

Statewide Healthcare Cost Growth Benchmark



About OHS

- Fully established in 2018 - Conn. Gen. Stat. § 19a-754a
- Charge:
 - Developing and implementing a comprehensive and cohesive health care vision for Connecticut – *including a statewide cost containment strategy*
 - Promoting effective health care planning and quality of care for the state
 - Coordinating state's health information technology initiatives, including All-Payer Claims database
 - Overseeing multi-payer care delivery and payment reforms

Mission

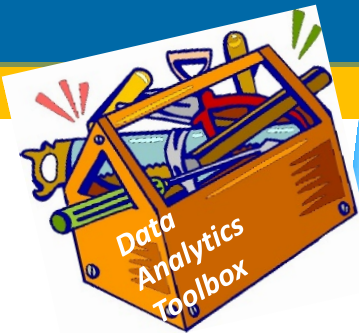
Implement comprehensive, data driven strategies that:

- Promote equal access to high quality health care
- Control costs
- Ensure better health outcomes for all Connecticut residents



Innovation Lab

**Health
Innovation**



**Data
Analytics
Toolbox**

**Health
Information
Technology**

*Equal Access
Control Costs
Better Health*

**Health
Systems
Planning**



Oversight

Transparency

Health Policy

 **OHS**
CONNECTICUT
Office of Health Strategy

Why a benchmark?

What is it?

How can it help?

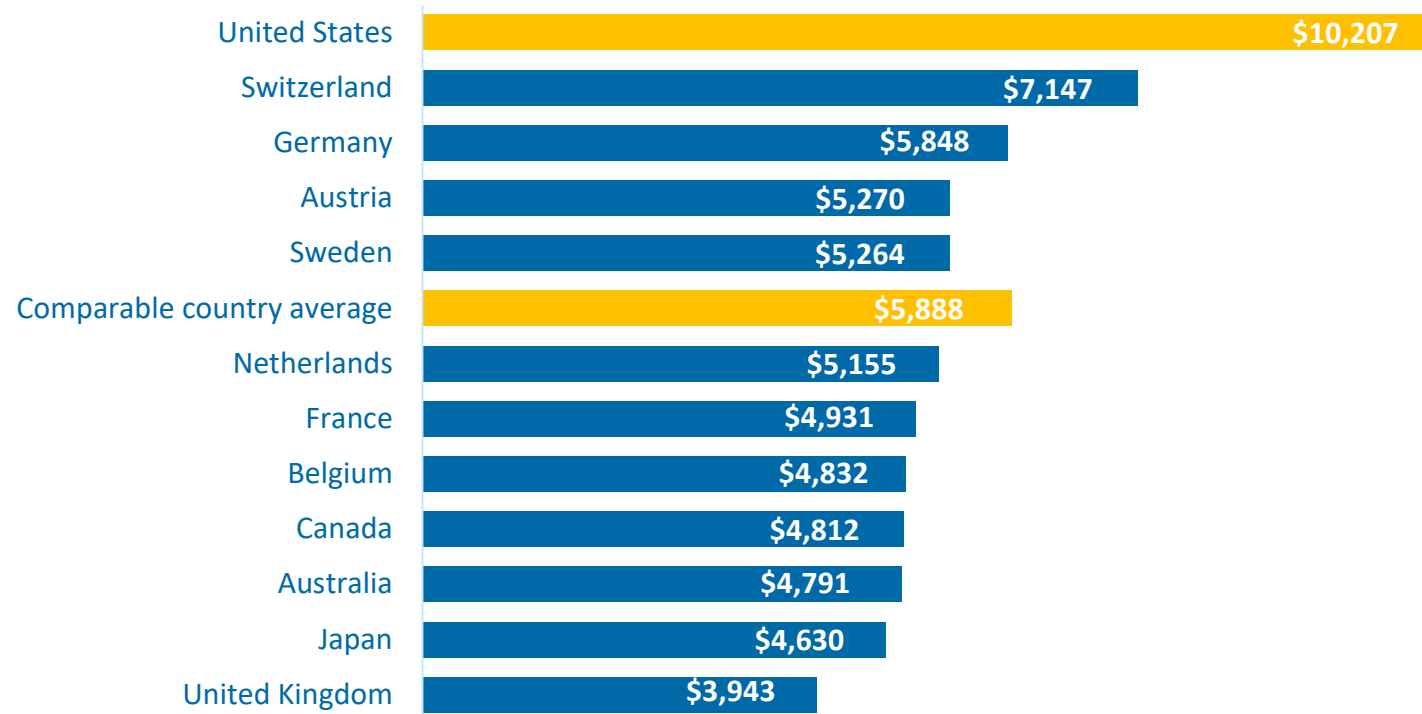
Strategies for Connecticut

Next Steps

We spend nearly twice as much as other wealthy countries...

