OHS CONNECTICUT Office of Health Strategy

Cost Growth Benchmark Combined Advisory Body Meeting

Meeting Date	Meeting Time	Location
Tuesday June 29, 2021	10:00am – 11:00am	Webinar/Zoom

Participant Name and Attendance

Cost Growth Benchmark Technical Team Members Present					
Paul Lombardo		Paul Grady		Judi Dowd	
Rae-Ellen Roy		Pat Baker		Vicki Veltri	
Angela Harris		Rebecca Andrews			
Stakeholder Advisory Board Members Present					
Reginald Eadie		Ken Lalime		Ted Doolittle	
Kathy Silard		Karen Gee		Kristen Whitney-Daniels	
Theresa Riordan		Marie Smith		Nancy Yedlin	
Rob Kosior		Howard Forman			
Tekisha Everette		Jill Zorn			
Advisory Body Members Absent					
Technical Team:		**Stakeholder Advisory Board:**		**Stakeholder Advisory Board:**	
Zack Cooper		Margaret Flinter		Pareesa Charmchi Goodwin	
Luis Perez		Richard Searles		Fiona Mohring	
Kate McEvoy		Lori Pasqualini		Sal Luciano	
		Hector Glynn		Rick Melita	
		Susan Millerick		Jonathan Gonzalez-Cruz	
Others Present					
Michael Bailit, Bailit Health		Margaret Trinity, Bailit Health			

	Agenda	Responsible Person(s)
1.	**Welcome and Introductions**	**Vicki Veltri**
	Victoria (Vicki) Veltri called the meeting to order at 10:01am.	
2.	**Public Comment**	**Vicki Veltri**
	Vicki Veltri invited public comment; none was voiced.	
3.	**Approval of Previous Meeting Minutes**	**Vicki Veltri**
	Paul Grady made a motion to approve the Technical Team's February 22nd meeting minutes and Rebecca Andrews seconded the motion. The Technical Team approved the February meeting minutes by consensus voice vote with none opposed and no abstentions. The motion carried and the Technical Team thus approved the February meeting minutes. Reginald Eadie made a motion to approve the Stakeholder Advisory Board's March 25th meeting minutes and Rob Kosior seconded the motion. The Stakeholder Advisory Board accepted the March meeting minutes by consensus voice vote with none opposed and no abstentions. The motion carried and the Stakeholder Advisory Board thus accepted the March meeting minutes.	
4.	**Review of Logic Model for a Cost Growth Benchmark**	
	Michael Bailit acknowledged that it had been several months since either advisory body had met. He noted that in 2020 the advisory bodies focused on determining the methodology and value for the cost growth benchmark. He reviewed the logic model for a cost growth benchmark, noting that setting a public target for healthcare spending growth alone will not slow the rate of growth. He added that the benchmark serves as an anchor by establishing an expectation that can serve as the basis for transparency at the state, insurer, and provider entity levels. Michael reviewed five steps that form the logic model for a cost growth benchmark: 1) measure performance relative to the cost growth benchmark; 2) analyze spending to better understand cost trends and cost growth drivers; 3) publish performance against the benchmark and report on analysis of cost growth drivers in the state; 4) identify opportunities and strategies to slow cost growth; and 5) implement strategies to slow cost growth. Michael emphasized that this process must be repeated year over year, and the first cycle would provide momentum to the Healthcare Benchmark Initiative. Paul Grady commented that the logic model was consistent with previous Technical Team discussions.	
5.	**Healthcare Benchmark Initiative Updates**	
	Update #1 Pre-Benchmark Period Validation and Submission Michael Bailit reviewed the timeline for data submission and reporting. He noted that OHS had received data from six commercial insurers, and that he anticipated receiving Medicaid data from the Department of Social Services soon. He stated that the goal was for OHS to publish cost growth data in September at the state and market levels; he added that this pre-benchmark data reporting will not include reporting at the large provider entity ("Advanced Network") level. In response to a	

question from Paul Grady, Michael stated that, following data validation, OHS will share with each payer the data that OHS had received from the payer. Michael stated that OHS will request 2020 data from the carriers in the fall even though it will be anomalous due to the effect on utilization of the COVID-19 pandemic.

