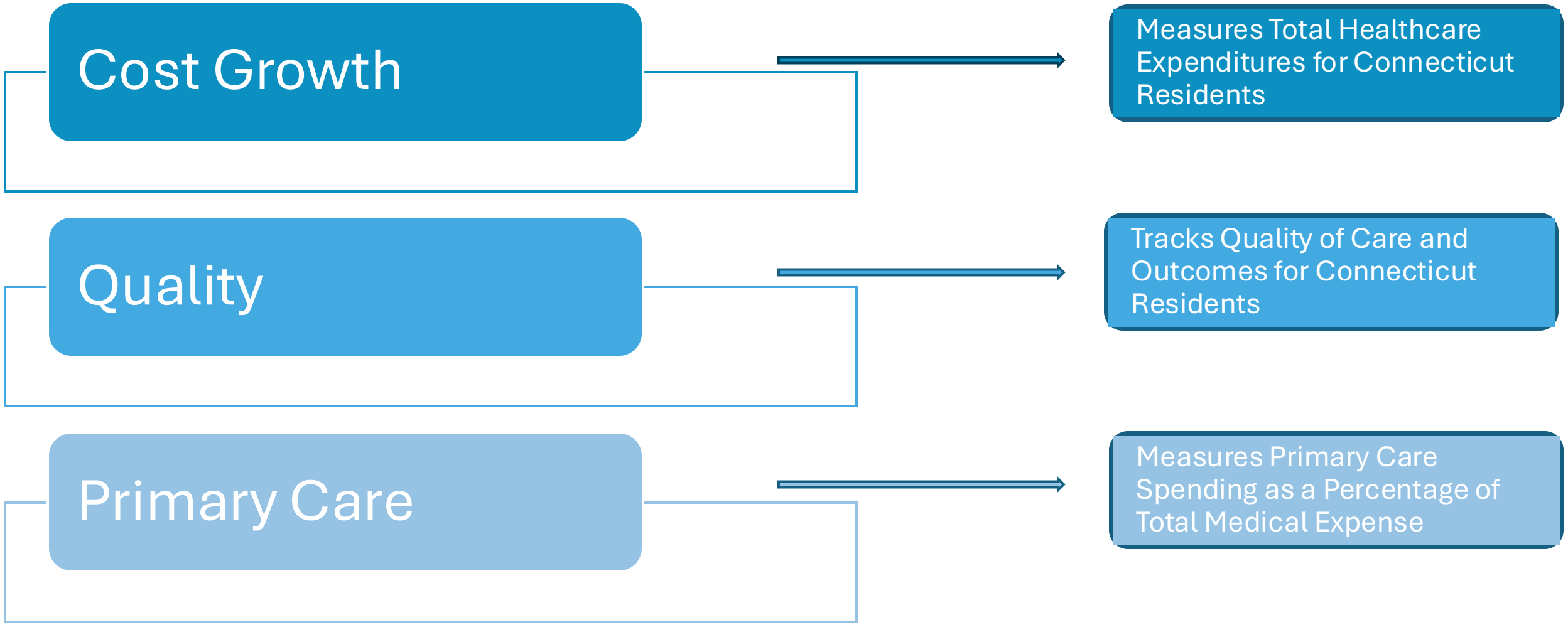
Benchmark Initiative Efforts



What is a Cost Growth Benchmark?

- Measures annual aggregate and per-person growth in healthcare spending in Connecticut.

- It compares this growth to a “Benchmark” value, set by the Office of Health Strategy, that represents a target level of sustainable growth that ensures an affordable and accessible health system

Connecticut's Healthcare Cost Growth Benchmark

Calendar Year	Benchmark Values
2021	3.4%
2022	3.2%
2023	2.9%
2024	*4.0%
2025	2.9%

*Modified from 2.9% to account for the delayed impact of inflation in 2021 and 2022

- The benchmark values were set based on a blend of forecasted per capita potential gross state product (PGSP) and forecasted growth in median household income.
- Benchmark values are set in 5-year increments; 2026 – 2030 values will be discussed this afternoon

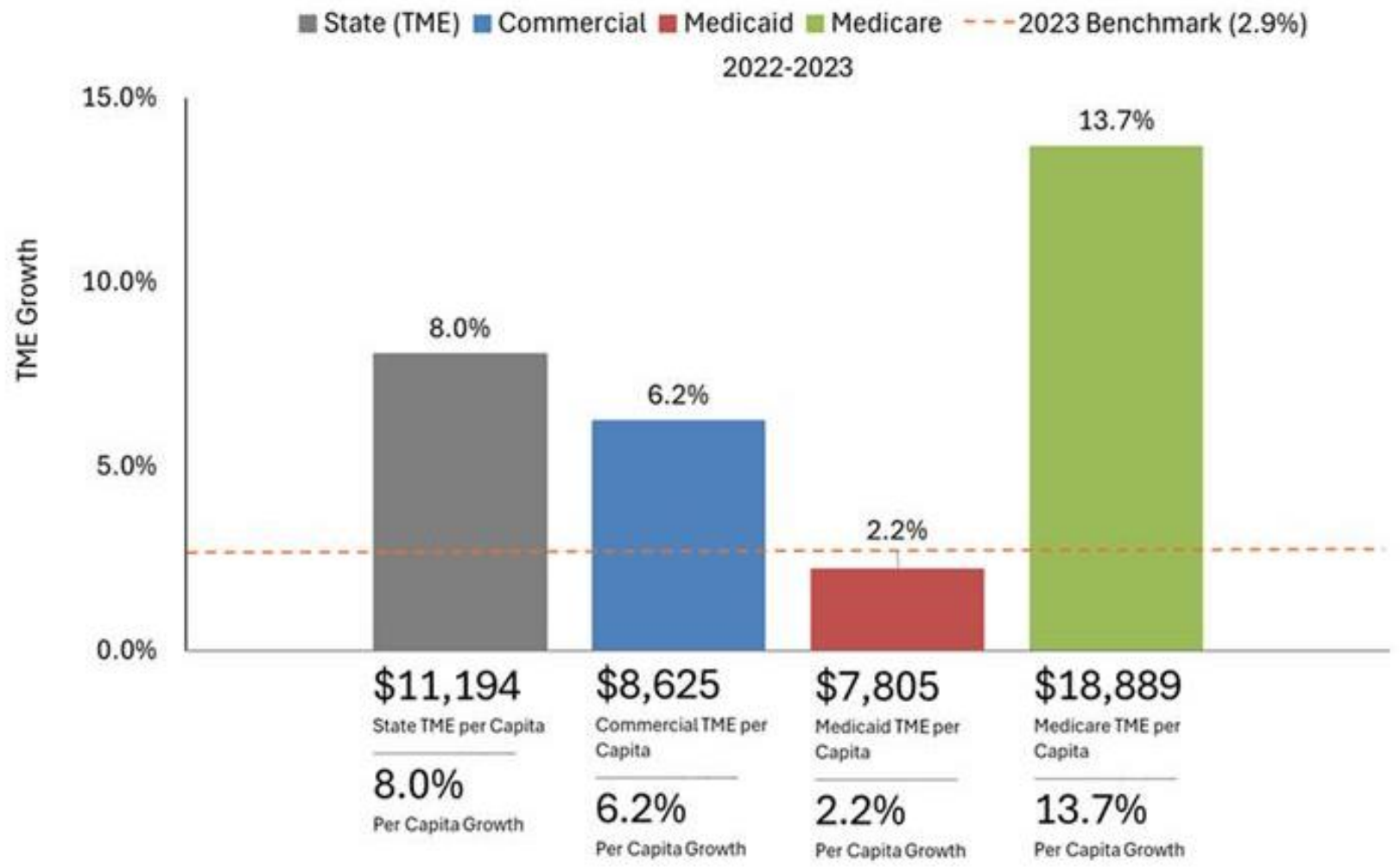
Measuring Healthcare Spending

Total Medical Expense (TME) + **Net Cost of Private Health Insurance (NCPHI)** = **Total Healthcare Expenditures (THCE)**

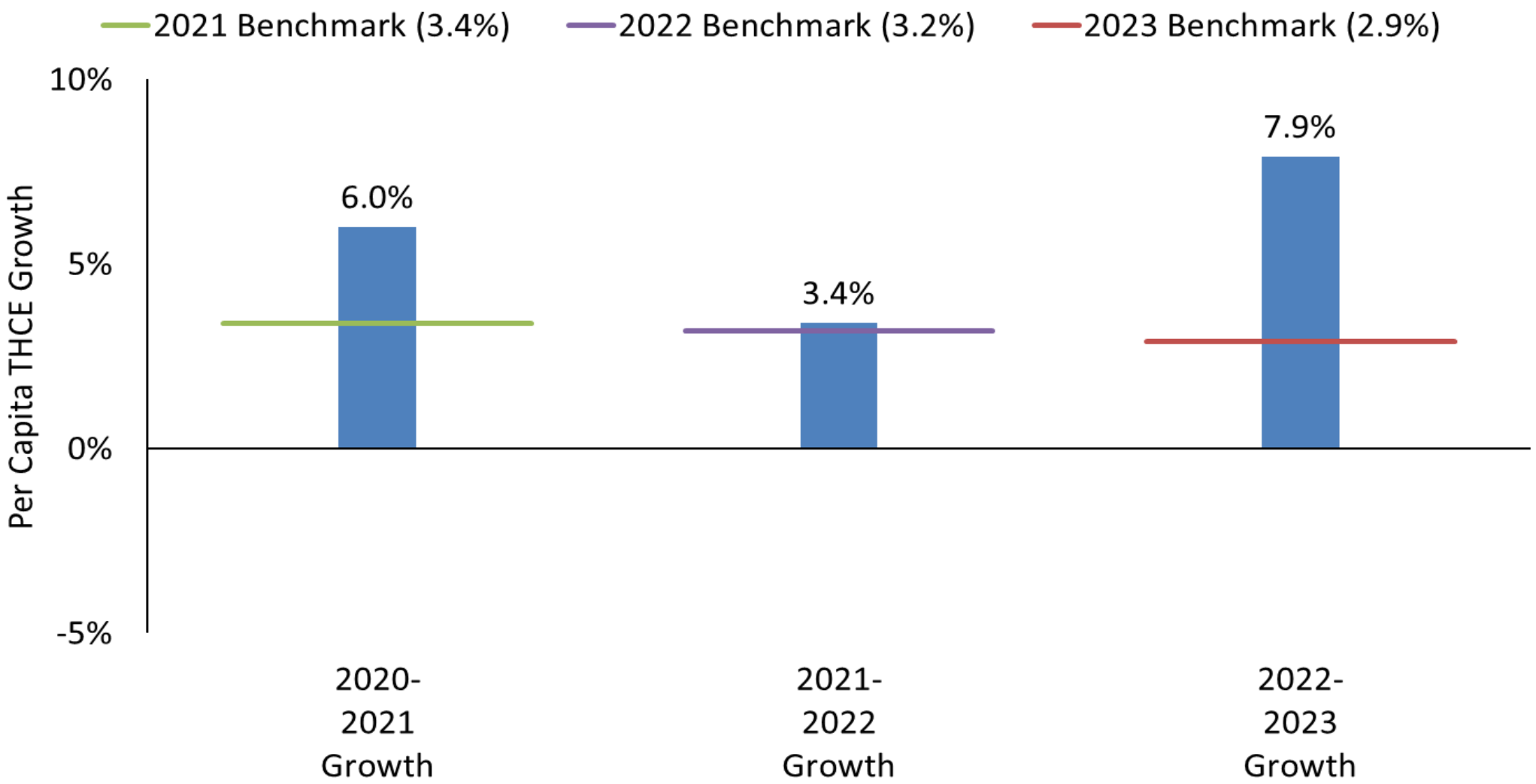
All incurred expenses for CT residents for all health care services, regardless of where the care was delivered and regardless of the situs of the member's health plan.

The **costs to CT residents associated with the administration of private health insurance,** including administration expense and profit.

Cost Growth Benchmark Results: TME per Capita By Market



2023 Statewide Per Capita THCE Growth, 2020-2023



2023 Cost Growth Benchmark Results: Over Time

Sources: OHS collected data from insurers, Centers for Medicare and Medicaid Services (CMS), Connecticut Department of Social Services (DSS), Connecticut Department of Corrections (DOC), and Veterans Health Administration (VHA). Data are not risk adjusted. THCE includes the net cost of private health insurance (NCPHI)

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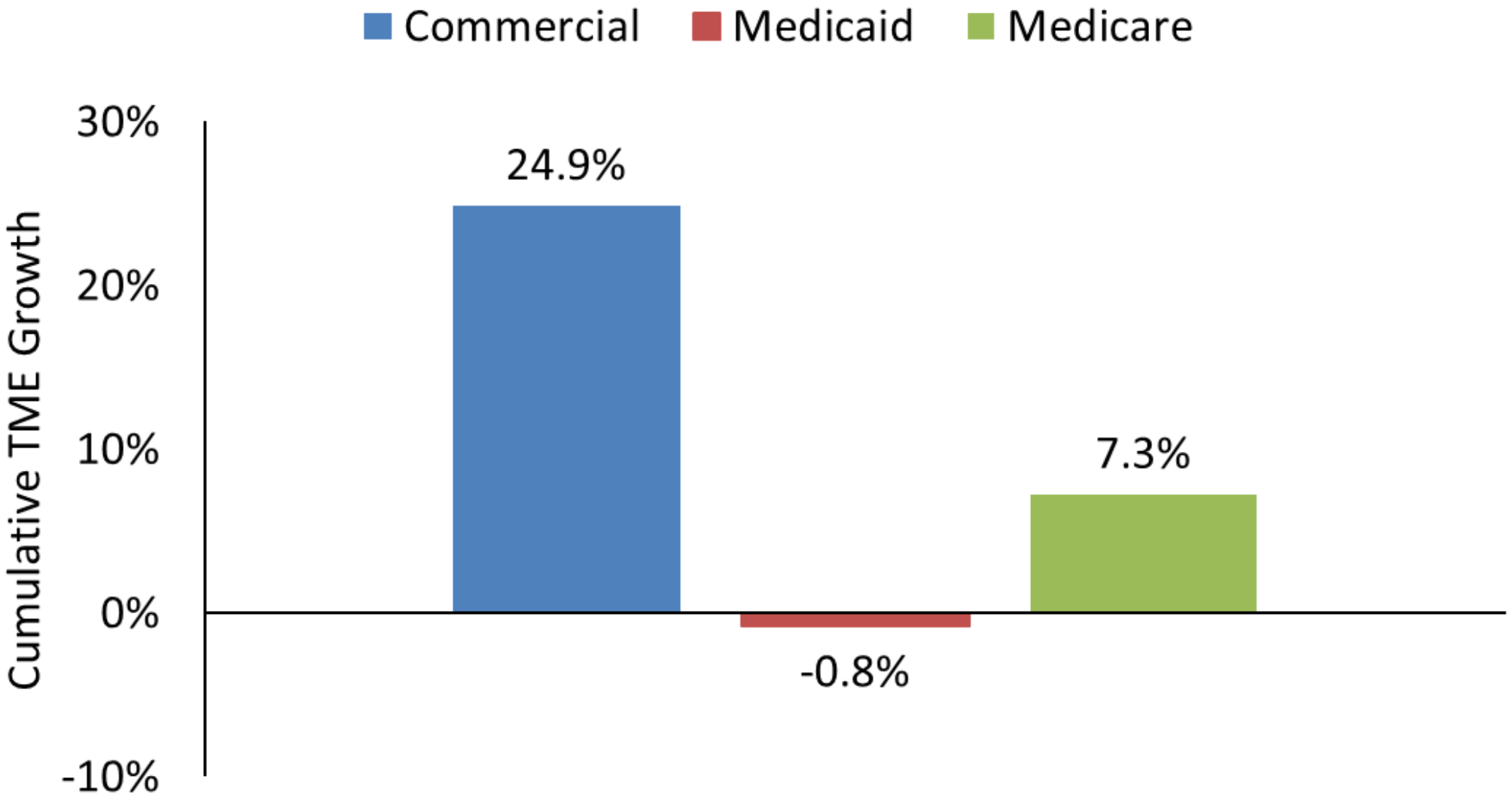
Cumulative 2019-2023 TME Spending Growth



2023 Cost Growth Benchmark Results: Over Time

Sources: OHS collected data from insurers, Centers for Medicare and Medicaid Services (CMS) and Connecticut Department of Social Services (DSS). Data are not risk adjusted and net of pharmacy rebates

Spending Drivers: 2022-2023

- Statewide healthcare spending increased over $3 billion in one year from 2022 to 2023.

PRESCRIPTION DRUGS

Spending increased **9.3%**, reaching **$1,851 per person** — the biggest jump of any health care service.

A major reason: expensive new diabetes and weight-loss medications.

MOUNJARO usage rose **795%**

WEGOVY usage rose **492%**

These high-priced drugs are pushing pharmacy costs up for everyone.

OUTPATIENT HOSPITAL CARE

Spending reached **$2,292 per person** — about 1 in every 5 health care dollars.

Outpatient care includes surgeries, scans, and treatments done at hospitals without staying overnight.

Outpatient surgeries:

3% of visits → **25%** of spending

Clinic-administered drugs (e.g., chemo infusions):

11% of visits → **19%** of spending

A small share of services is driving a large share of costs.

INSURANCE ADMINISTRATIVE COSTS

Connecticut spent **$1.81 billion** on insurance overhead in 2023 — **nearly 5%** of total health care spending.

This includes what insurers spend on things like:

- **Executive salaries & profits**
- **Billing systems & claims processing**
- **Marketing & other non-medical expenses**

These administrative costs grew by **10.2%** in just one year.

2023 Primary Care Spending Target Results

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Connecticut's Primary Care Spending Target

Calendar Year	Target Values
2021	5.0%
2022	5.3%
2023	6.9%
2024	8.5%
2025	10.0%

- Connecticut's primary care spending target aims to **increase primary care spending** to 10 percent of total healthcare expenditures by the end of 2025.
- The target is intended to rebalance and strengthen Connecticut's healthcare system by supporting improved primary care delivery.