Total health expenditures per capita

U.S. dollars, PPP adjusted, 2017



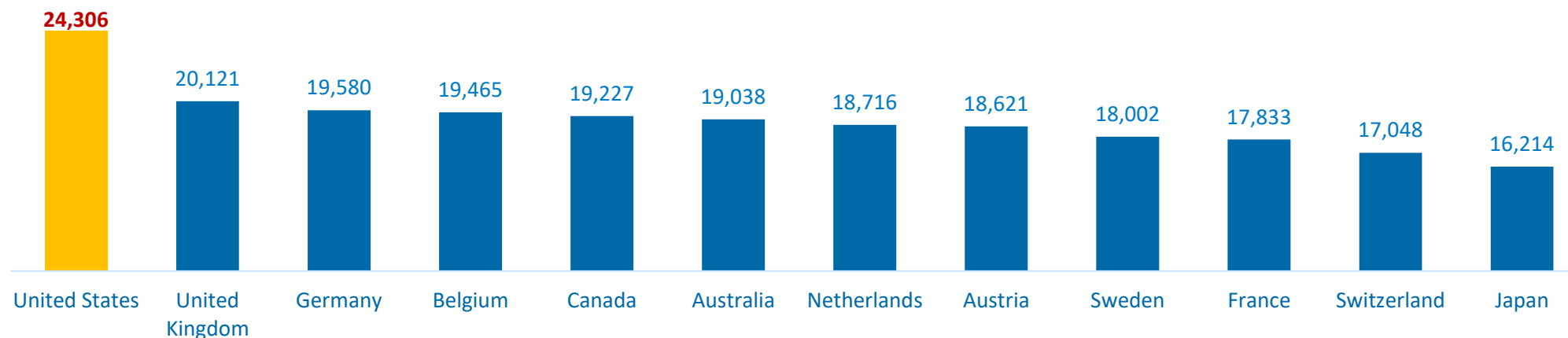
Source: Health Expenditures Account. Comparable country data are from OECD (2019), "OECD Health Data: Health expenditure and financing: Current expenditure on health, per capita, current prices, current PPPs," OECD Health Statistics (database). <https://stats.oecd.org> (Accessed on July 31, 2019)

For all that spending...

Our outcomes are not better and we are not healthier

Disease burden is higher

Age standardized disability adjusted life year (DALY) rate per 100,000 population, 2017



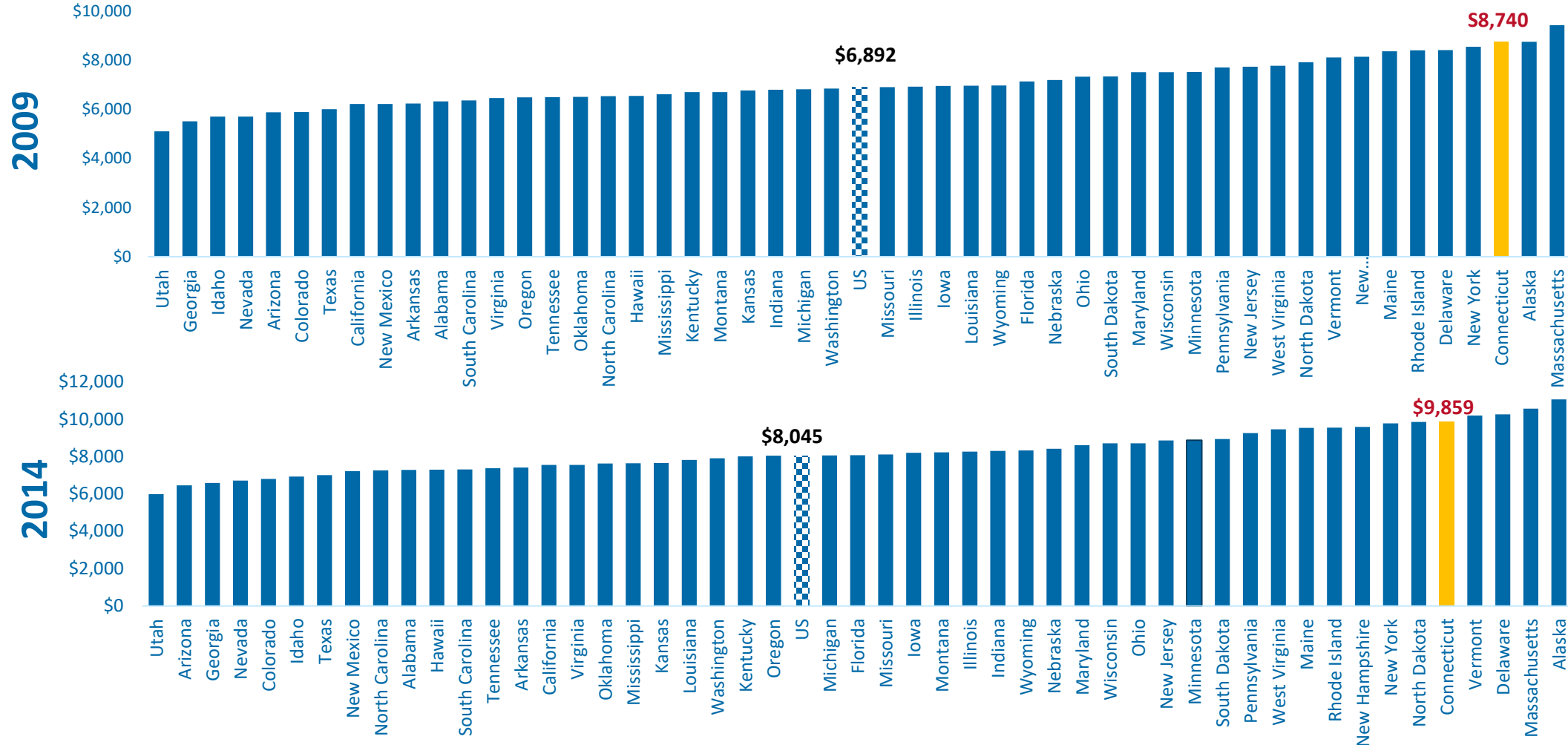
Hospital admissions for preventable diseases are higher