Michael stated that OHS was working with payers to validate Total Medical Expense (TME) and primary care spending data. He added that OHS was working with payers to confirm data were submitted using specifications outlined in the Implementation Manual. He noted that several payers had been asked to resubmit their data and that this was not surprising based on his experience with other cost growth benchmark states. Michael stated that after confirming data completeness and accuracy, OHS will review performance data with Advanced Networks.

Nancy Yedlin asked about the process for data submission, review, and validation. Michael stated that the data had been submitted and analyzed following a series of steps that OHS had outlined in advance for the payers. He said that Bailit Health had performed the analysis and validation checks; he added that OHS staff would assume responsibility for this function over time.

In response to a question from Paul Grady, Michael stated that OHS was not currently tracking value-based payments, or advanced payment model adoption. Vicki Veltri stated that to comply with the Governor's Executive Order 5, OHS will need to eventually track advanced payment models. Paul inquired as to the timing for accomplishing this. Vicki replied that the timeframe might be as much as a year due to staff constraints. Michael noted that other states collect this information, and when OHS is ready, it will be able to utilize learnings from these other states.

Reginald Eadie asked about timing of validation of the pre-benchmark data by large providers. Michael stated that he did not have a specific timeframe as of yet. He noted that the data would not be made public. Michael stated that Bailit Health staff will first validate data with carriers, and then with Advanced Networks. He clarified that the validation process is not an audit. Michael estimated that providers will have an opportunity to review the data in late September or October. In response to a request from Kathy Silard, Michael stated that Bailit Health will provide a narrative explanation of the validation process and confirmed that review by providers is a step in the validation process.

Kathy Silard stated that the sooner the pre-benchmark data analysis is shared, the sooner providers can identify opportunities for "bending" the cost curve. Michael noted that the pre-benchmark analysis is based on 2018 and 2019 data. Kathy stated that the findings will be relevant to future efforts. Michael said that providers will see the data by market, by payer within market, and by broad service categories. He noted that the data will indicate broad trends over time.

Michael expressed his thanks to the six carriers that had submitted data and acknowledged the work that each carrier undertook in preparing the data submission and submitting it on a timely basis.

Update #2: Expanded Cost Growth Driver Analysis
Michael Bailit reminded the meeting participants of several key findings from the Mathematica analysis shared during the winter, including that commercial market spending growth was primarily found in hospital services and growth in hospital payment per unit of service. He stated that OHS was pursuing an expanded analysis, to be performed by Mathematica. He stated that Mathematica was updating its previous analyses by adding 2019 data and retail pharmacy data. He said that Mathematica will also conduct an analysis of a) variation in ED utilization by race and income stratum, and b) price growth for hospital services and price variation among hospitals. Michael added that Mathematica's expanded analysis is scheduled to be completed by fall.

In response to a question from Jill Zorn, Michael stated that Mathematica's examination of hospital price growth will include an analysis of both inpatient and outpatient hospital services. In response to a question from Ken Lalime, Michael stated that Mathematica had previously worked to understand whether the increase in payment per unit on the inpatient side was due to a change in the mix of services. Michael noted that Mathematica had found that a change in the mix of services contributed only a quarter of the growth in cost per unit. Ken Lalime state that the mix of services is an important factor, and that the analysis should account for changes in intensity of services and shifts to ambulatory settings. Michael said that he would follow up with Mathematica and determine the extent to which they can do this on the outpatient side.