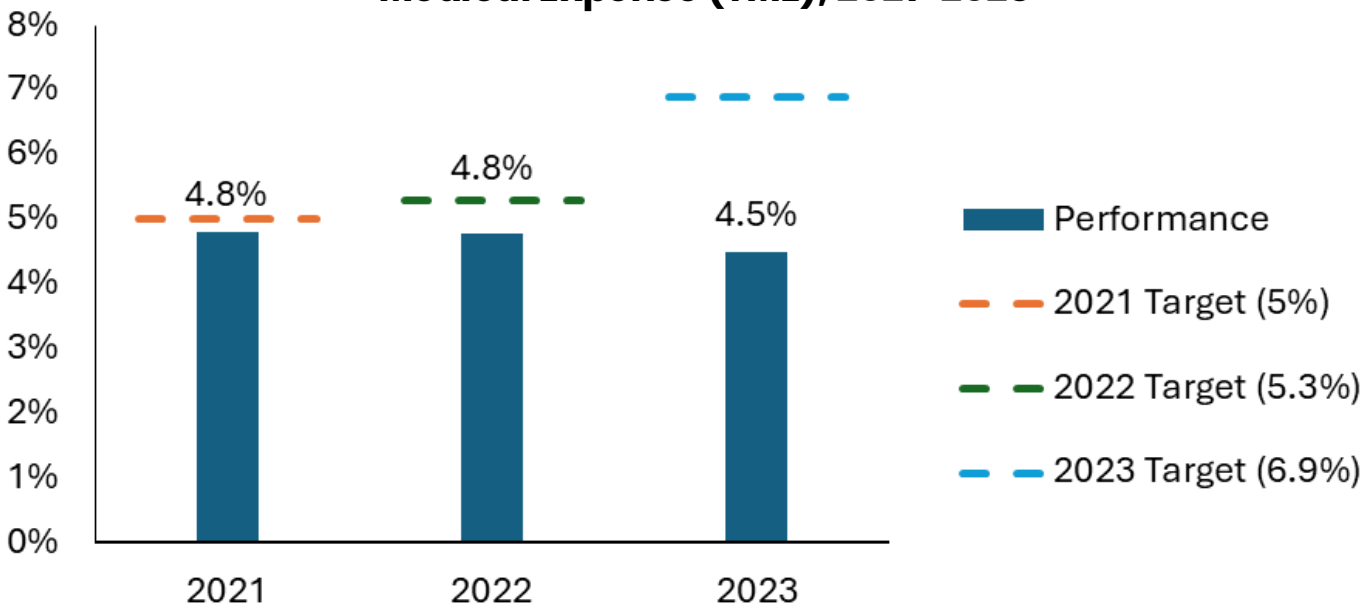
2023 Primary Care Spending Target Results: State

Connecticut did not meet the primary care target in 2023, as the proportion of overall spending allocated to primary care decreased.

Statewide Primary Care Spending

Year	Aggregate Primary Care Spending	Per Capita Primary Care Spending
2022	$1,051 M	$32
2023	$1,127 M	$33

State Primary Care Spending as a Percentage of Total Medical Expense (TME), 2021-2023



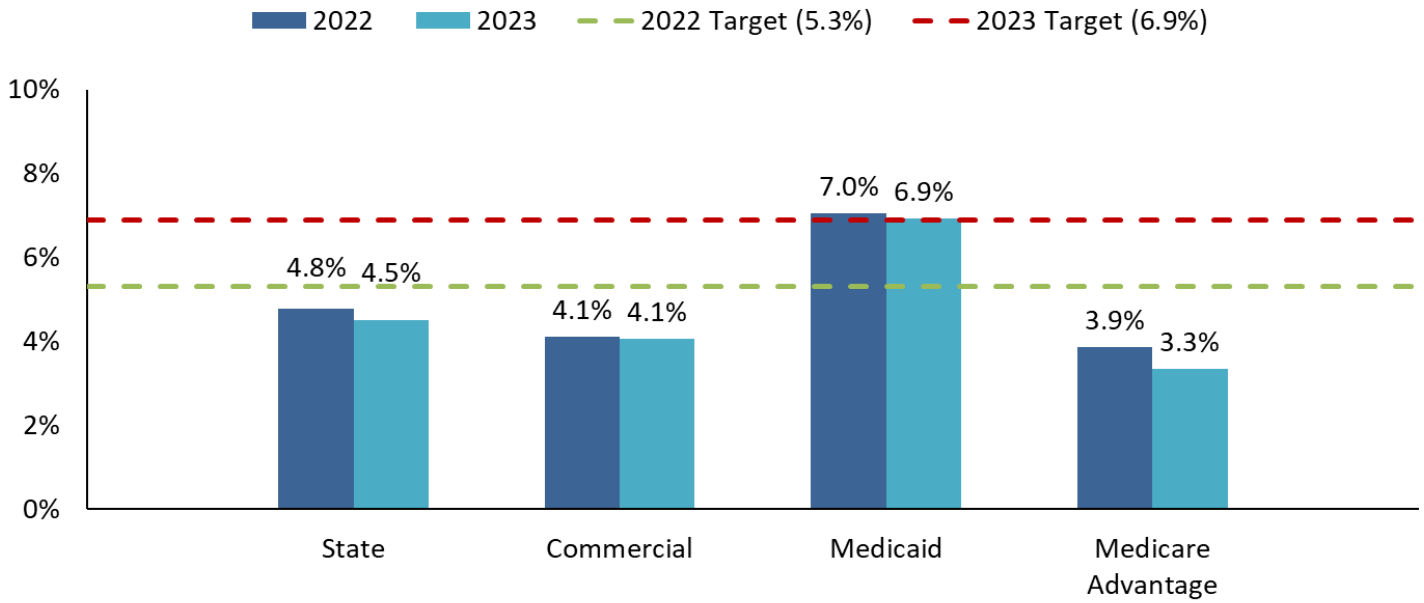
Source: OHS collected data from insurance carriers and the Connecticut Department of Social Services (DSS) .Cost Growth Benchmark Program 2021-2022 & 2022-2023.
Notes: Data are not risk-adjusted and data are reported net of pharmacy rebates.

2023 Primary Care Spending Target Results: By Market

2023 Primary Care Spending by Market

Market	2023 Aggregate Primary Care Spending	2023 Per Capita Primary Care Spending
Commercial	$494 M	$29
Medicaid	$392 M	$27
Medicare Advantage	$240 M	$54

State and Market Primary Care Spending as a Percentage of Total Medical Expense (TME)



Source: OHS collected data from insurance carriers and from the Connecticut Department of Social Services (DSS).
Notes: Data are not risk adjusted. Data are net of pharmacy rebates. Data include commercial, Medicare Advantage and Medicaid FFS spending. TME includes all of the spending categories captured for the cost growth benchmark, less long-term care.

2023 Quality Benchmark Results

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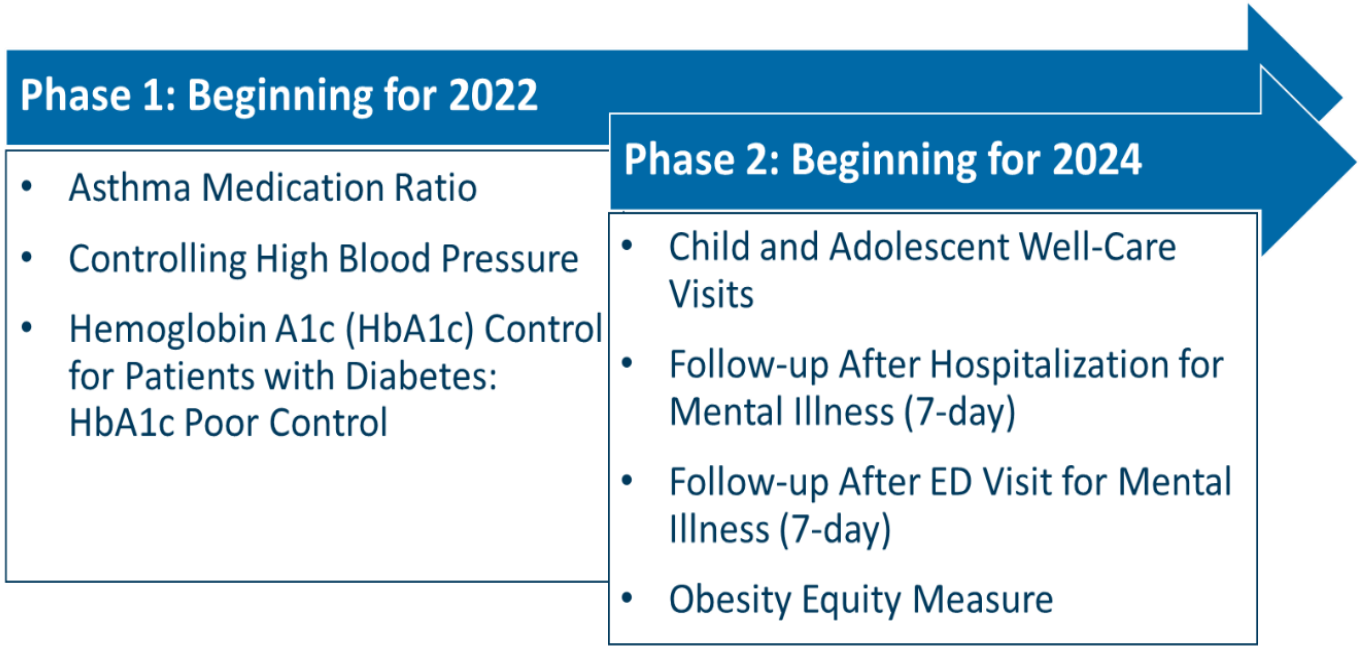
Connecticut's Quality Benchmarks

- In 2021, OHS selected seven Quality Benchmark measures and values for phased implementation.
- The Quality Benchmarks offer a balanced perspective on health system performance, safeguarding against potential stinting of care and protecting patients' interests in the context of a cost growth benchmark.



2023 Quality Benchmark Values

Quality Benchmark Measure	Commercial	Medicare Advantage	Medicaid
Asthma Medication Ratio (Ages 5-18)	81.0%	NA	68.0%
Asthma Medication Ratio (Ages 19-64)	80.0%	NA	65.0%
Controlling High Blood Pressure	63.0%	75.0%	63.0%
HbA1c Control for Patients with Diabetes: HbA1c Poor Control*	26.0%	18.0%	36.0%

*A lower rate indicates better performance for HbA1c Poor Control

2023 Quality Benchmark Results by Market

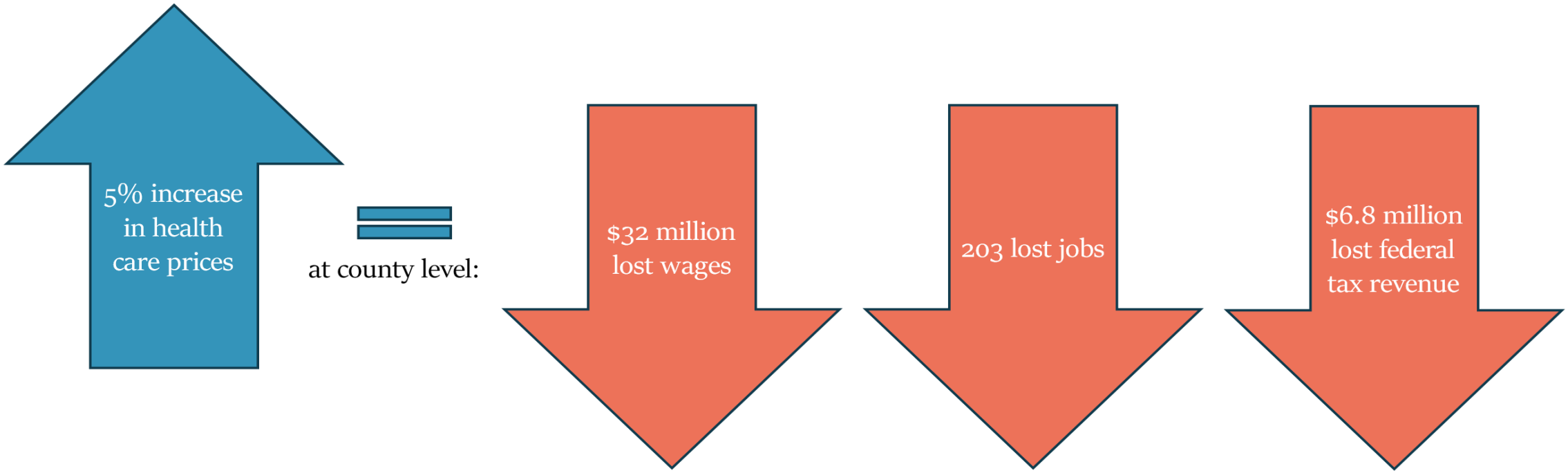
Market	Asthma Medication Ratio (ages 5-18)	Asthma Medication Ratio (ages 19-64)	Controlling High Blood Pressure	HbA1c Poor Control
Commercial	Did not meet	Met benchmark	Met benchmark	Met benchmark
Medicare Advantage	NA	NA	Met benchmark	Met benchmark
Medicaid	Did not meet	Met benchmark	Met benchmark	Met benchmark

2023 Quality Benchmark Results by Insurer

Market	Asthma Medication Ratio (ages 5-18)	Asthma Medication Ratio (ages 19-64)	Controlling High Blood Pressure	HbA1c Poor Control
Commercial				
Aetna	Did not meet	Met benchmark	Met benchmark	Met benchmark
Anthem	Did not meet	Met benchmark	Met benchmark	Met benchmark
Cigna	Met benchmark	Met benchmark	Met benchmark	Met benchmark
ConnectiCare	Met benchmark	Met benchmark	Met benchmark	Did not meet
United	Did not meet	Did not meet	Met benchmark	Did not meet
Medicare Advantage				
Aetna	NA	NA	Met benchmark	Met benchmark
Anthem	NA	NA	Met benchmark	Met benchmark
ConnectiCare	NA	NA	Met benchmark	Met benchmark
United	NA	NA	Met benchmark	Met benchmark
Wellcare	NA	NA	Met benchmark	Met benchmark

The Business Case and the Impact on Consumers

Impact on Employment & Economy

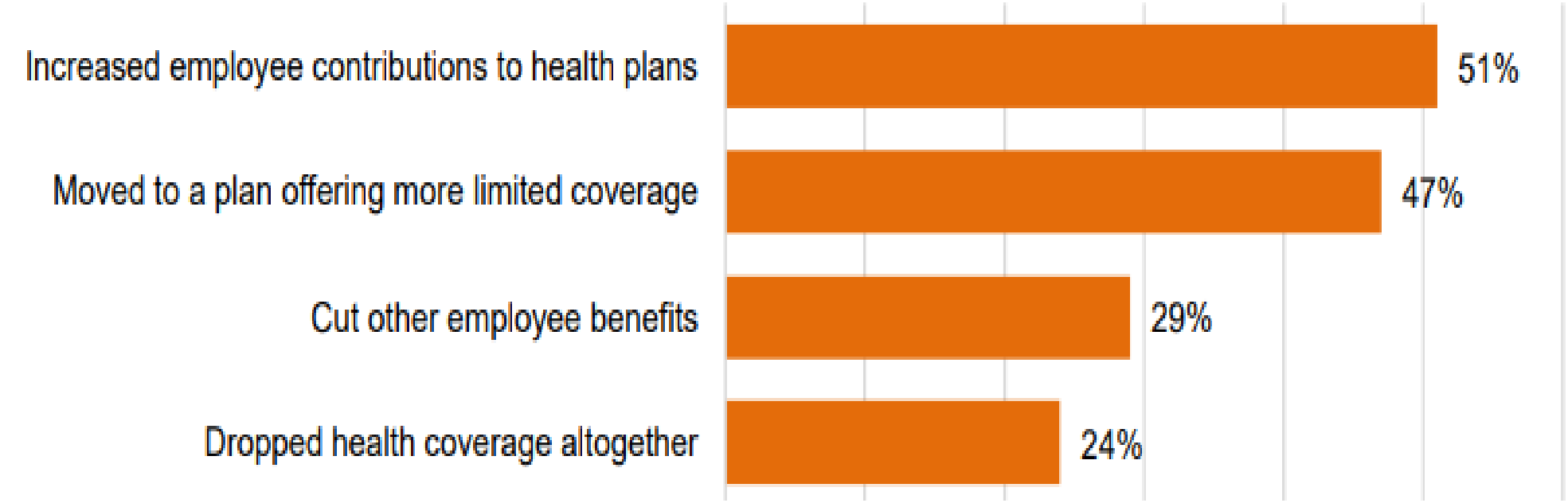


Effects are most concentrated in workers making $20,000 - $100,000

Source: Brot-Goldberg, Z., Cooper, Z., Craig, S. V., Klarnet, L. R., Lurie, I., & Miller, C. L. (2024). *Who Pays for Rising Health Care Prices? Evidence from Hospital Mergers* (No. w32613). National Bureau of Economic Research.