Age standardized hospital admissions rate for per 100,000 population for asthma, congestive heart failure, hypertension and diabetes, ages 15+, 2012



CT continues to be one of the states that spends the most on health care...

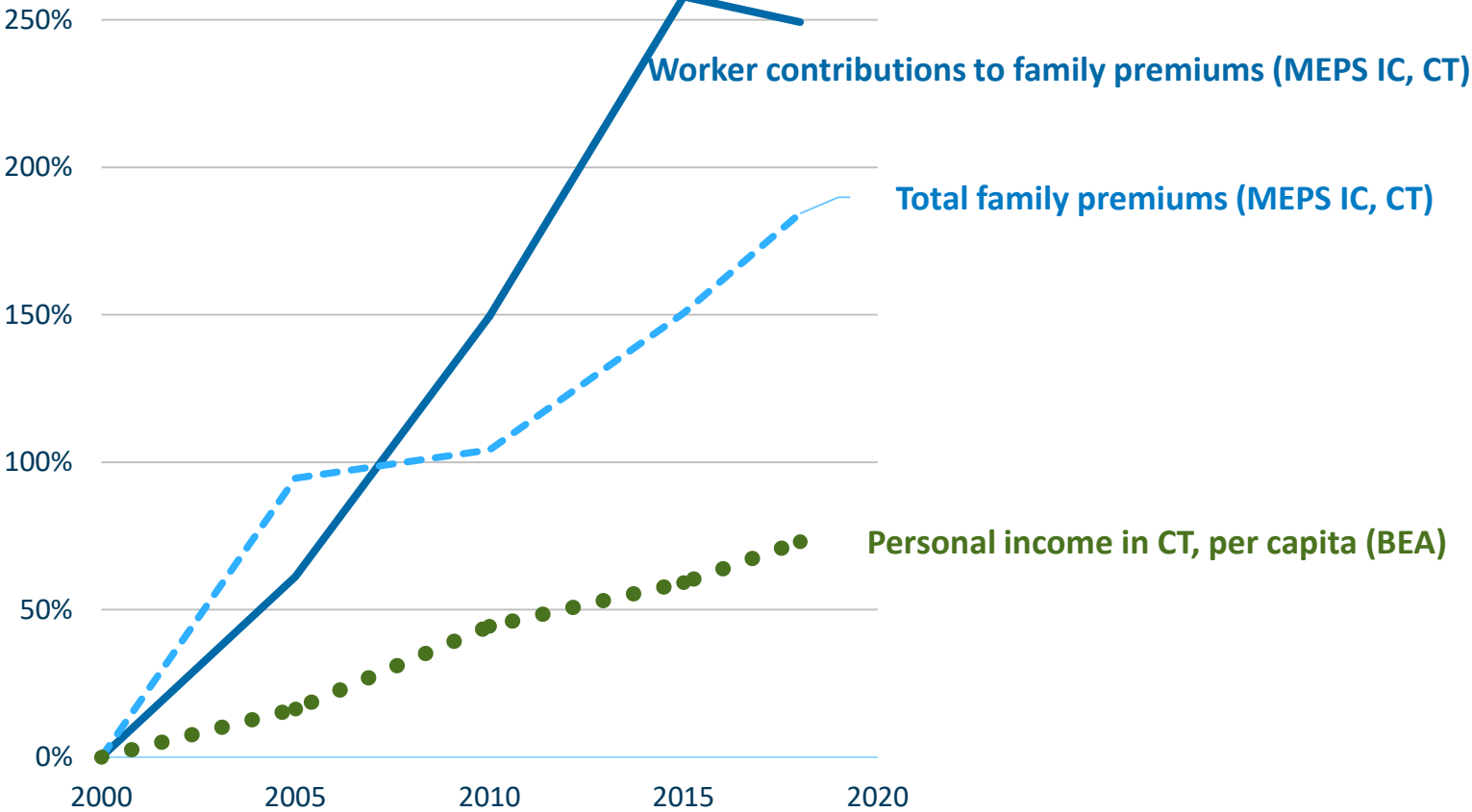
Personal health care spending, per capita, by state, 2009 and 2014