Angela Harris asked about Mathematica's analysis of variation in ED utilization, and the types of ED utilization. Michael stated that Mathematica will examine whether the reasons for ED visits vary by race and income. Kathy Silard stated that the substance of the reports will be important and requested actionable reports that will allow providers to zero in on opportunities. Michael stated that OHS will return to the advisory bodies with results of the analyses to examine. He added that the analyses are part of

	an iterative process and that OHS can only gain true insight into cost growth drivers by entering into a dialogue with the advisory body members. Jill Zorn noted regional differences in utilization and price. Michael stated that an analysis of regional variations in price growth was within Mathematica's scope of work. Update #3: Long-Term Support for the Data Use Strategy Michael Bailit stated that OHS had released an RFP in June for a contractor to provide ongoing support for OHS' data use strategy, including ongoing analyses of cost growth and cost growth drivers. He reviewed the scope of requested analytic services and noted that these analyses will be used to inform strategy identification to support benchmark achievement over time. Michael remarked upon the importance of OHS having taken this step. He said it would provide long-term strength to the State's data use strategy. Update #4: Stakeholder Engagement Michael Bailit noted that OHS had continued to be active in engaging and educating community and civic organizations. He added that OHS had undertaken ongoing meetings with hospitals, insurers, clinicians, and consumers. He shared several findings from recent consumer engagement events at which consumers reported that they sometimes avoid seeking healthcare services because of high deductibles and copays, and that they try to conserve their utilization for emergency situations only. He added that consumers expressed concern over the high out-of-pocket costs they are experiencing. He said that consumers at the events noted the increasing popularity of high-deductible health plans offered by employers, and the trade-off in lowering healthcare premiums. Finally, he stated that consumers expressed frustration with what they perceive as high capital spending by some providers. Paul Grady observed that consumers at these events had not appeared to comment on indirect cost pressures such as tax increases. Update #5: Inflation Michael Bailit stated that the Consumer Price Index for All Urban Consumers increased 5.0 percent from May 2020 to May 2021, and that this was the highest jump in this index since 2008. He added that the percentage change in CPI for medical care was -1.9 percent. Michael acknowledged uncertainty as to whether the inflation spike would be transitory but noted that sustained elevated inflation would impact cost growth benchmark performance. Michael stated that the Technical Team had recommended convening an advisory group to revisit the healthcare cost growth benchmark values should there be a significant rise in inflation in the future.
6.	**Recent Experiences of Cost Growth States**
	Michael stated that four states (DE, MA, RI and VT) had reported exceeding their 2019 cost growth benchmarks: Delaware, Massachusetts, Rhode Island and Vermont. Michael said that Delaware's per capita trend of 7.8 percent for 2018-2019 may not be credible. He said that Massachusetts had exceeded its 3.1 percent benchmark with a per capita trend of 4.3 percent for 2018-2019. Michael noted that MA has performed on average at their benchmark over the period of time dating back to 2012. He noted that for Rhode Island, this was the first year of benchmark implementation and it will be interesting to watch the state's benchmark performance in the future. Michael noted several factors driving the cost growth trend in these states, including price increases for pharmacy and hospital services. He stated that large price increase in both retail and medical (physician-administered) pharmacy had contributed to the cost growth trend. He stated that large price increases for hospital services had also contributed, and sometimes there was an increase in outpatient service volume. He stated that these factors were present for the commercial market, and sometimes for the Medicaid market. In response to a question from Jill Zorn, Michael stated that Massachusetts publishes reports on it cost growth benchmark performance and that these reports identify the performance of healthcare systems. Rebecca Andrews stated that over 60 percent of people who file for bankruptcy cite costs associated with medical conditions as a contributing factor. She noted caveats with examining data for the pandemic period. Michael acknowledged those caveats and also noted that there will be more deferred care taking place as we shift to the post-pandemic era. The advisory bodies did not have time to review the work of other cost growth benchmark states that are turning their focus to mitigation strategies. Michael encouraged members of the Technical Team and Stakeholder Advisory Board to review the slides to see how other states are acting on their cost growth benchmark initiatives.

7.	Adjourn	Vicki Veltri
	Vicki thanked the advisory bodies. Howard Forman made a motion to adjourn, and Ted Doolittle seconded the motion. The meeting adjourned at 11:00am.	