The Struggle for Affordability has Consequences for Businesses and Workers

Figure 1: Steps small business owners have taken to address rising healthcare costs



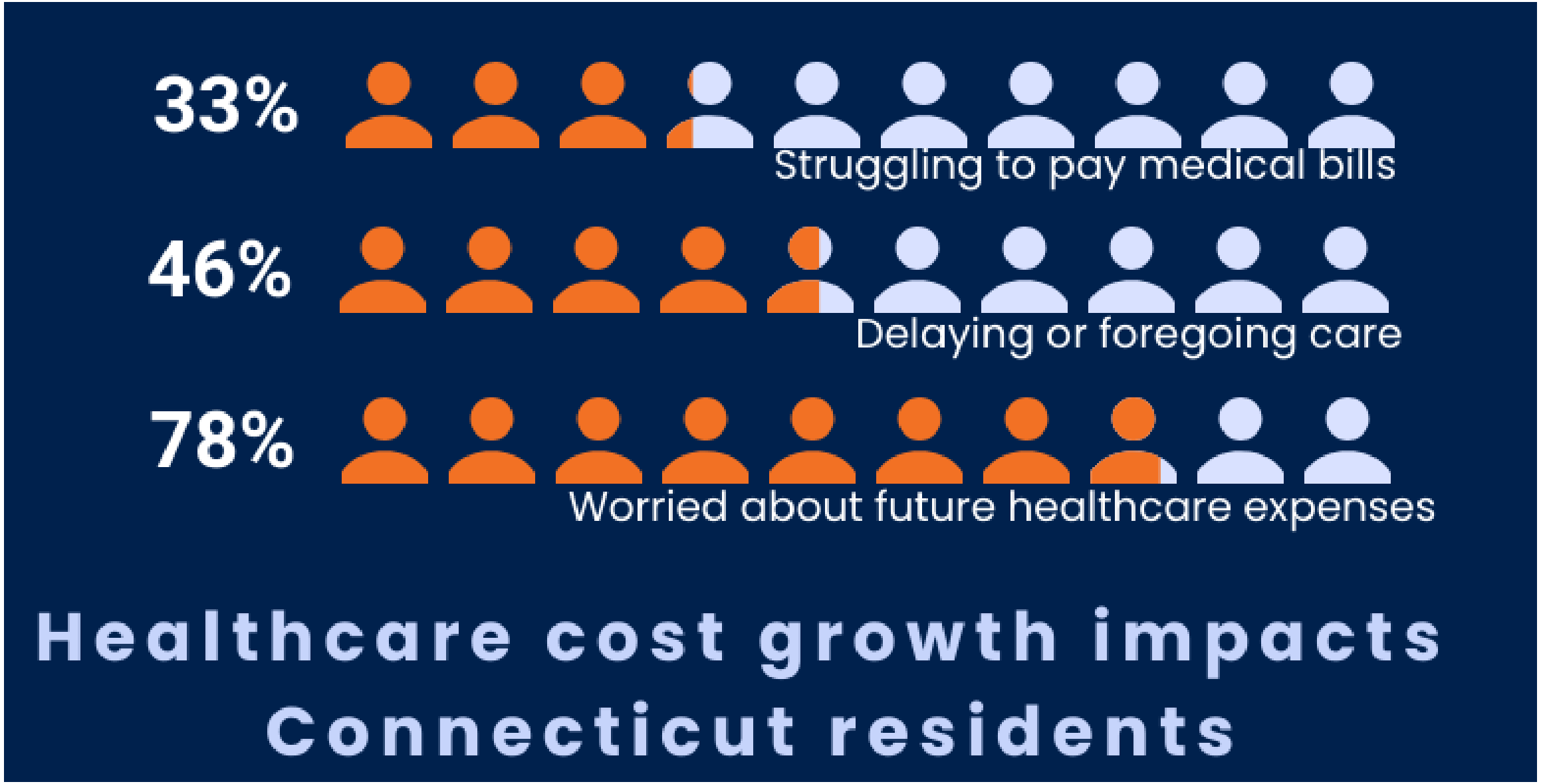
Source: Small Business Majority, Opinion poll: Small businesses struggling with rising healthcare costs, support bipartisan policy solutions , February 21, 2024

Connecticut Businesses Want Action on Healthcare Costs

- Almost one-quarter (23%) of Connecticut businesses surveyed said the Connecticut General Assembly should prioritize health insurance costs in 2025.

- 24% of Connecticut businesses (<50 employees) say healthcare is a major concern, and 18% of large businesses (>100 employees).

Source: Connecticut Business and Industry Association, *2024 Survey of Connecticut Businesses, available at* https://www.cbia.com/wp-content/uploads/2024/09/2024-Survey-of-Connecticut-Businesses.pdf


33%
Struggling to pay medical bills
46%
Delaying or foregoing care
78%
Worried about future healthcare expenses
Healthcare cost growth impacts Connecticut residents

What If the Cost Growth Benchmark Was Met Every Year?

- Each person with employer-sponsored family insurance coverage would see an additional cumulative $13,700 in additional wages and out-of-pocket cost from 2025 through 2030.

That's more than:

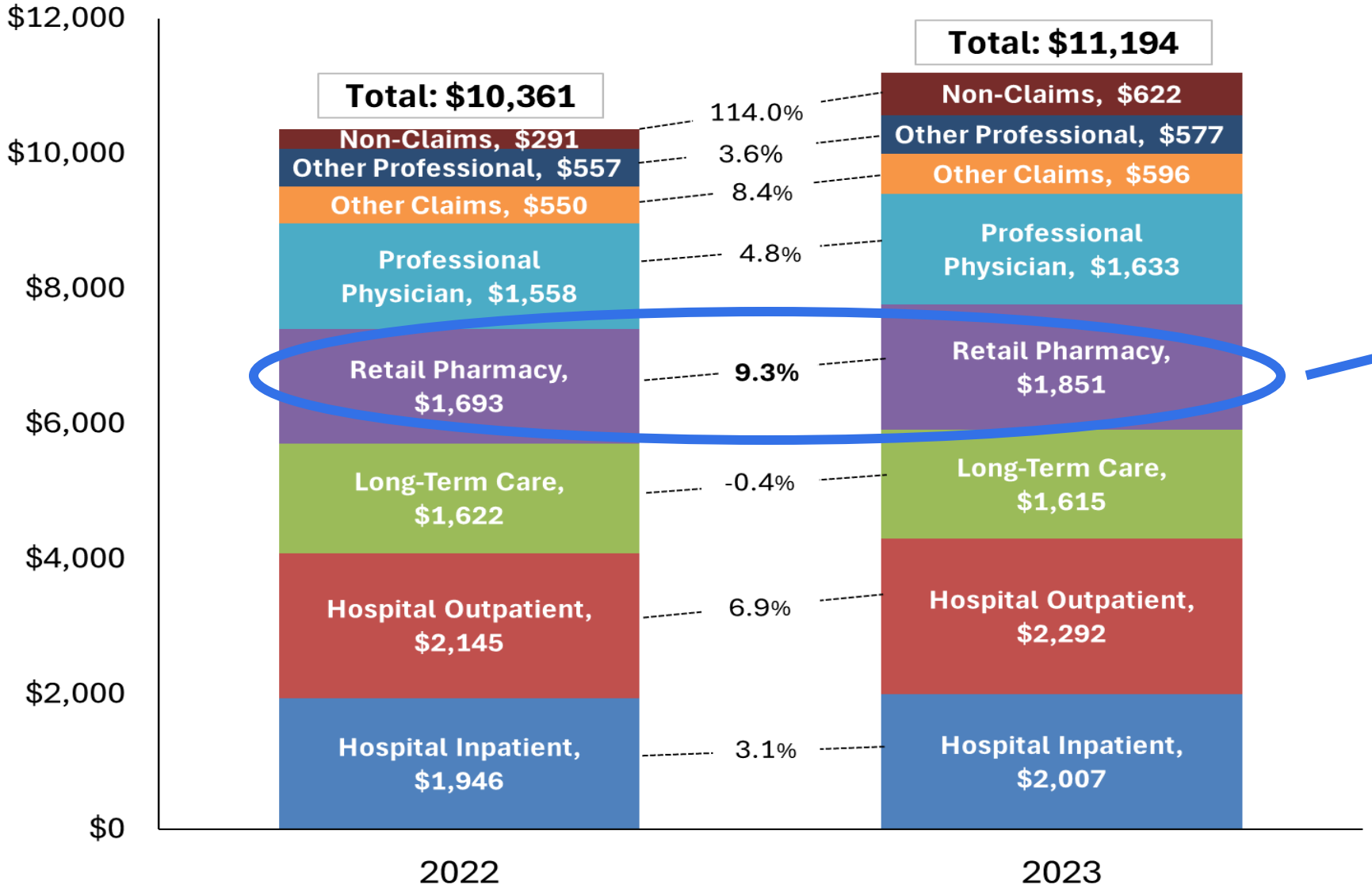
- Average cost for one year of home-based preschool ($13,520)
- One year of rent in an efficiency apartment in Hartford ($13,452)

Source for childcare costs: https://resources.211childcare.org/reports/average-child-care-cost/

Source for rent: https://www.huduser.gov/portal/datasets/fmr.html#year2024

Spending Drivers for 2023 – Prescription Drugs

State Total Medical Expense Per Capita Spending Growth



The spending on retail pharmacy grew 9.3%, from $1,693 to $1,851 per person per year.

State TME Per Capita Spending Growth by Service Category
Source: OHS collected data from insurance carriers, the Centers for Medicare and Medicaid Services, and the CT Department of Social Services.

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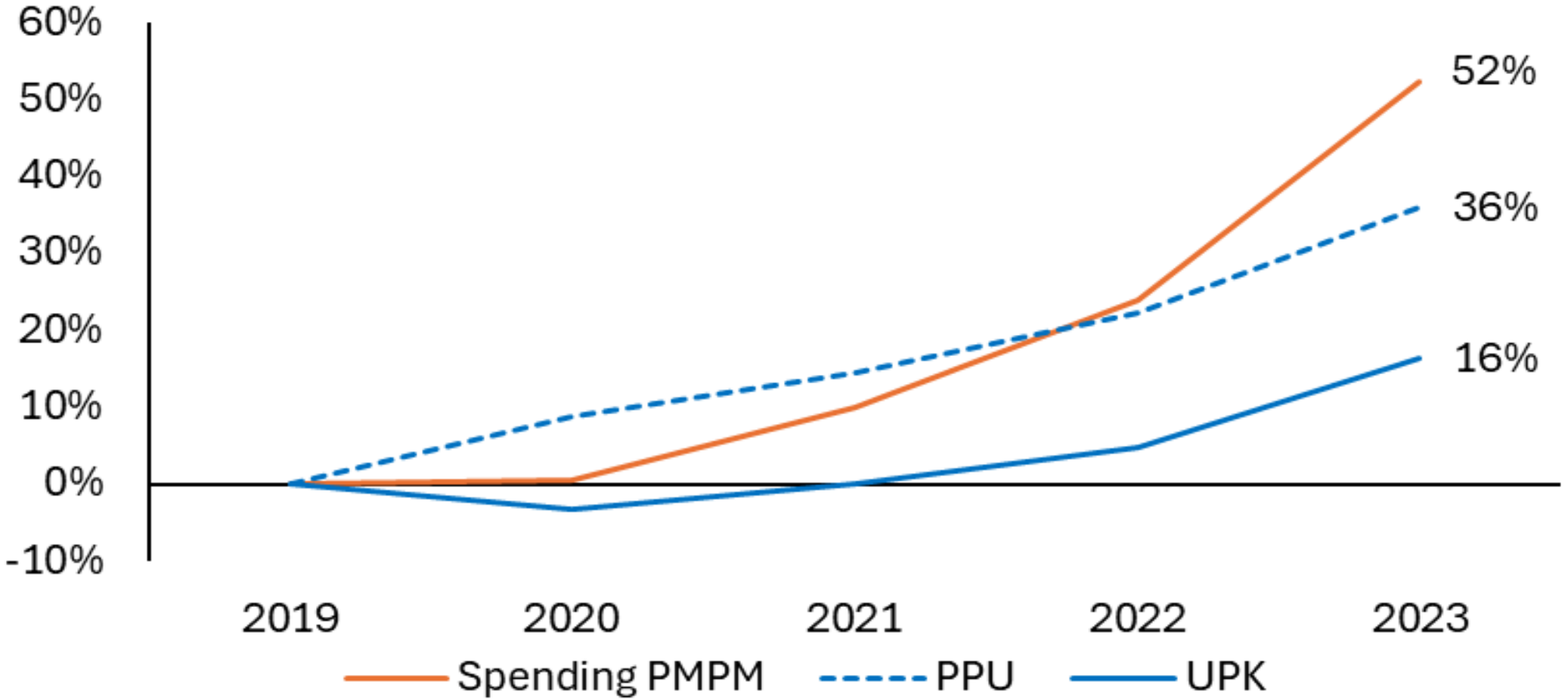
Cumulative Change in Commercial Retail Prescription Drug Spending PMPM, UPK, and PPU since 2019



PMPM = Per Member Per Month PPU = Payment per 30-Day Equiv. Supply UPK = Utilization per 1,000 Members

Cumulative Change in Commercial Retail Prescription Drug Spending since 2019
Source: All Payer Claims Database – Commercial Market

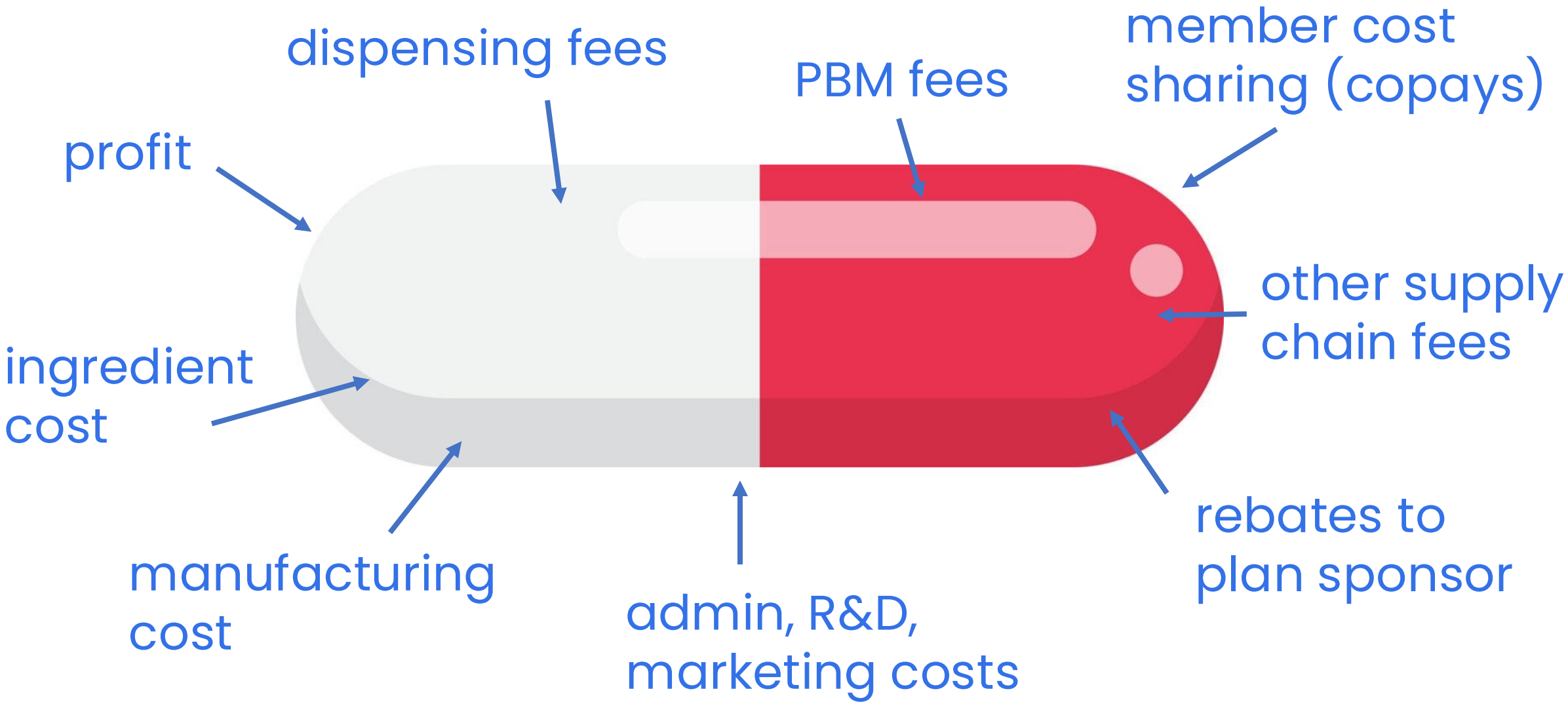
Retail Prescription Drug Significant Contributors

Three high-spend, high-growth prescription drugs in CT

	STELARA Janssen (J&J)	DUPIXENT Sanofi USA	ENBREL Amgen, Inc.
2023 Spending (in millions)			
- All Markets	$197.6	$155.1	$98.7
- Commercial	$116.2	$79.8	$50.0
Commercial Spending Rank	2nd	5th	6th
Growth 2022 to 2023 - Commercial Market			
- Spending	15.6%	40.7%	9.0%
- Utilization	8.7%	28.4%	1.2%
- Payment Per 30 Day Supply	5.6%	10.2%	7.8%
Payment for a 30-Day Supply	$13,935	$3,448	$5,706

Retail Prescription Drug Significant Contributors
Source: All Payer Claims Database

What Goes into the Cost of my Medications?



CT Legislative Actions Concerning Prescription Drugs (1 of 2)

Bipartisan Prescription Drug Taskforce: HB 7192

- Policies impacting Pharmacy Benefit Managers
- Enhances rebate transparency
- Prescription drug shortage taskforce
- Pharmacist compensation workgroup
- Canadian drug importation feasibility
- Patient credit for OOP and OON drug expenses
- State agency drug purchasing consortium

CT Legislative Actions Concerning Prescription Drugs

Budget Bill – Implementor HB 7287

- Caps the price of generic and off-patent brand medications to a reference price plus inflation and penalizes violation with civil penalty and placement on public list (sec. 371)
- Prohibits withdrawing a drug from market to avoid the civil penalty and allows for a civil penalty for failure to provide 180-day notice of a drug withdrawal from the market (sec. 372)

Insurer Perspectives

Insurer Performance Against the Benchmark

Payer	2022-2023 Spending Growth	Performance against the Benchmark
Commercial Market		
Aetna	5.7%	Exceeded the Benchmark
Anthem	5.6%	Exceeded the Benchmark
Cigna	7.2%	Exceeded the Benchmark
ConnectiCare	7.1%	Exceeded the Benchmark
UnitedHealthcare	4.8%	Exceeded the Benchmark
Medicare Advantage		
Aetna*	30.5%	Exceeded the Benchmark
Anthem	14.3%	Exceeded the Benchmark
ConnectiCare	7.6%	Exceeded the Benchmark
UnitedHealthcare**	35.9%	Exceeded the Benchmark

*Aetna's spending growth was affected by the assumption of the state retiree plan. For members not enrolled in the state plan, spending growth was in range with that seen for Anthem and ConnectiCare.

**UnitedHealthcare implemented a new capitation arrangement that partially contributed to its elevated spending growth.

UnitedHealthcare Medicare Advantage Percentage of Premium Arrangement (1 of 2)

- In 2023, UnitedHealth Group, a parent company of UnitedHealthcare, initiated a program to pay a related business provider group, **OptumCare Network**, through a "percentage of premium" arrangement.
  - A **"percentage-of-premium"** arrangement (a form of a capitated payment model) is a way that some plans pay risk-bearing provider groups. Instead of a fixed dollar payment per member, the plan passes through a contractually defined share of the total premium revenue it receives for each enrollee. That share becomes the provider's global budget for all (or a defined subset of) covered services for those members.