Source: Centers for Medicare and Medicaid Services, State Health Expenditure Accounts, 2009 and 2014

Yet healthcare remains unaffordable to many

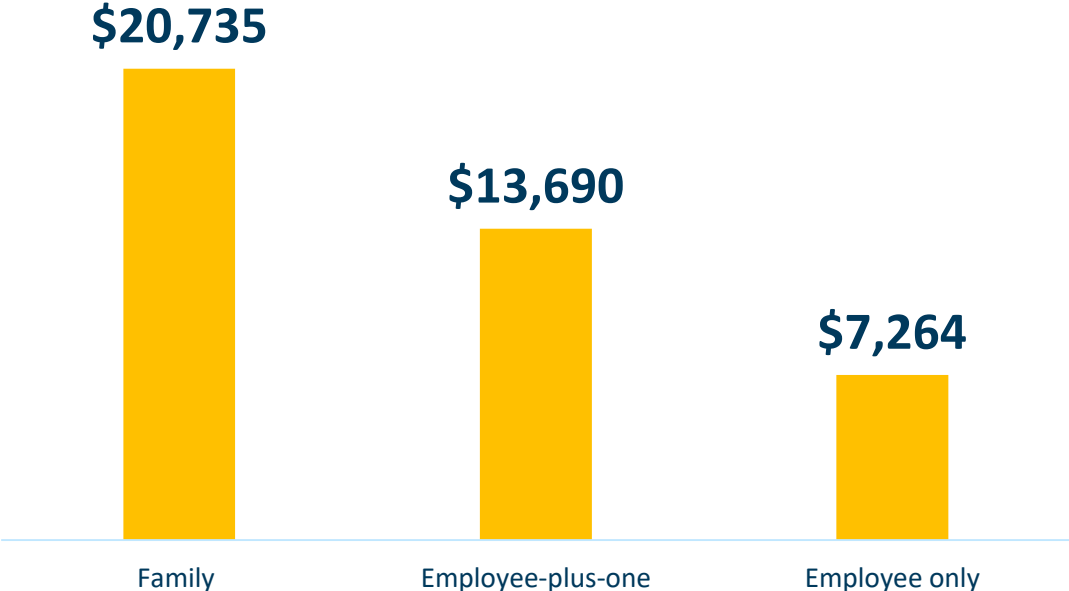
Since 2000, Connecticut employer-sponsored insurance premiums have grown **two and half times** faster than personal income



Source: Medical Expenditure Survey, Tables D.1 and D.2 for various years

The CT average annual premium for family coverage is more expensive than a Ford Focus...

2018 Average Annual Premium for Employer-Sponsored Health Insurance Coverage



Focus

Starting MSRP
\$18,825

Source: 2018 Medical Expenditure Panel Survey- Insurance Component. Tables X.D.1, X.E and X.C.

Source: www.truecar.com/prices

If food were health care...