UnitedHealthcare Medicare Advantage Percentage of Premium Arrangement (2 of 2)

- The percentage of premium can include the portion of premium that goes to insurer administrative expense and profit.
- UnitedHealth Group's initiation of this percentage-of-premium arrangement resulted in a **significant increase in non-claims spending**.
- Because of **UnitedHealthcare's 46% market share** in Connecticut's Medicare Advantage market, its sharp cost growth significantly influenced overall market trends.

Payer Performance Against the Primary Care Spending Target

Payer	2023 Primary Care Spending (%)	Performance against the Target (6.9%)
Commercial Market		
Aetna	3.8%	Did not meet the target
Anthem	3.6%	Did not meet the target
Cigna	4.4%	Did not meet the target
ConnectiCare	5.0%	Did not meet the target
UnitedHealthcare	6.5%	Did not meet the target
Medicare Advantage		
Aetna	3.7%	Did not meet the target
Anthem	3.1%	Did not meet the target
ConnectiCare	6.2%	Did not meet the target
UnitedHealthcare	3.1%	Did not meet the target
Medicaid		
Department of Social Services (DSS)	6.9%	Met the Target

Hospital Payment Variation Analysis

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RAND Hospital Price Transparency Project

Connecticut Public Hearing

June 2025

Brian Briscombe | bbriscom@rand.org

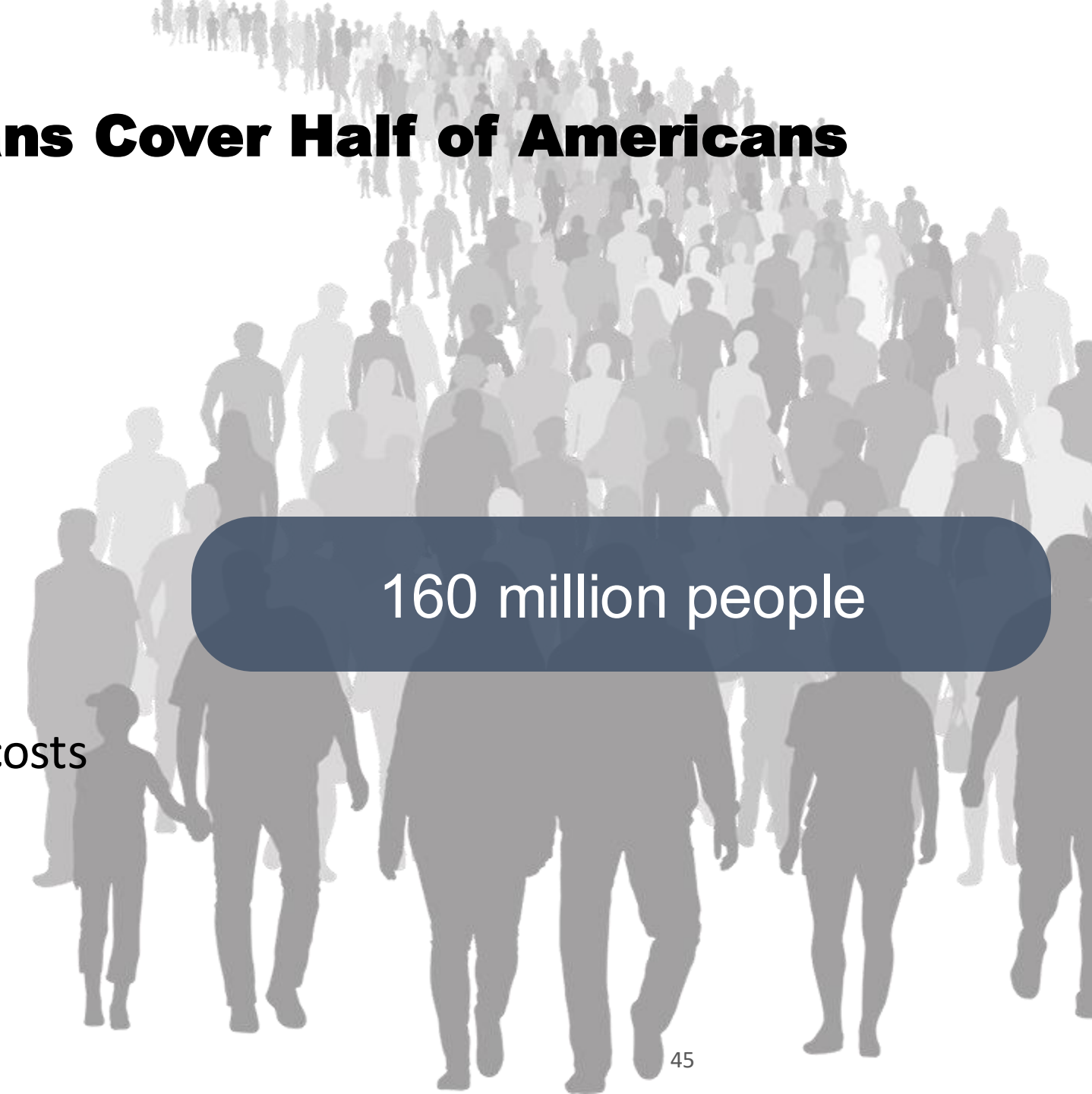
Employer-sponsored Plans Cover Half of Americans

$1.4 trillion

hospital care costs in 2022

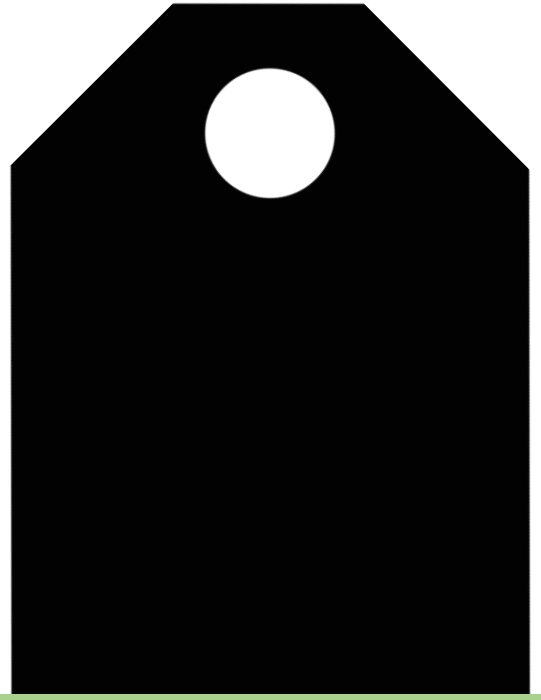
$486 billion

commercially-insured hospital costs



160 million people

Why did RAND Undertake this Study?



- RAND doesn't know the "right" price
- Purchasers (employers, etc.) can use this report to decide if prices align with value

Study History: Each Round Added More…

Study Round	1	2	3	4	5
States	Indiana	24 more states (25 total)	24 more states (all except Maryland)		
Data Contributors	Employers	Health plans, 2 APCDs	4 more APCDs (6 total)	5 more APCDs (11 total)	1 more APCD (12 total)
Claims	Facility	Inpatient/outpatient	Professional		
Prices	Relative	Standardized	Service-line	Comparisons to ASCs	Drug infusion prices, ED Professional

Round 5 of the RAND Study

Obtain claims data from

- self-funded employers
- APCDs
- health plans

Measure prices in two ways

- relative to a Medicare benchmark
- price per case-mix weight

Create a *public* hospital price report

- posted online, downloadable
- named facilities & systems
- inpatient prices & outpatient prices

Create *private* hospital price reports for self-funded employers

Comparison to Medicare

Medicare payment system used as a **benchmark**, not as a price goal

- Medicare prices and methods are empirically based and transparent
- Benchmarking to Medicare allows employers to compare to the largest purchaser in the world, **but also to compare hospitals, systems, states, service types across years**

Neighboring Hospitals	Relative price for inpatient and outpatient services	Relative price for outpatient services
A	243%	267%
B	285%	450%
C	303%	390%

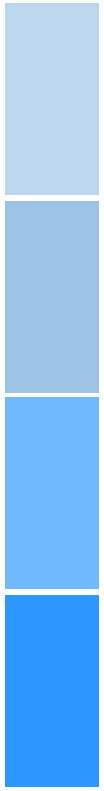
Standardized Prices

Sometimes Medicare payment system adds payments for teaching hospitals, CAHs, etc. so Standardized Prices can be used instead:

- Not as intuitive as relative prices, but sometimes facilitates better comparisons
- Standardized using Medicare's case mix grouping and relative weights

Neighboring Hospitals	Standardized Price per Inpatient Stay	Standardized Price per Outpatient Service
A	$27,450	$691
B	$26,218	$519
C	$26,728	$442

Main Findings - Nationwide



Over 4,000 hospitals and 4,000 ASCs Commercial Claims Reveal….

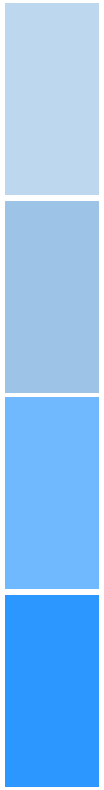
Wide variation in hospital prices across states and within states

Facility fees usually higher than professional fees

Prices for HOPDs higher than ASCs

Prices for Infused Drugs higher in hospital setting

Main Findings - CT



Claims from 26 Hospitals (11 Systems) Reveal….

Wide variation in hospital prices within CT

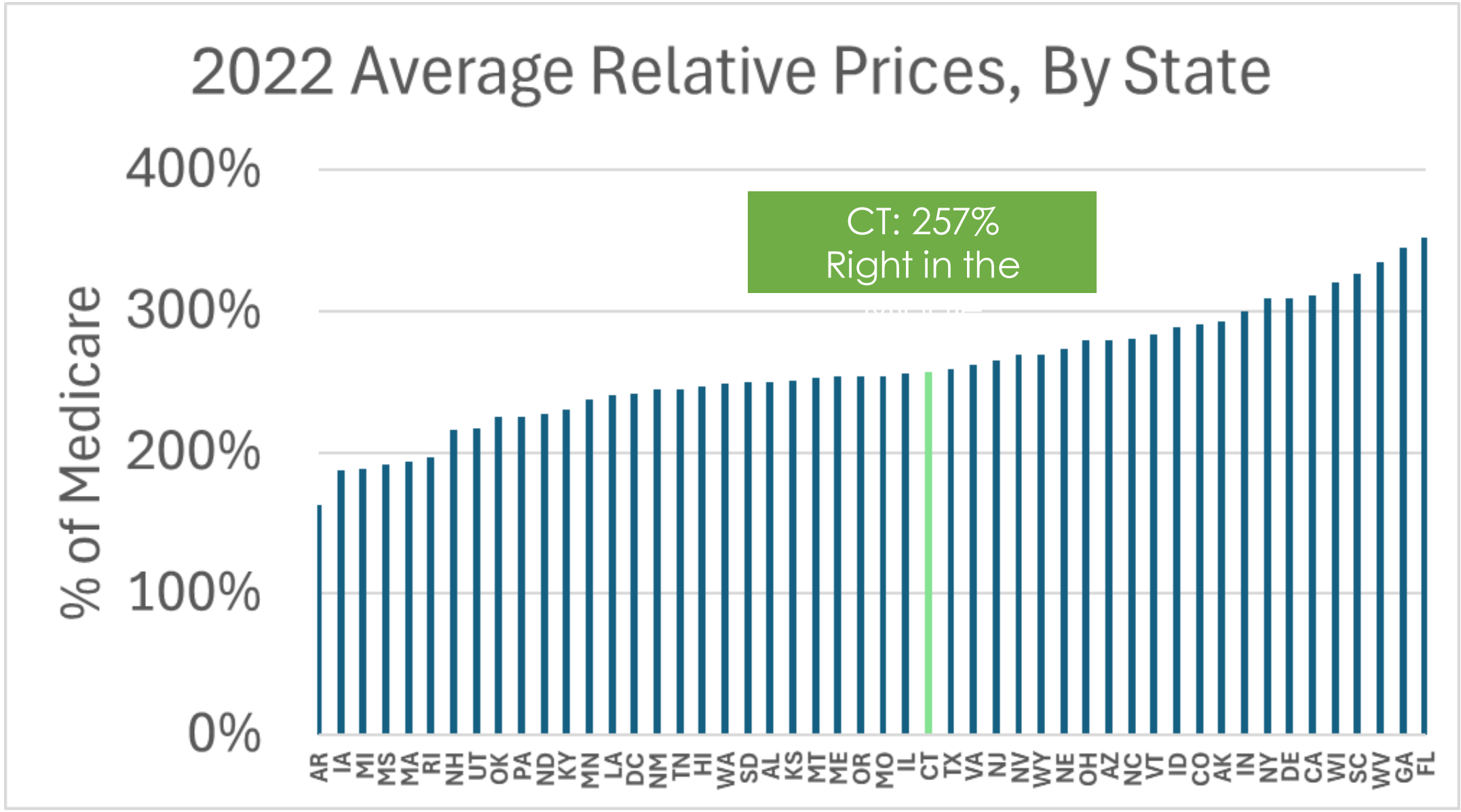
Overall (outpatient + inpatient) same as National Average (257%)

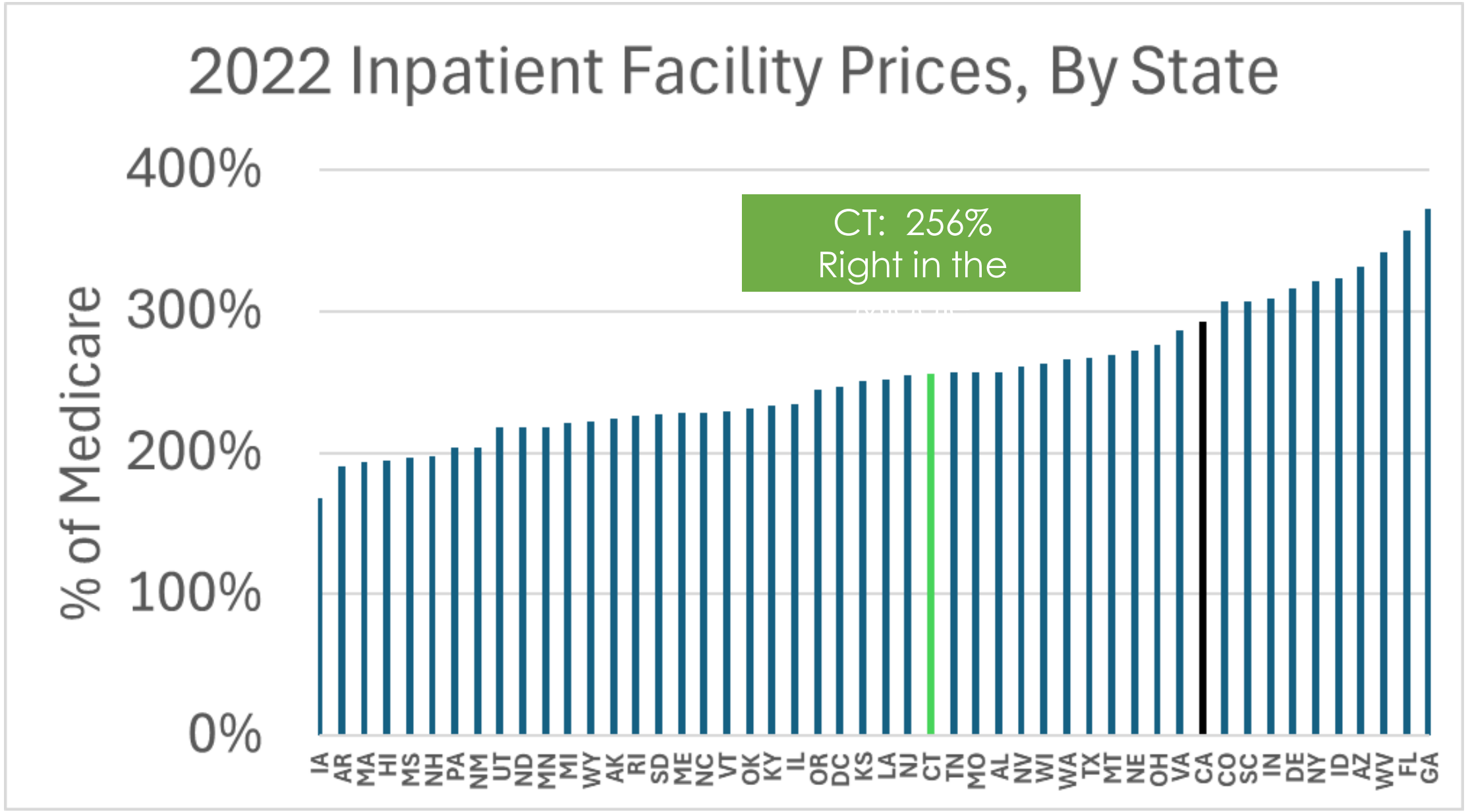
- Outpatient a little higher (264%), Inpatient lower (250%)