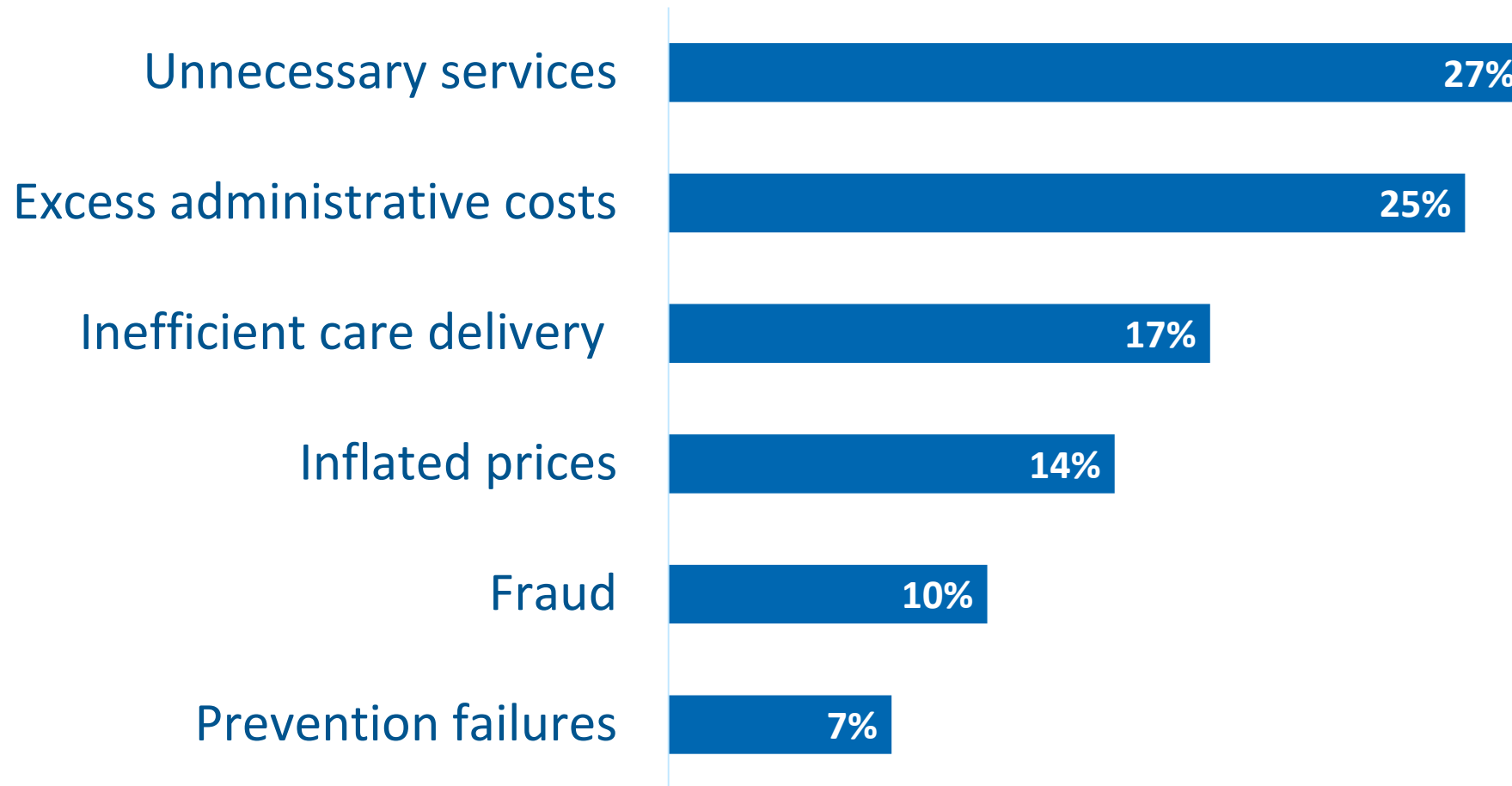
If food prices had risen at medical inflation rates since the 1930s:

1 dozen eggs	\$101.59
1 pound apples	\$15.49
1 pound sugar	\$17.34
1 roll toilet tissue	\$30.65
1 dozen oranges	\$136.68
1 pound butter	\$118.37
1 pound bananas	\$20.32
1 pound bacon	\$155.16
1 pound beef shoulder	\$55.19
1 pound of coffee	\$81.30
10 item total	\$732.09