- Systems' overall Relative Prices range from 185% to 314%

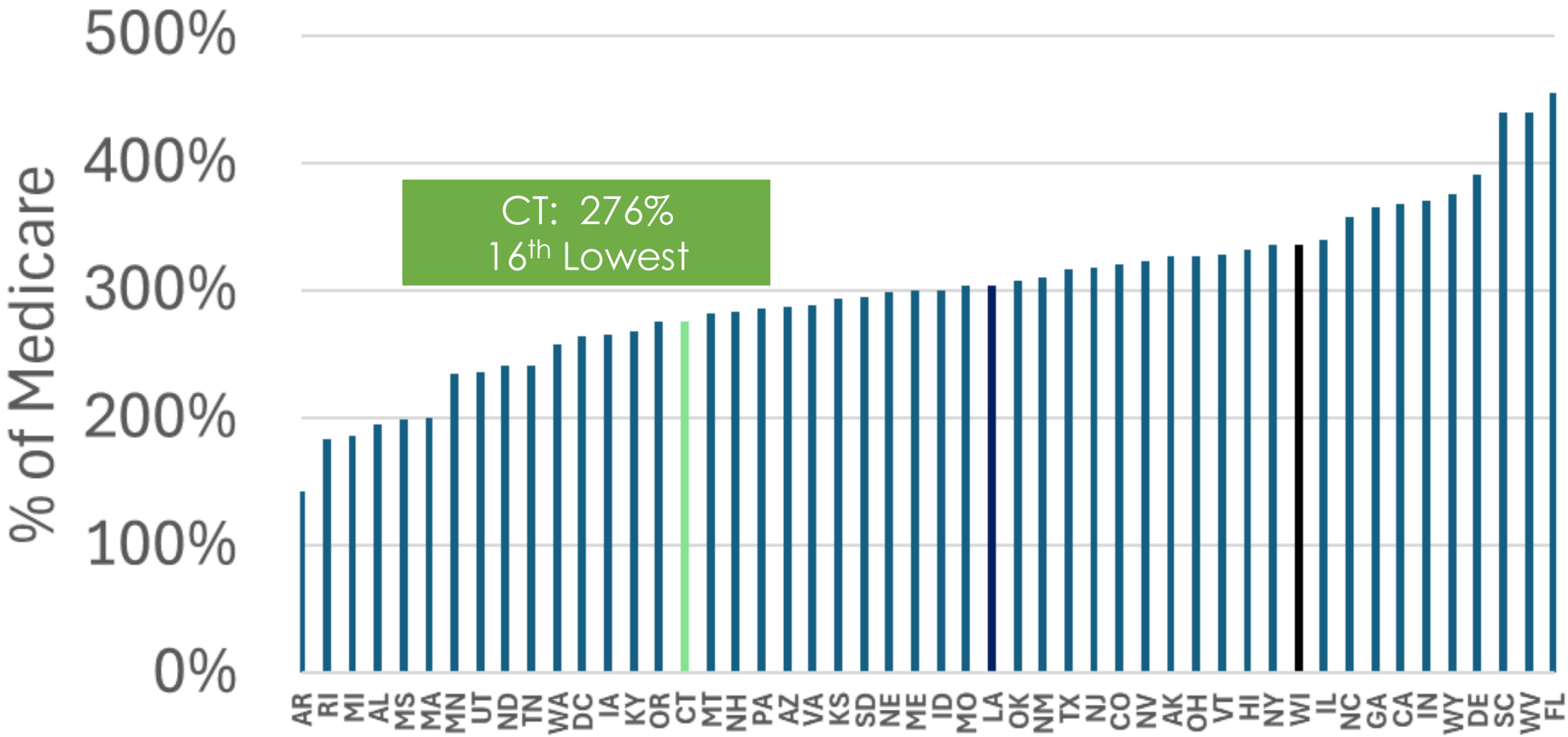
(Individual hospitals almost exactly same range)

Overall Relative Prices Vary Widely Across USA

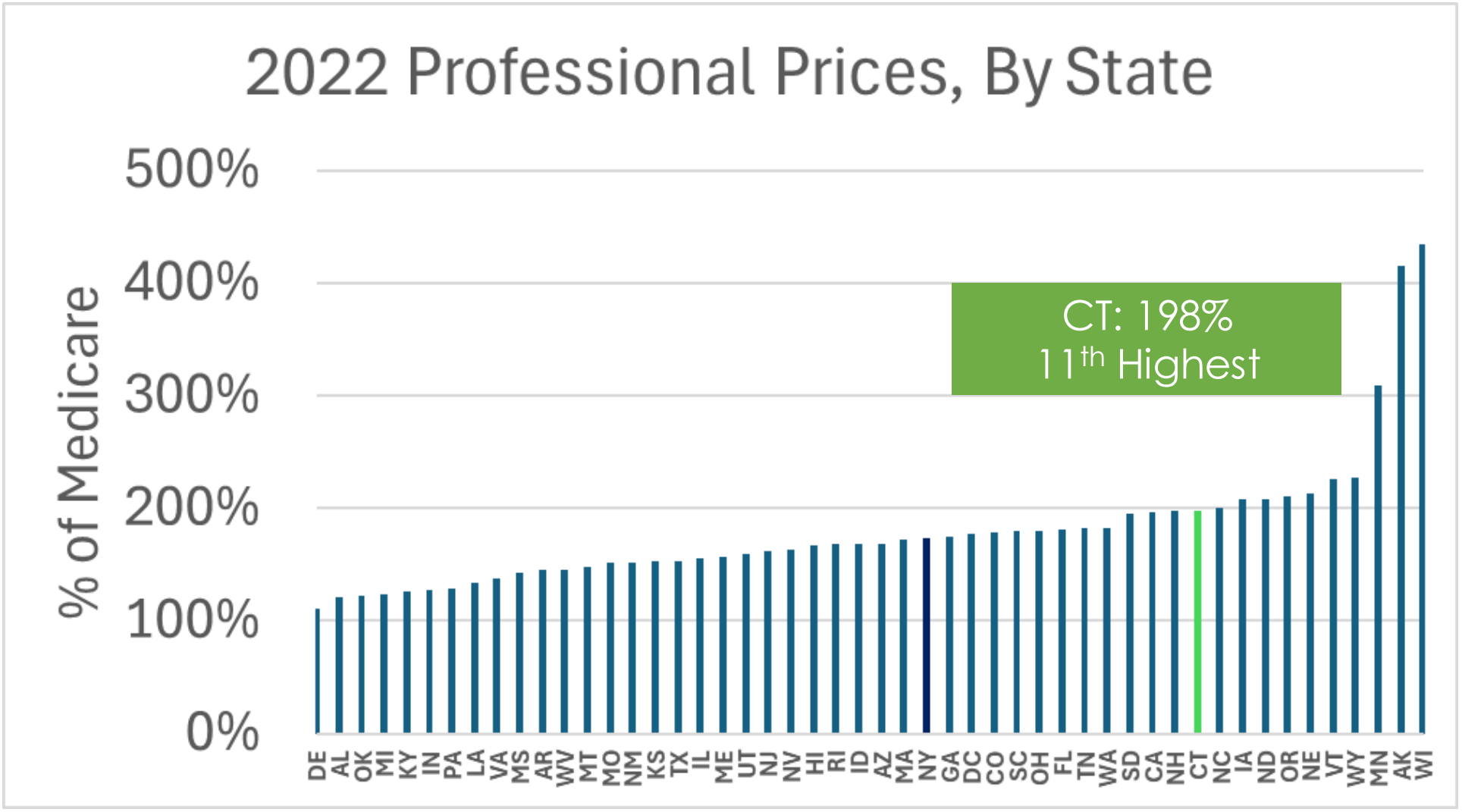


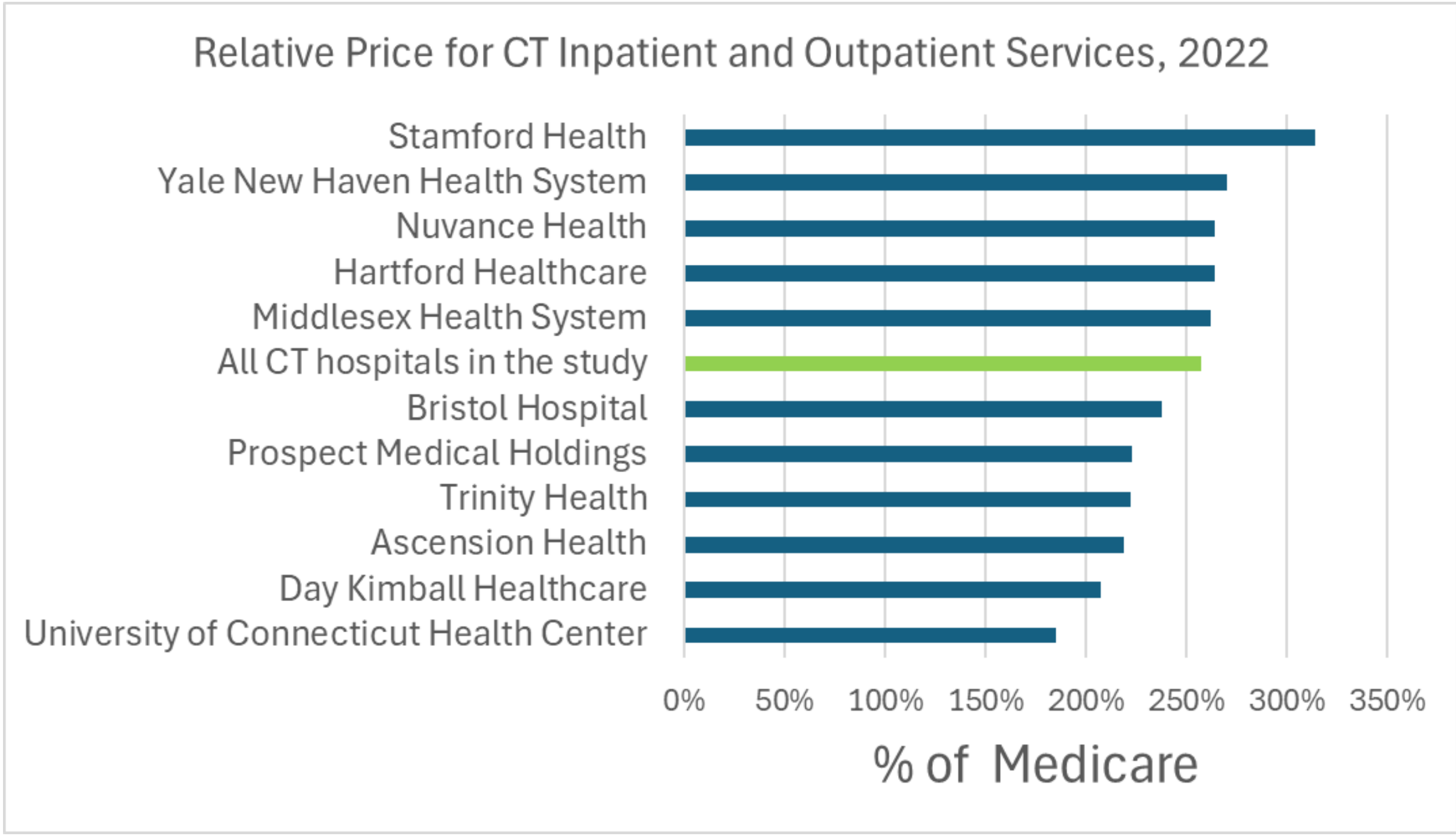

2022 Inpatient Facility Prices, By State
% of Medicare
400%
300%
200%
100%
0%
CT: 256%
Right in the
IA AR MA HI MS NH PA NM UT ND MN MI WY AK RI SD ME NC VT OK KY IL OR DC KS LA NJ CT TN MO AL NV WI WA TX MT NE OH VA CA CO SC IN DE NY ID AZ WV FL GA

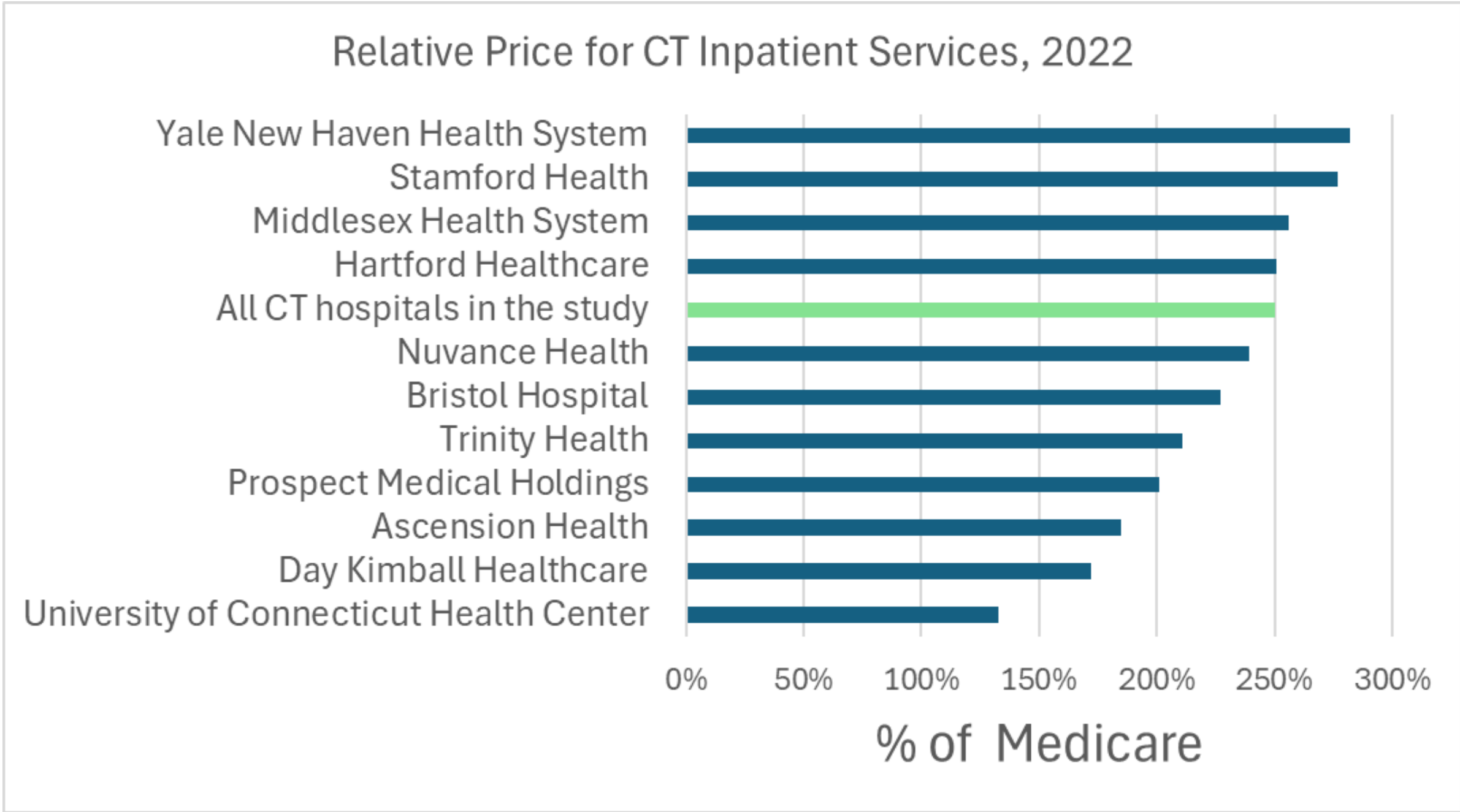
2022 Outpatient Facility Prices, By State

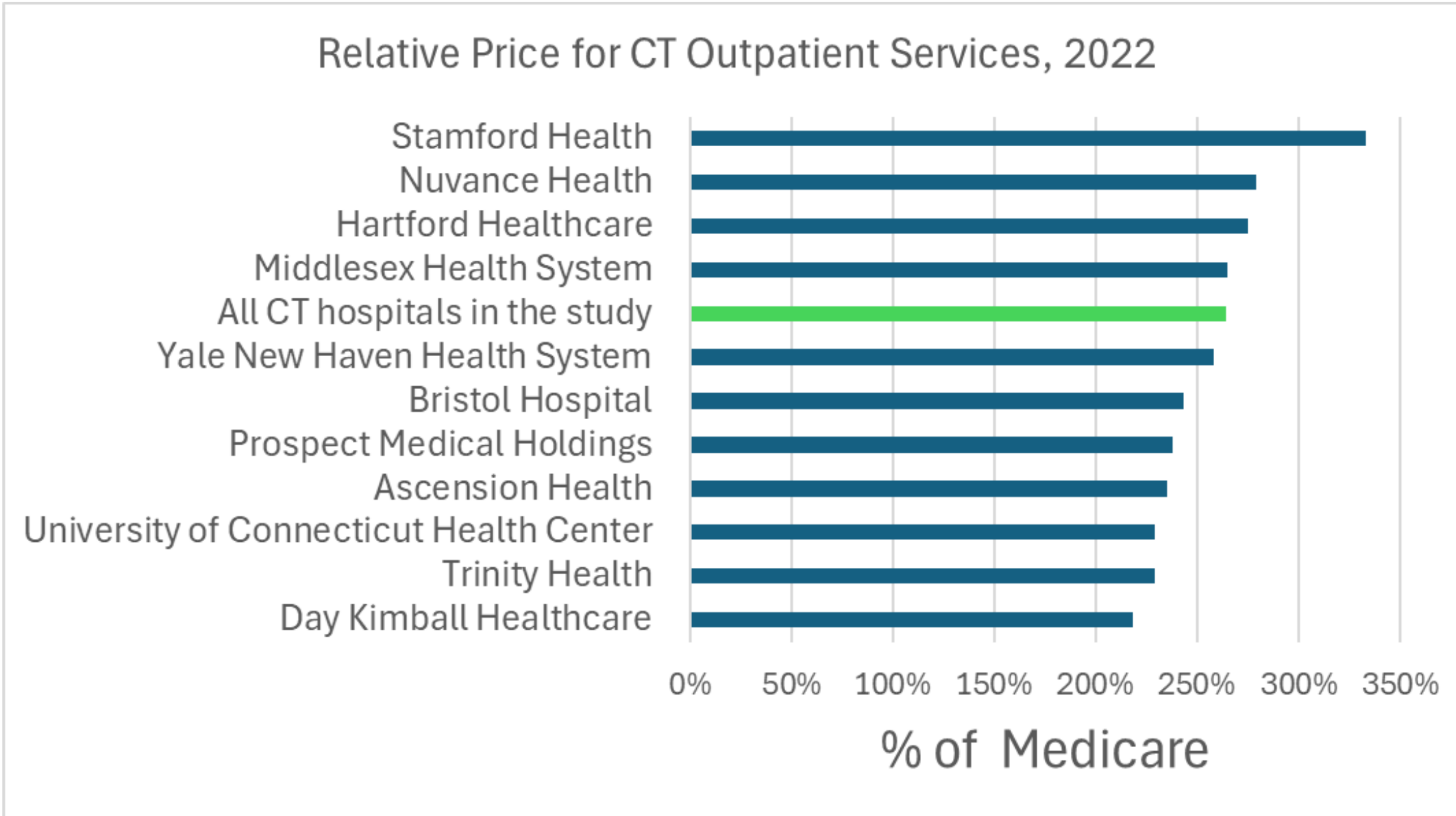


Professional Prices Usually Lower Than Facility




Relative Price for CT Inpatient and Outpatient Services, 2022
Stamford Health
Yale New Haven Health System
Nuvance Health
Hartford Healthcare
Middlesex Health System
All CT hospitals in the study
Bristol Hospital
Prospect Medical Holdings
Trinity Health
Ascension Health
Day Kimball Healthcare
University of Connecticut Health Center
0%
50%
100%
150%
200%
250%
300%
350%
% of Medicare


Relative Price for CT Inpatient Services, 2022
Yale New Haven Health System
Stamford Health
Middlesex Health System
Hartford Healthcare
All CT hospitals in the study
Nuvance Health
Bristol Hospital
Trinity Health
Prospect Medical Holdings
Ascension Health
Day Kimball Healthcare
University of Connecticut Health Center
0%
50%
100%
150%
200%
250%
300%
% of Medicare


Relative Price for CT Outpatient Services, 2022
Stamford Health
Nuvance Health
Hartford Healthcare
Middlesex Health System
All CT hospitals in the study
Yale New Haven Health System
Bristol Hospital
Prospect Medical Holdings
Ascension Health
University of Connecticut Health Center
Trinity Health
Day Kimball Healthcare
0%
50%
100%
150%
200%
250%
300%
350%
% of Medicare

How Can Employers and Policymakers Use Price Transparency?

Finally have information about **overall** prices

Facilitates benchmark prices

Facilitates decisions about hospital networks

Brian Briscombe
bbriscom@rand.org

Hospital Payment Variation Analysis, continued

Introduction

- It has long been observed that commercial payment rates in the U.S. vary tremendously across providers. RAND's periodic reports have confirmed this to be true in Connecticut.

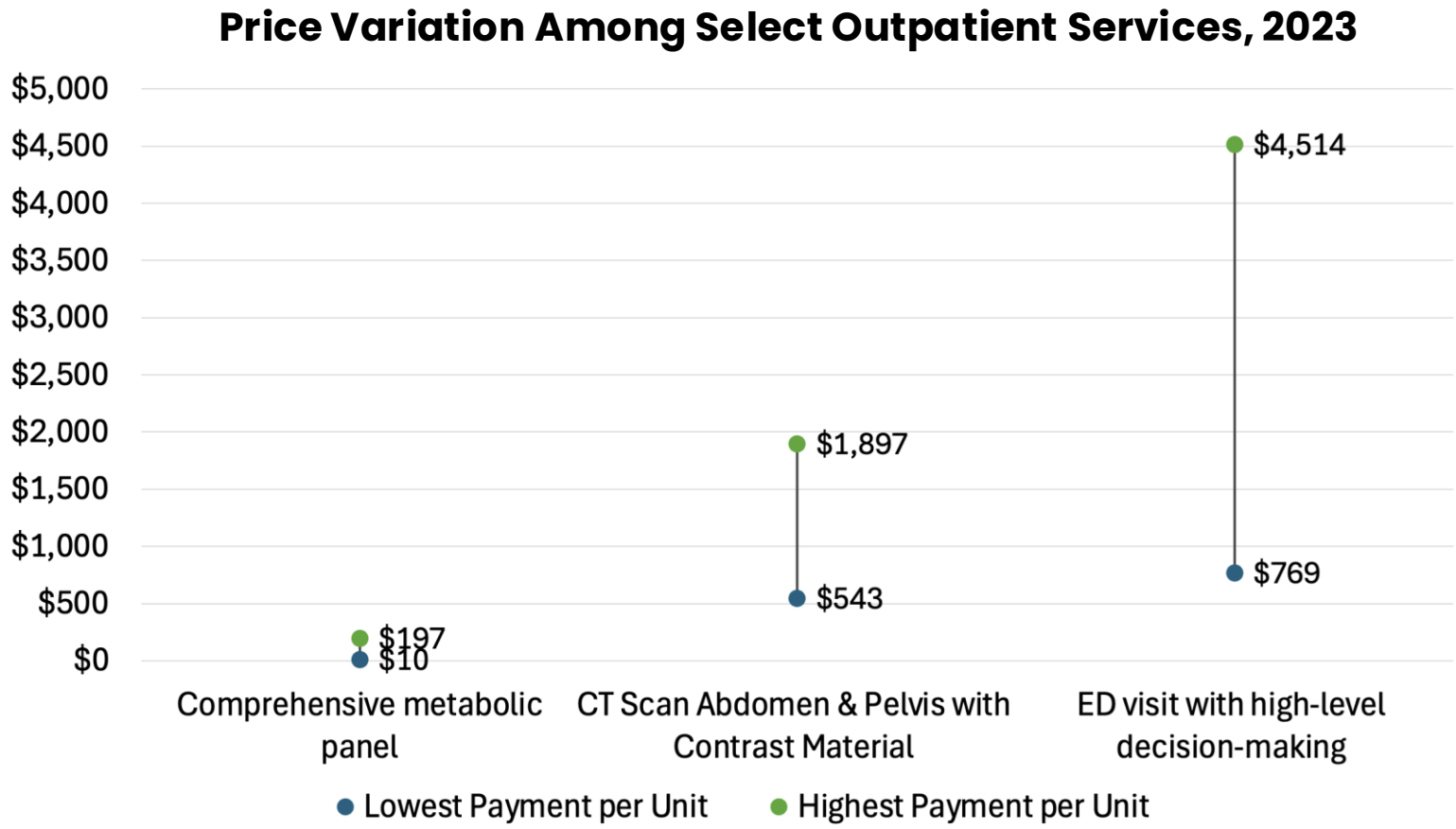
- Recently, OHS undertook an analysis to look at variation in 2023 commercial payment for inpatient and outpatient services to Connecticut hospitals.
  - Payment may vary ***at a point in time*** due to geography and/or due to relative market power.
  - Payment may vary ***from year to year*** as new contracts are negotiated and with shifts in insurer market share.

Methods

- OHS's analysis used the State's All-Payer Claims database (APCD) and focused upon selected high-spending and/or high-volume services.
  - For outpatient services, OHS assessed CPT codes in three categories: emergency department, laboratory, and radiology.
  - For inpatient services, OHS assessed DRGs in three categories: medicine, mental health, and women's health.
- While examining variation across all CT hospitals, it highlights variation for three hospitals: Hospital of Central CT, Griffin Hospital, and Stamford Hospital.

Outpatient hospital payment variation

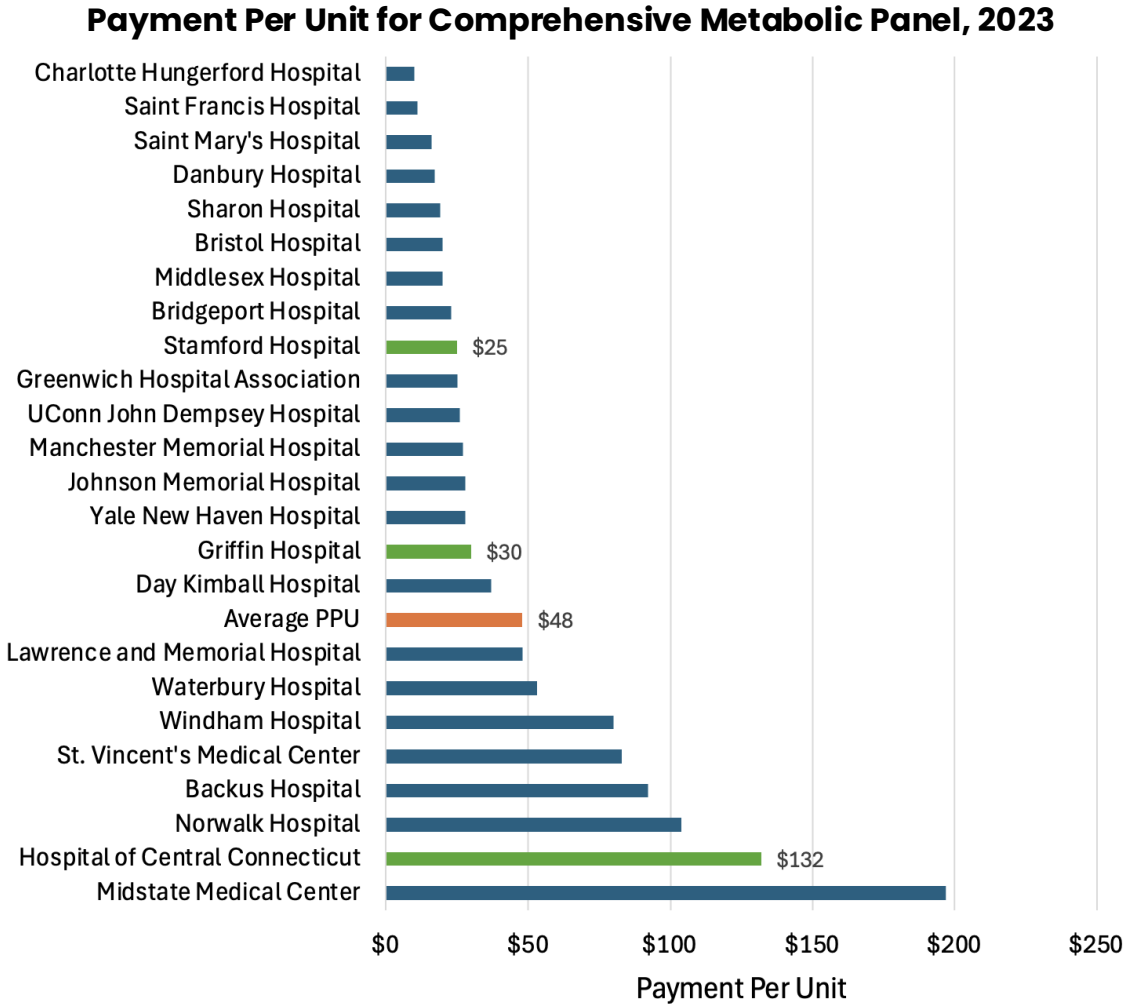
Payments for common outpatient services across all hospitals in Connecticut varied 3 to nearly 20-times between the highest and lowest.



Source: Connecticut APCD

Payment variation for 80053: Comprehensive Metabolic Panel

- Payment per unit varied significantly, from $10 to $197.
- This represents a difference of nearly 20 times.



Source: Connecticut APCD

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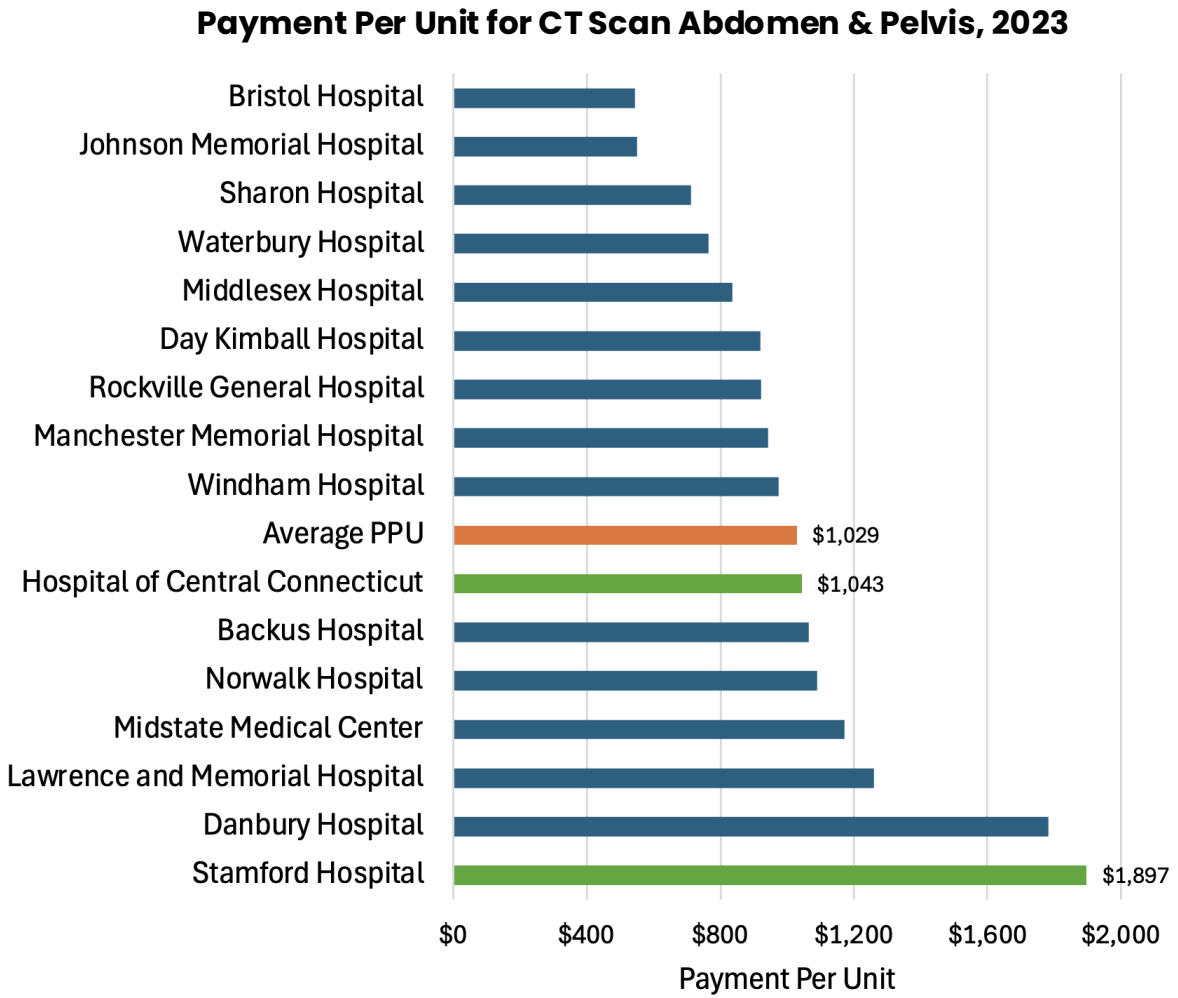
Payment variation for 74177: CT Scan Abdomen & Pelvis

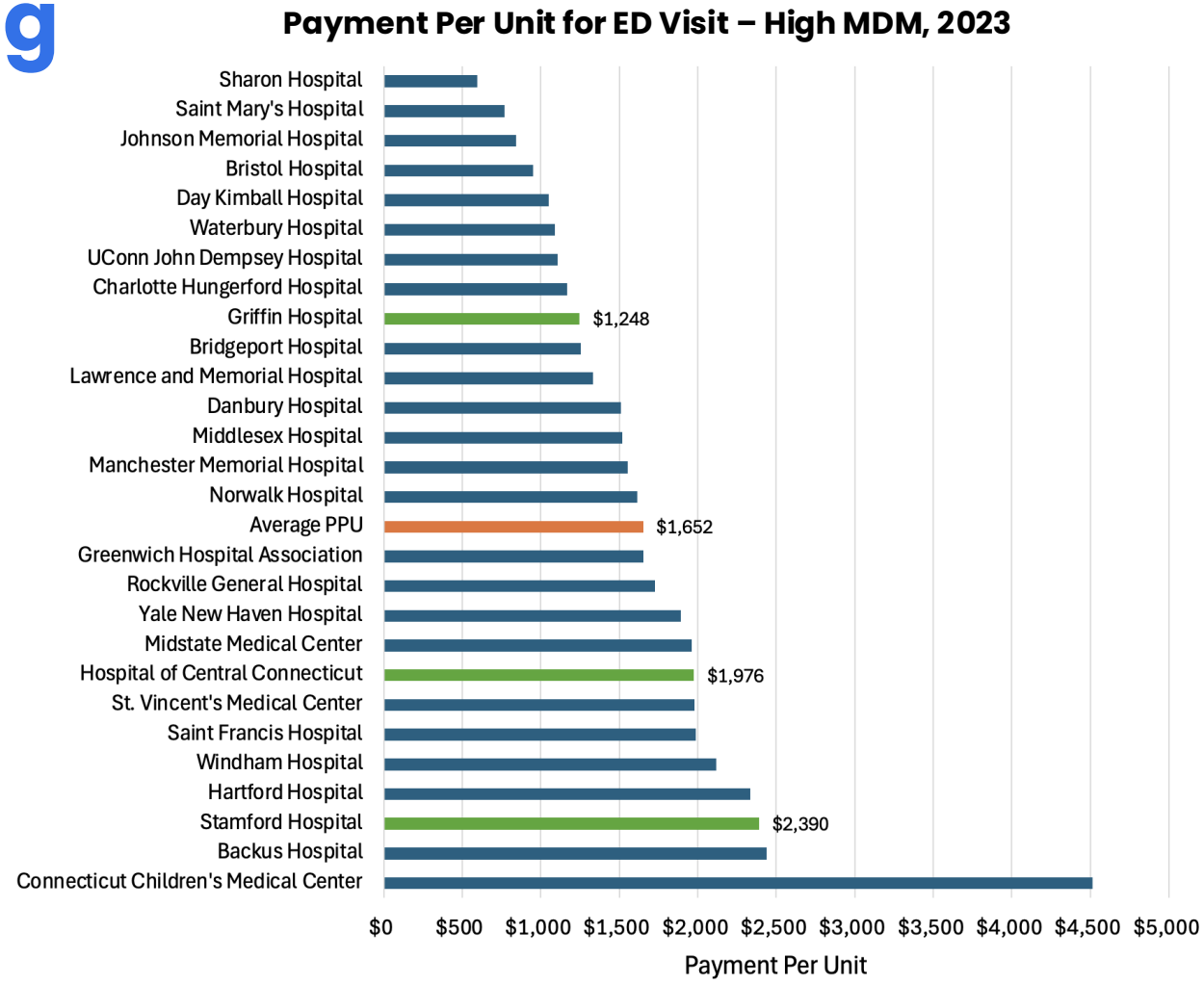
- There was a 3.5-times difference in payment per unit, ranging from $543 to $1,897.



Source: Connecticut APCD
Notes: Data for certain hospitals, including Griffin Hospital, were unavailable.