Source: American Institute for Preventive Medicine, 2015

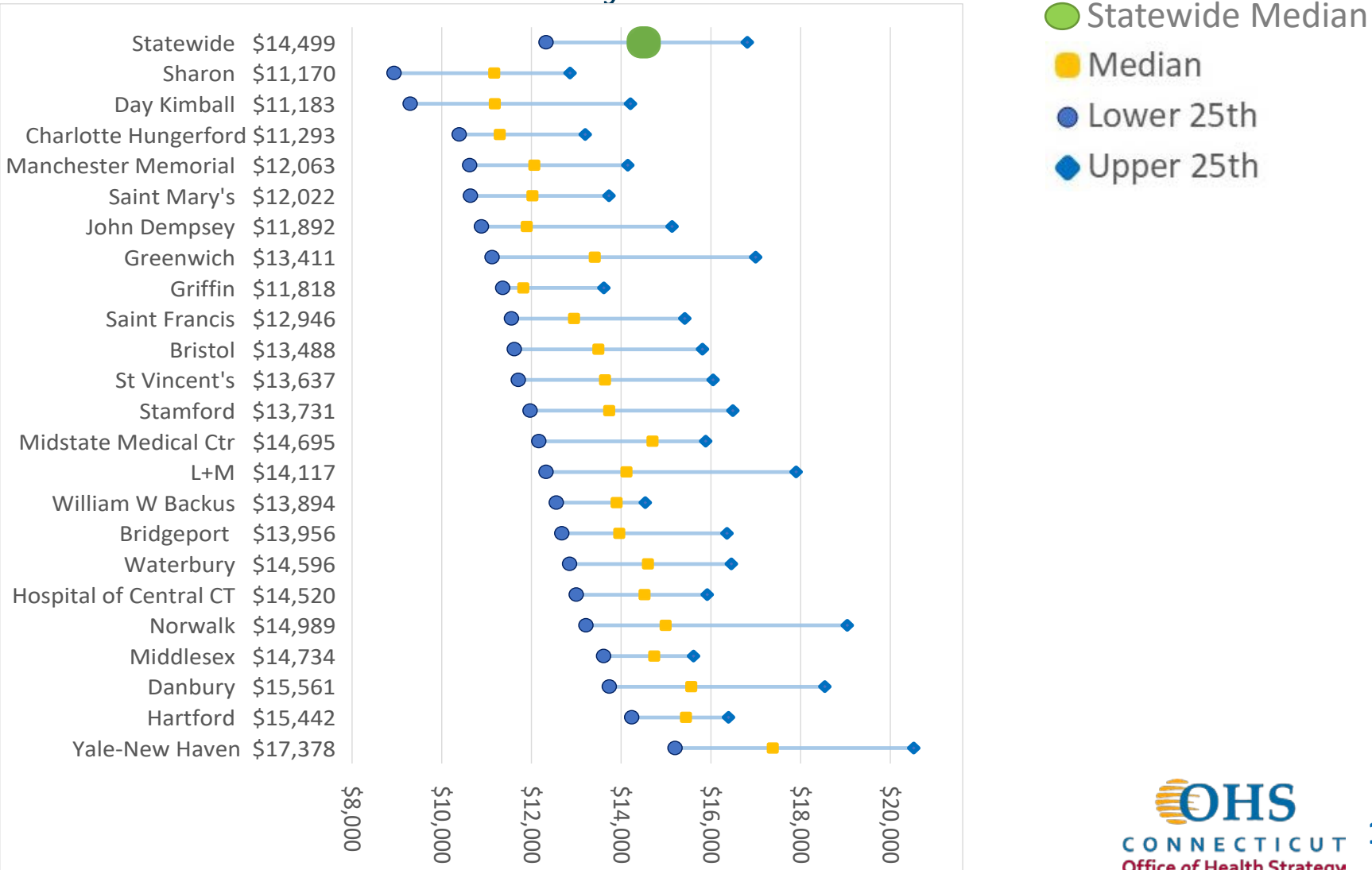


Institute of Medicine: **\$750 Billion** in annual waste in the US healthcare system



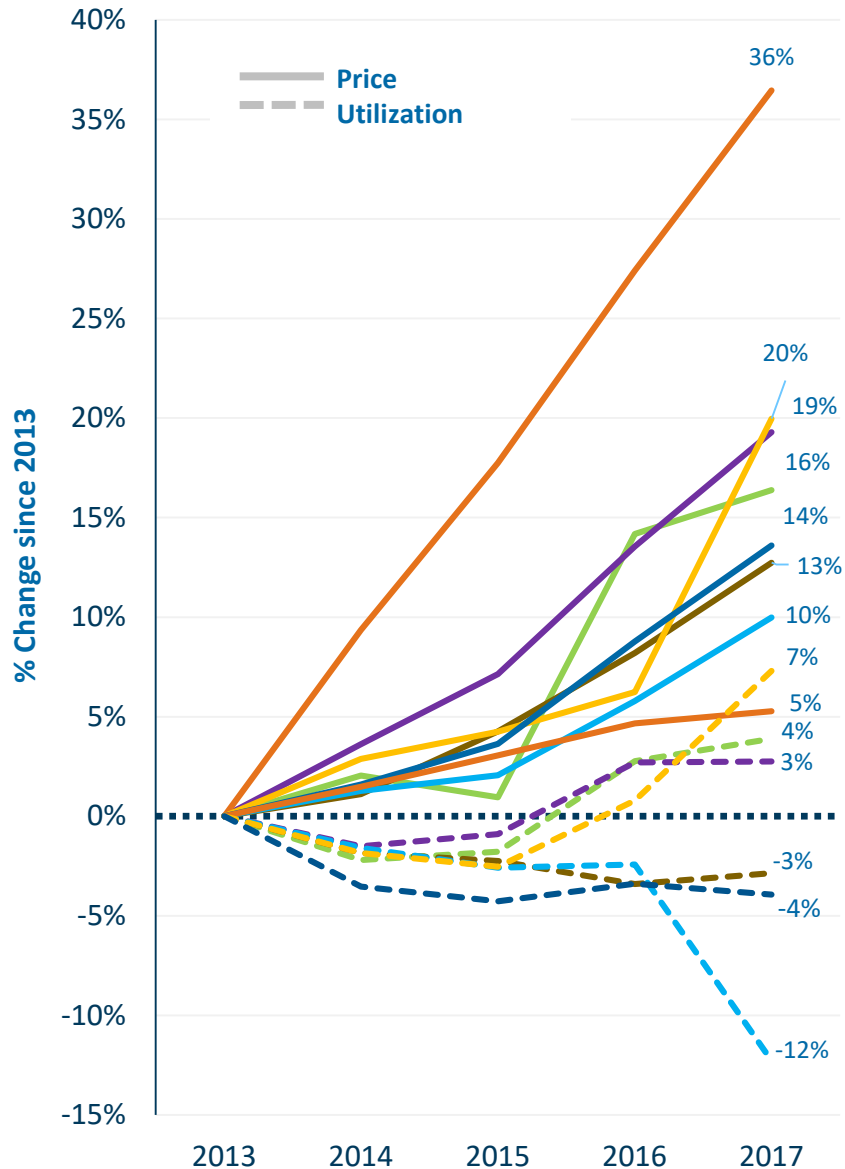
Prices for care vary significantly in Connecticut