Payment variation for 99285: ED Visit – High Medical Decision Making

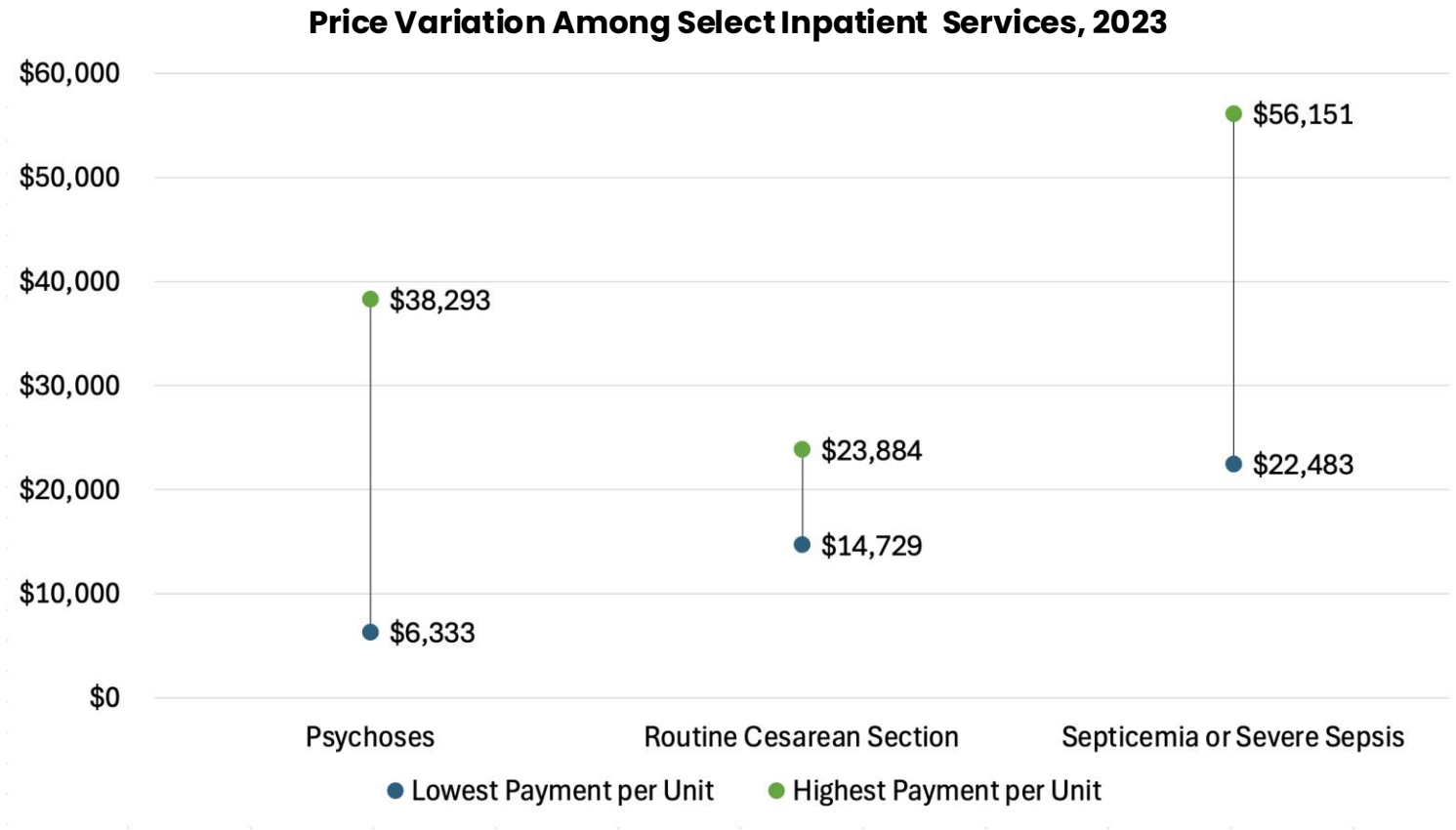
- Payment per unit ranged from $769 to $4,514.
- There was more than a 5.5-times difference between the lowest and highest price.



Source: Connecticut APCD

Inpatient hospital payment variation

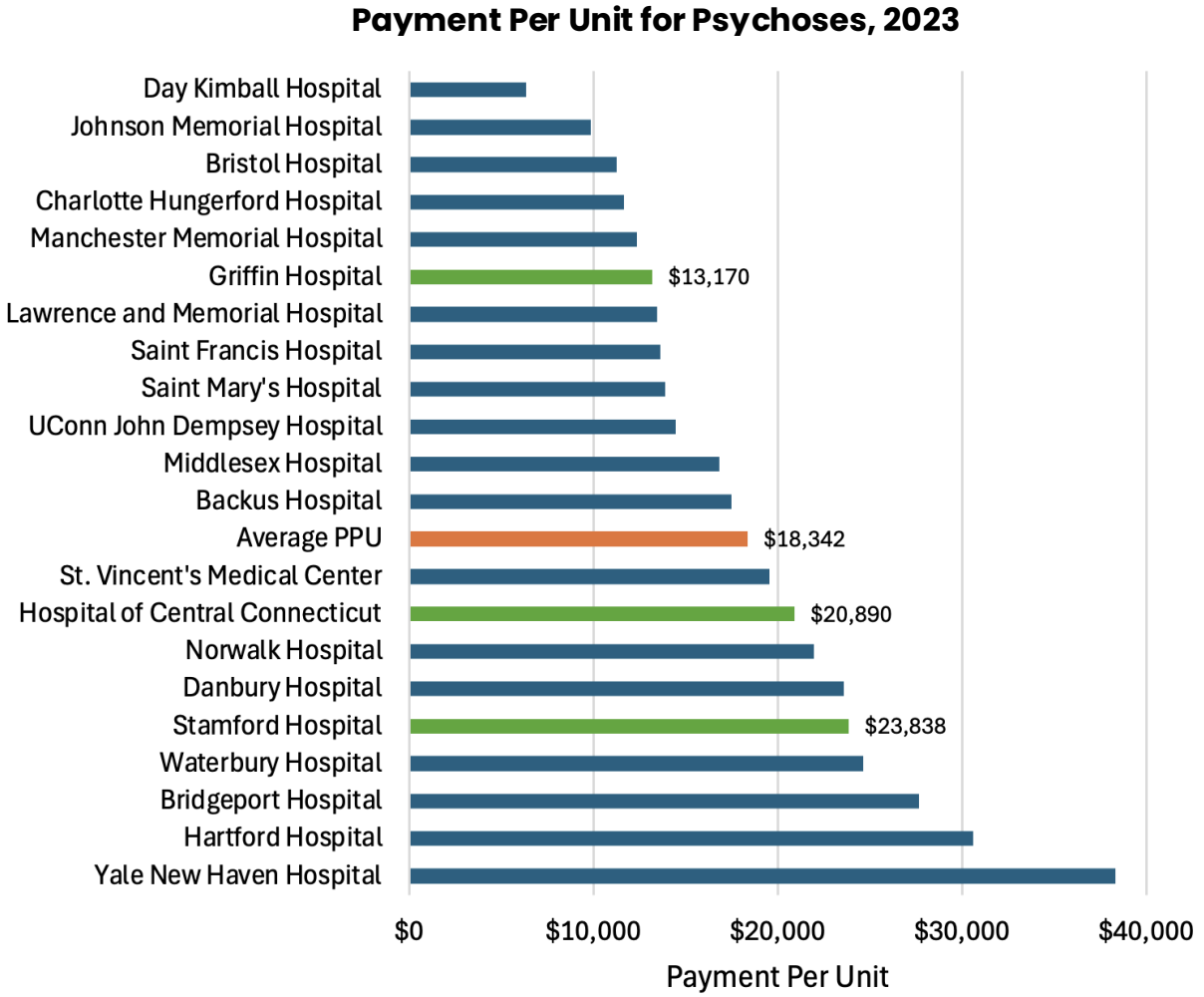
Payments for common inpatient services across all hospitals in Connecticut varied 1.6 to 6 times between the highest and lowest.



Source: Connecticut APCD

Payment variation for 885: Psychoses

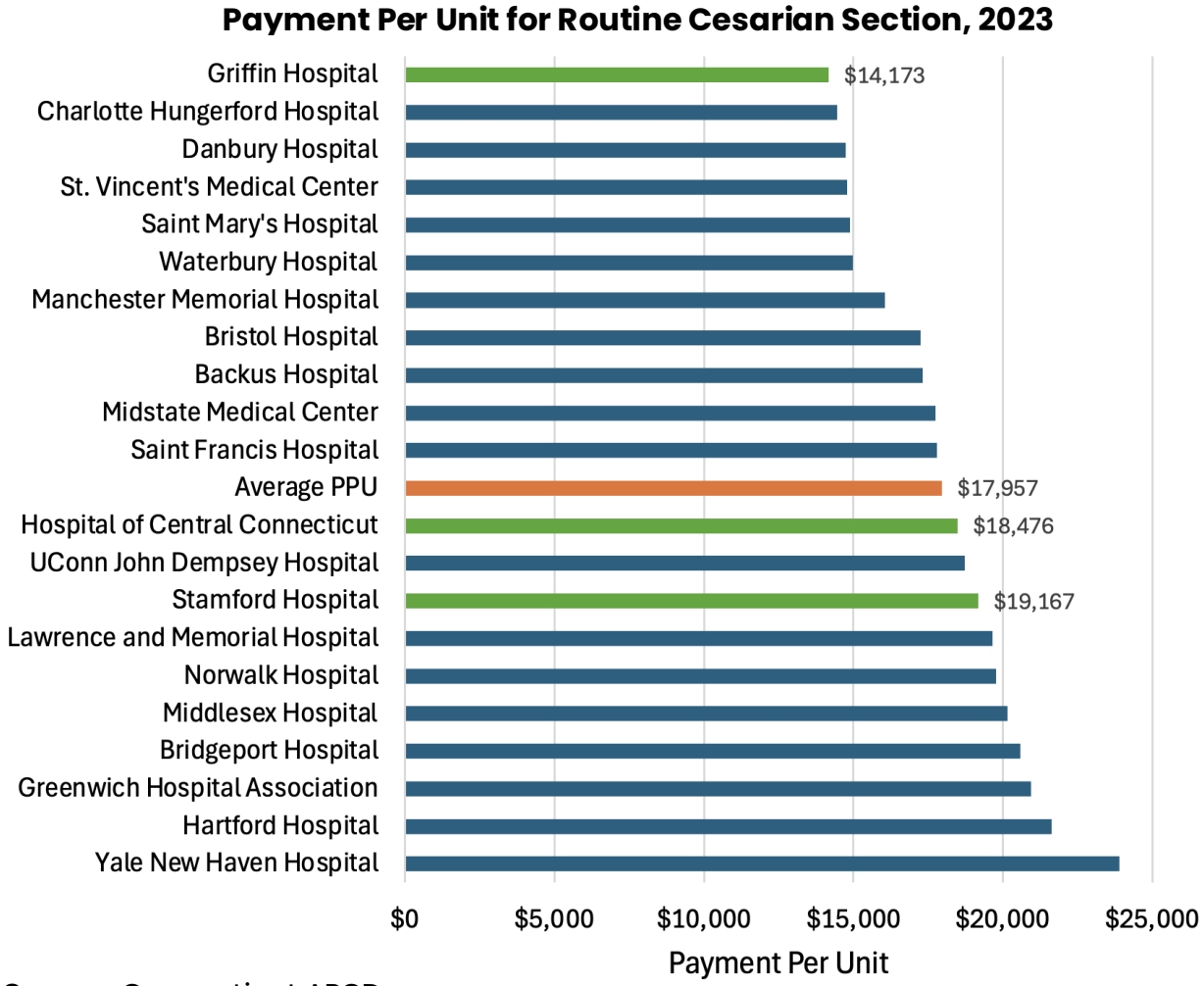
- Among these three select services, payment for psychoses exhibited the greatest variation from $6,333 to $38,293.
- This was a 6-times difference.



Source: Connecticut APCD
Notes: Data for certain hospitals were unavailable.

Payment variation for 788: Routine Cesarian Section

- Payment varied from $14,729 to $23,884.
- This represented a 1.6-times difference.



Source: Connecticut APCD
Notes: Data for certain hospitals were unavailable.

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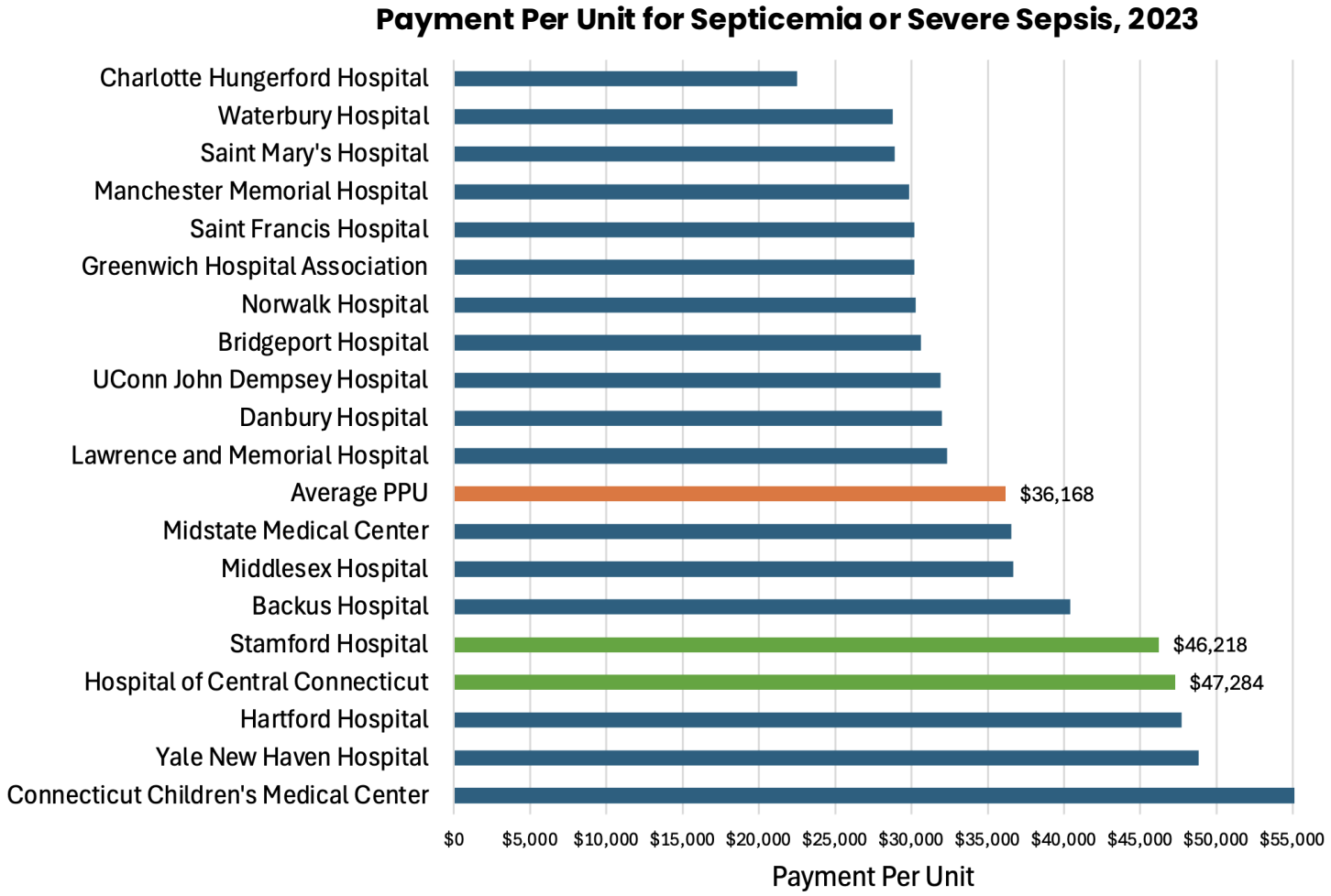
Price variation for 871: Septicemia or Severe Sepsis

- Payment varied from $22,483 to $56,151.
- The highest payment was more than double the lowest payment.



Source: Connecticut APCD
Notes: Data for certain hospitals, including Griffin Hospital, were unavailable.

Summary (1 of 2)

1. OHS has observed significant variation across Connecticut hospitals in the commercial payments they received in 2023 for common inpatient and outpatient hospital services.
2. Even in this small sample, OHS has observed patterns that are consistent with the findings in RAND's analysis.

Summary (2 of 2)

3. Hospitals may have a relatively high payment per unit for one service, and a relatively low payment per unit for another service.
    - This pattern may reflect:
        - variation in a hospital's negotiated rates across insurers in a given year
        - variation between years in the percentage of a hospital's patients for a given DRG or CPT code who are covered by one insurer or another

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Office of Health Strategy
Healthcare Benchmark Initiatives

Informational Hearing on the 2026 – 2030 Proposed Benchmarks

June 23, 2025

Agenda

1:30 – 1:40	Welcome and Introductions
1:40 – 2:30	The Cost Growth Benchmark and Primary Care Spending Target for 2026-2030
2:30 – 3:00	Quality Benchmarks for 2026-2030
3:00 – 3:30	Advancing Primary Care - Beyond the Spending Target
3:30 – 4:00	Public Comment
4:00	Conclusion/Next Steps

Proposed Cost Growth Benchmarks for 2026-2030

Statutory Requirements: Cost Growth Benchmark and Primary Care Spending Target

- Connecticut General Statute (C.G.S.) § 19a-754g states that "**not later than July 1, 2025**, and every five years thereafter, the commissioner shall **develop and adopt annual health care cost growth benchmarks and annual primary care spending targets for the succeeding five calendar years** for provider entities and payers."
- C.G.S § 19a-754g goes on to say that "the commissioner shall consider (i) any historical and forecasted **changes in median income** for individuals in the state and the **growth rate of potential gross state product**, (ii) the **rate of inflation**, and (iii) the most recent report prepared by the commissioner" on **the state's total health care expenditures**.

Healthcare Benchmark Technical Team

- OHS convened the Technical Team in fall 2025 and charged it with recommending the following to OHS:
  1. Annual healthcare cost growth benchmarks across all payers and populations for CYs 2026-2030
  2. Primary care spending targets, as a share of total health care expenditures, across all payers and populations for CYs 2026-2030

- The Technical Team was also charged with centering health equity in its recommendations.

"Health systems are taking an unfair share of consumer and employer dollars. They need to re-engineer to find efficiencies in the system and reduce costs." - *Technical Team member*

Technical Team Activities

The Technical Team held seven two-hour public meetings between November 2024 and March 2025. They reviewed:

- spending trends in Connecticut
- cost growth benchmark and primary care spending target performance
- economic indicators and technical methodological considerations
- approaches taken by other states that have implemented cost growth benchmarks and primary care spending targets

Technical Team Composition

- Members of the Technical Team included:
  - health policy researchers and economists;
  - experts in state and federal regulation of health insurance and healthcare markets;
  - individuals with expertise in healthcare prices and spending in private insurance markets;
  - a clinician with expertise in healthcare quality improvement and patient safety;
  - healthcare purchasers, and
  - current and former state and federal policymakers.

Healthcare Benchmark Initiative Technical Team

1. **Loren Adler**, MS, Fellow and Associate Director, Center on Health Policy, Brookings Institution
2. **Don Berwick**, MD, MPP, Senior Fellow at the Institute for Healthcare Improvement
3. **Sabrina Corlette,** JD, Co-Director, Center of Health Insurance Reforms, Georgetown University's McCourt School of Public Policy
4. **Francois de Brantes**, MS, MBA, Senior Partner, High Value Care Incentives Advisory Group
5. **Stefan Gildemeister**, MA, State Health Economist and Director, Minnesota Department of Health
6. **Paul Grady**, Connecticut Business Group on Health
7. **Jason Hockenberry**, PhD, Associate Dean for Faculty Affairs, Department Chair and Professor of Public Health (Health Policy), Yale School of Public Health
8. **Chris Manzi**, MBA, President, Pequot Health Care
9. **Roslyn Murray**, PhD, MPP, Assistant Professor of Health Services, Policy and Practice, Brown University Affiliated Faculty, Center for Advancing Health Policy through Research
10. **Josh Wojcik**, Director, Health Policy and Benefits Services Division, Office of the State Comptroller

Technical Team Benchmark Recommendations

1. Use **forecasted median household income** as the indicator for the 2026-2030 healthcare cost growth benchmarks.
   - » Establishes that the share of residents' income going to healthcare should not grow faster than their income.

2. Apply a **downward adjustment** to the benchmark in the later years to account for the excess costs that are already built into the system.
   - » Spending is already unaffordable. Continued growth will make it even more so, particularly in the commercial market.

2026-2030 Benchmark Technical Team Recommendations

- Forecasted median household income is **2.7%**
- Downward adjustment, beginning with the 2028 benchmark, for two years.
- A second downward adjustment for 2030 benchmark.

Calendar Year	Technical Team Recommendations Benchmark
2026	2.7%
2027	2.7%
2028	2.5%
2029	2.5%
2030	2.2%

2.7% represents the average annual change in forecasted median household income in Connecticut for the period 2023-2034 using data from July 2024, the most recent data available at the time of the Technical Team deliberations. The data source is Connecticut Office of Policy and Management using S&P Global Forecast.

OHS Response to the Technical Team

- **To optimally inform policy, the benchmark values must be pragmatic and achievable. The recommended reduction:**
  - recognizes the high burden of healthcare costs in Connecticut, but
  - restraining spending growth across all three markets to the rate of median household income growth would be a substantive step towards affordability.
- **OHS…**
  - will not recommend the out-year reductions, and
  - proposes to use projected 2026-2030 median income values instead.

By basing the value on median household income and continuing to vigorously advocate for the benchmark as an integral part of health pricing discussions in the state, OHS hopes to optimize the chances of achieving real savings for consumers and employers.

Healthcare Cost Growth Benchmark: OHS Proposed Values

Calendar Year	Benchmark Values
2021	3.4%
2022	3.2%
2023	2.9%
2024	*4.0%
2025	2.9%

Calendar Year	OHS Proposed Benchmark Values
2026	2.8%
2027	2.8%
2028	2.8%
2029	2.8%
2030	2.8%

*Modified from 2.9% to account for the delayed impact of inflation in 2021 and 2022

Proposed Quality Benchmarks 2026 – 2030

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Quality Benchmarks: Statutory Requirements

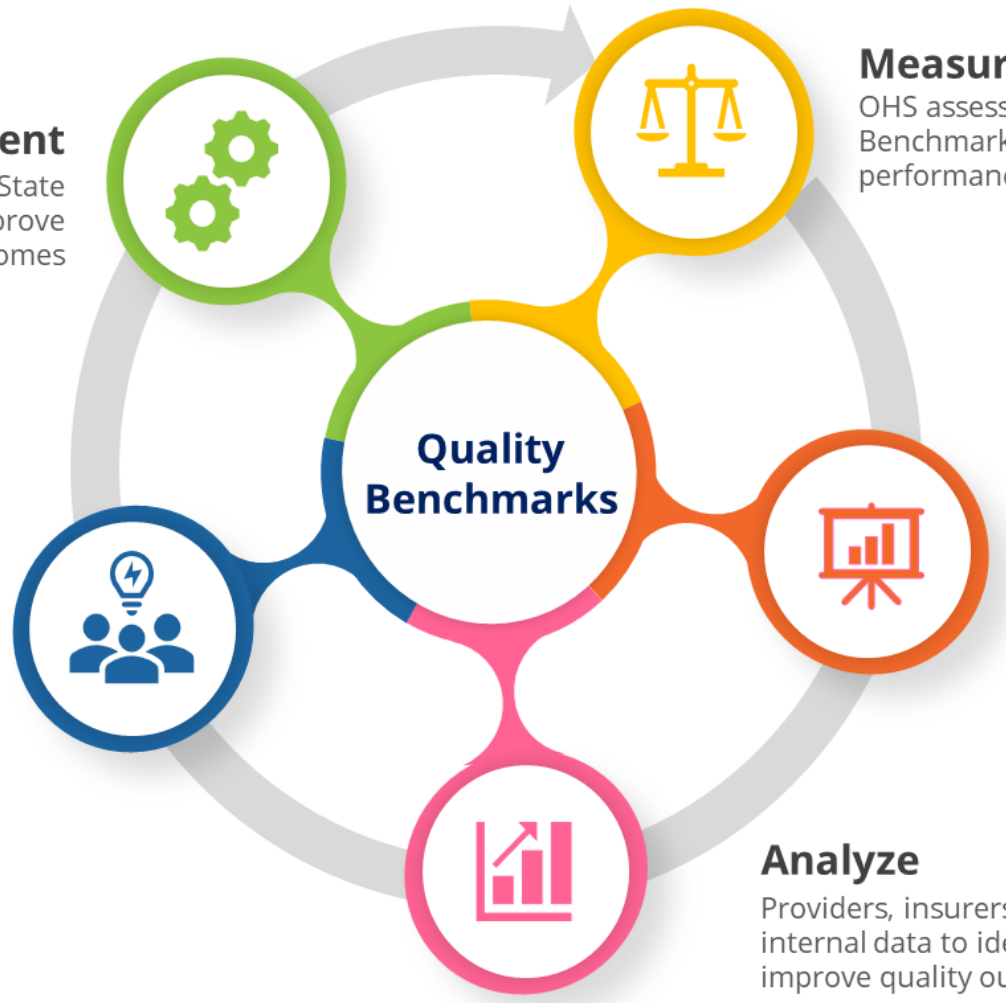
- Connecticut General Statute (C.G.S.) § 19a-754g states that "**not later than July 1, 2025**, and every five years thereafter, the executive director shall **develop and adopt annual health care quality benchmarks for the succeeding five calendar years** for provider entities and payers."
- C.G.S § 19a-754g goes on to say that "the executive director shall consider (i) quality measures endorsed by nationally recognized organizations... and (ii) measures that:

  (I) concern health outcomes, overutilization, underutilization and patient safety,

  (II) meet standards of patient-centeredness and ensure consideration of differences in preferences and clinical characteristics within patient subpopulations, and

  (III) concern community health or population health."

The Quality Benchmarks Logic Model



Measure
OHS assesses quality data to first set the Quality Benchmarks and subsequently to measure performance relative to the Benchmarks

Report
OHS publishes the Quality Benchmarks and subsequently publishes performance against the Benchmarks

Analyze
Providers, insurers and the State analyze internal data to identify opportunities to improve quality outcomes

Develop
Providers, insurers and the State develop strategies to improve quality outcomes

Implement
Providers, insurers and the State implement strategies to improve quality outcomes

Healthcare Benchmark Initiative Quality Council

- OHS' Quality Council holds two-hour meetings, approximately 10 months per year, to support the State with the development and maintenance of its Aligned Measure Set, Quality Benchmarks, and other quality-related activities.

- Between January and June 2025, the Quality Council met to develop recommendations for the 2026-2030 Quality Benchmarks.

Quality Council Process

- The Council started by reviewing the relevant statutory requirements, as well as performance to date on, and experience with, the 2022-2025 Quality Benchmarks.

- The Council then developed decision-making criteria for identifying measures to serve as 2026-2030 Quality Benchmarks, which are reviewed on the following slides.

Criteria for Selecting Quality Benchmarks (1 of 2)

1. Addresses the **most significant health needs of Connecticut residents,** including but not limited to behavioral health, health equity, patient safety and patient care experience.
    - The Council subsequently reviewed data on the most significant health needs in Connecticut, including from sources such as the CDC, CT DPH, America's Health Rankings, and DataHaven's Community Wellbeing Survey.
2. Represents an **opportunity to promote health equity**, evaluated by performing an assessment of data and literature to identify disparities by race, ethnicity, language, disability status, and other important demographic and cultural characteristics.

Criteria for Selecting Quality Benchmarks (2 of 2)

3. Represents an **opportunity for improvement in quality** of care or the health status of the population.
4. **Draws from the Core Measure Set**, whenever possible.
5. Associated **performance data are produced annually** and are published no later than two years after the end of the performance period.
6. **Minimizes additional burden** for payers and providers.

Quality Council Process (1 of 3)

- The Council discussed its desired number of Quality Benchmarks to balance the breadth and depth of quality improvement efforts and landed on six.

- The Council also recommended focusing the 2026-2030 Quality Benchmarks on healthcare measures, rather than measures of health status, to ensure both payer and provider accountability for performance.

Quality Council Process (2 of 3)

- The Council reviewed candidate measures, taking into consideration:
  - each measure's status in the Aligned Measure Set;
  - the extent to which payers were using each measure in value-based contracts;
  - the measure steward and data source;
  - the potential applicability of the measure for Connecticut's participation in CMS' AHEAD model, and
  - recent performance for each measure by market.

Quality Benchmark Measures

- The Quality Council ultimately recommended these six measures to serve as 2026-2030 Quality Benchmarks:

1. *Breast Cancer Screening*
2. *Colorectal Cancer Screening*
3. *Controlling High Blood Pressure*
4. *Glycemic Status Assessment for Patients with Diabetes: Glycemic Status > 9.0%*
5. *Immunizations for Adolescents*
6. *Prenatal and Postpartum Care*

Quality Council Process (3 of 3)

- The Council reviewed the latest available (2023) performance data for each measure by market in relation to published national and New England benchmarks to set **ambitious yet achievable** targets for 2030.
  - Market-specific targets enable OHS to account for variations in baseline performance due to the different patient populations.
- OHS then calculated target values for 2026-2029 using a Compound Annual Growth Rate calculation.

Commercial 2026-2030 Quality Benchmarks

Commercial Quality Benchmarks						
Measure Name		**2026**	**2027**	**2028**	**2029**	**2030**
Breast Cancer Screening		84.1	84.3	84.6	84.8	85.0
Colorectal Cancer Screening		77.7	77.7	77.7	77.7	77.7
Controlling High Blood Pressure		72.0	72.9	73.9	74.8	75.8
Glycemic Status > 9.0%		21.3	20.5	19.8	19.2	18.5
Immunizations for Adolescents		28.0	30.3	32.8	35.5	38.4
Prenatal and Postpartum Care	Timeliness of Prenatal Care	87.7	89.2	90.7	92.3	93.9
	Postpartum Care	90.4	91.2	92.1	93.0	93.9

Medicaid 2026-2030 Quality Benchmarks

Medicaid Quality Benchmarks						
Measure Name		2026	2027	2028	2029	2030
Breast Cancer Screening		59.4	61.3	63.3	65.4	67.5
Colorectal Cancer Screening		31.6	33.1	34.7	36.4	38.1
Controlling High Blood Pressure		71.4	72.4	73.4	74.4	75.4
Glycemic Status > 9.0%		27.8	26.3	24.9	23.6	22.4
Immunizations for Adolescents		39.8	41.9	44.1	46.3	48.7
Prenatal and Postpartum Care	Timeliness of Prenatal Care	93.7	93.7	93.7	93.7	93.7
	Postpartum Care	89.0	89.2	89.5	89.7	90.0

Medicare Advantage 2026-2030 Quality Benchmarks

Medicare Advantage Quality Benchmarks					
Measure Name	**2026**	**2027**	**2028**	**2029**	**2030**
Breast Cancer Screening	75.2	76.3	77.5	78.8	80.0
Colorectal Cancer Screening	75.2	76.4	77.6	78.8	80.0
Controlling High Blood Pressure	76.8	77.6	78.4	79.2	80.0
Glycemic Status > 9.0%	15.6	14.3	13.1	12.0	11.0

Note: *Immunizations for Adolescents* and *Prenatal and Postpartum Care* do not apply to the Medicare population.

Advancing Primary Care: Proposed 2026-2030 Primary Care Spending Target and Beyond

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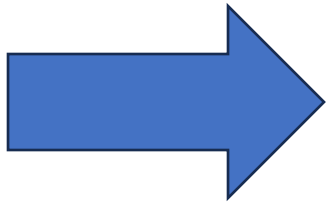
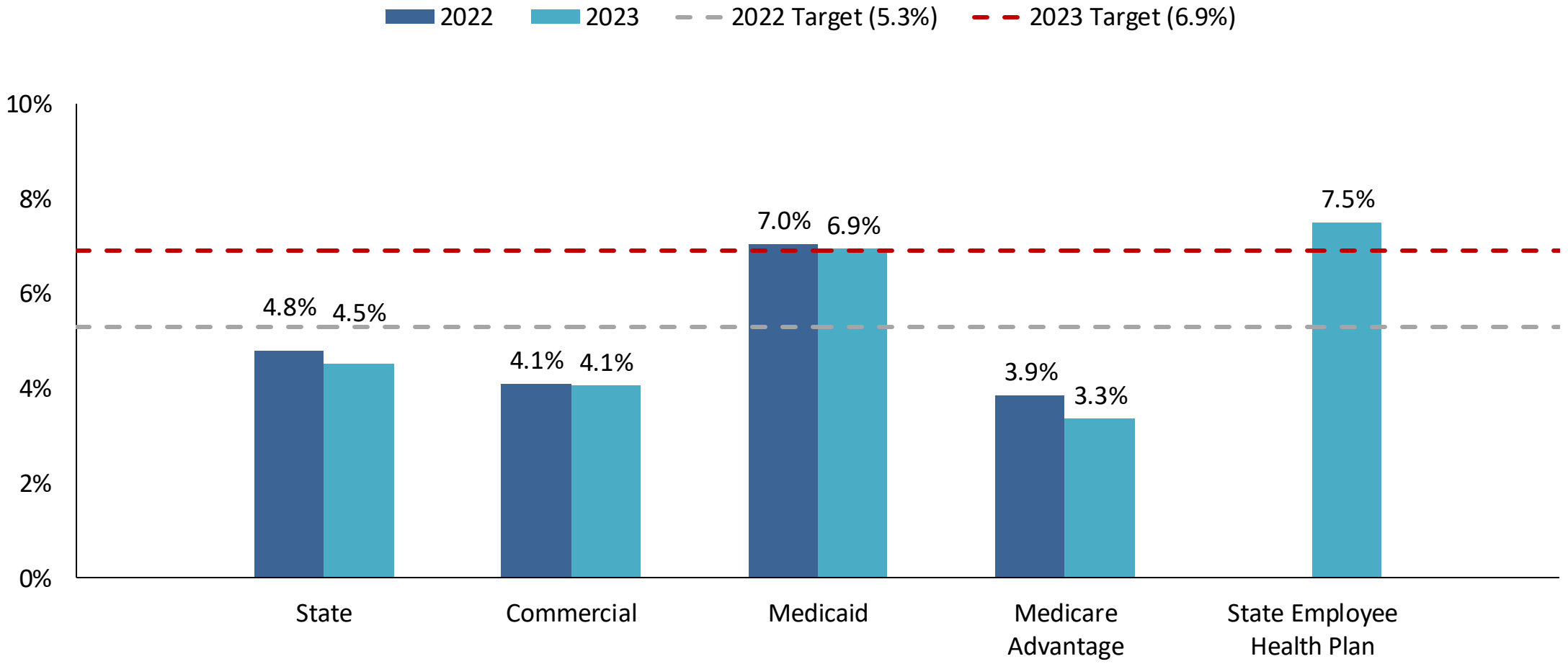
Primary Care Spending Targets

Calendar Year	Target Values
2021	5.0%
2022	5.3%
2023	6.9%
2024	8.5%
2025	10.0%



Calendar Year	Technical Team Recommended and OHS Proposed Target Values
2026	10.0%
2027	10.0%
2028	10.0%
2029	10.0%
2030	10.0%

Primary Care Spending as a Percentage of Total Medical Expenses, by Market and State Employee Health Plan



Source: OHS collected data from insurance carriers and from the Connecticut Department of Social Services (DSS).
Notes: Data are not risk adjusted. Data are net of pharmacy rebates. Data include commercial, Medicare Advantage and Medicaid FFS spending. TME includes all of the spending categories captured for the cost growth benchmark, less long-term care.

Investing in High Quality Primary Care in Connecticut: Overcoming Obstacles

Access

Maintenance, prevention, chronic condition management

Health equity

Payment Reforms

Decrease high-cost services, emergency department visits, hospitalizations

Reimbursement rates

Administrative Burdens

Electronic Health records, administrative forms, charting, prior authorization

Workforce Issues

Recruitment

Retention

Retirement

Practice Transformation

Team-based training

Care coordination