Variations in amounts allowed for a normal delivery



Source: OHS CT All-Payer Claims Data 2017 Allowed Amounts

Cumulative Change in ESI Outpatient Price & Utilization, United States

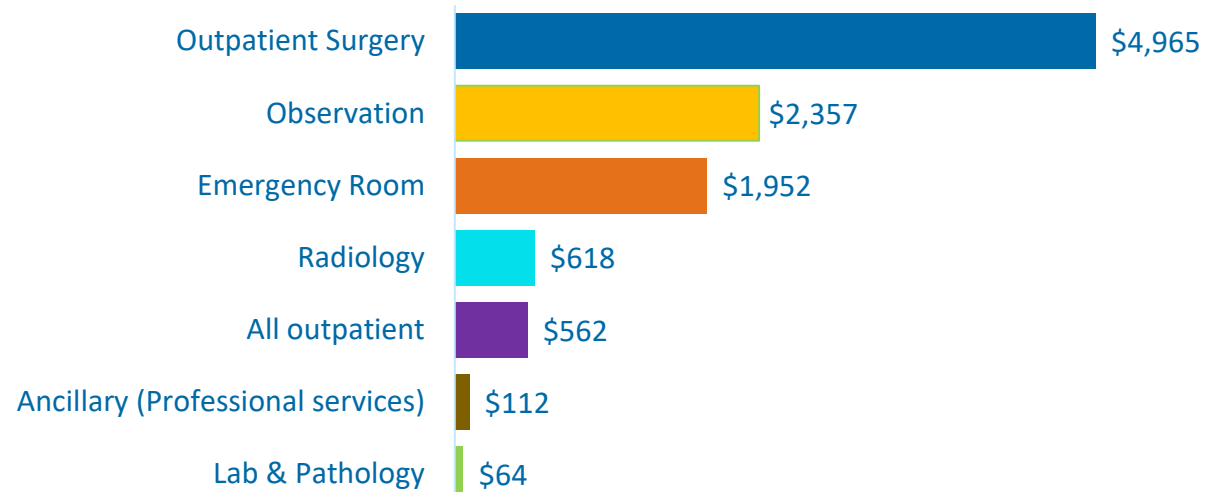


Squeezing the balloon

Utilization goes down

Prices go up

Outpatient Prices in 2017, United States



Source: Health Care Cost Institute 2017 Annual Report Interactive Tables – available at <https://healthcostinstitute.org/research/hccur/2017-health-care-cost-and-utilization-report>

Commercial price and utilization trends in CT and other Metros

Hartford-West Hartford-East Hartford, CT

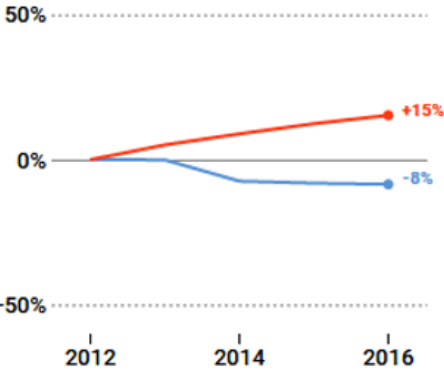
2016 Overall Levels:

Price: **10% above** median
Use: **16% above** median



Overall growth since 2012:

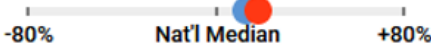
Price: **+15%**, Use: **-8%**



New Haven-Milford, CT

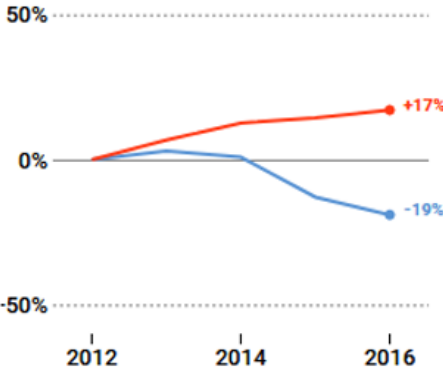
2016 Overall Levels:

Price: **18% above** median
Use: **13% above** median



Overall growth since 2012:

Price: **+17%**, Use: **-19%**



Providence-Warwick, RI-MA

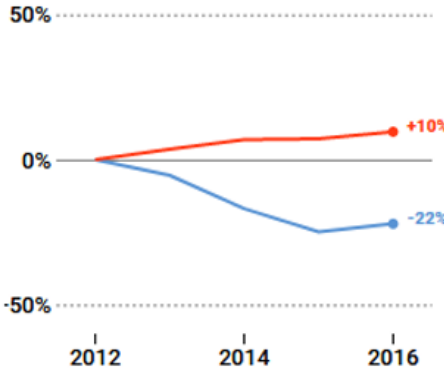
2016 Overall Levels:

Price: **-12% below** median
Use: **2% above** median



Overall growth since 2012:

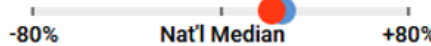
Price: **+10%**, Use: **-22%**



New York-Newark-Jersey City, NY-NJ-PA

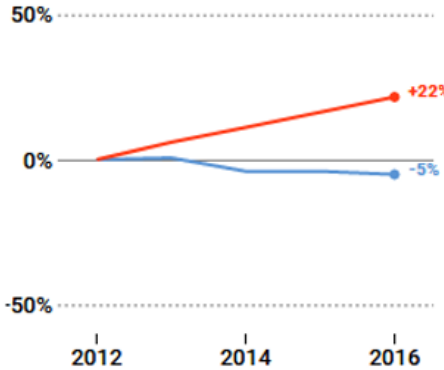
2016 Overall Levels:

Price: **22% above** median
Use: **26% above** median



Overall growth since 2012:

Price: **+22%**, Use: **-5%**

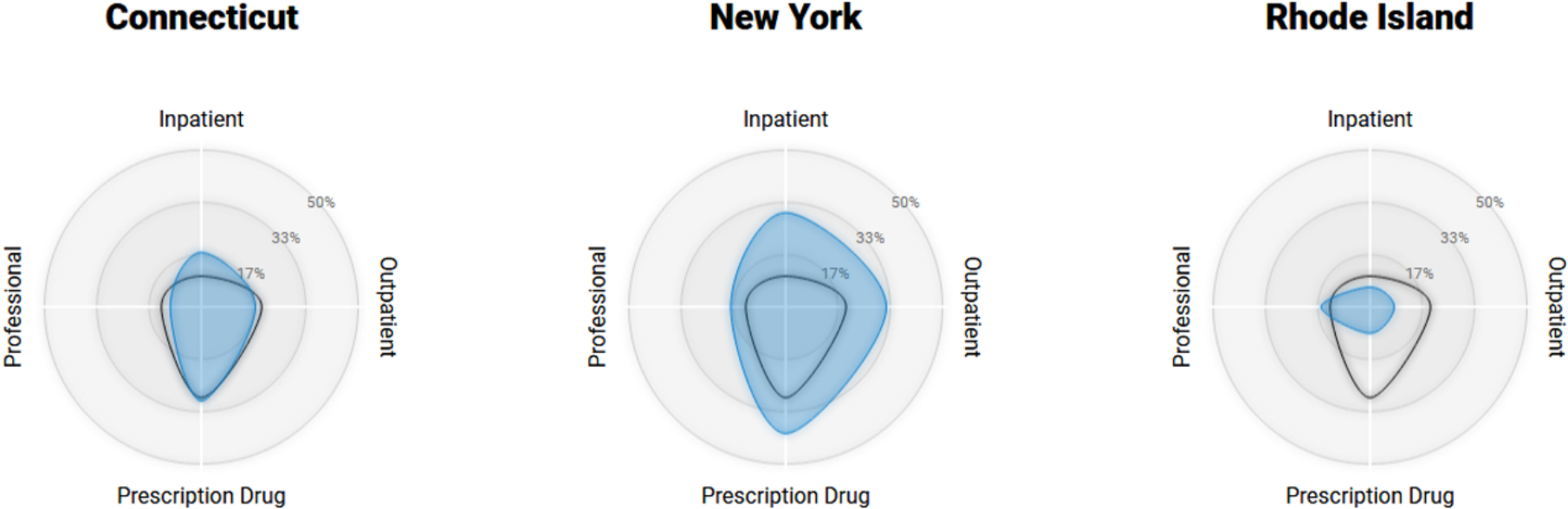


Milbank Memorial Fund

Source: Health Care Cost Institute 2017 Annual Report Interactive Tables – available at <https://healthcostinstitute.org/research/hccur/2017-health-care-cost-and-utilization-report>

CT-slower commercial health expense growth in all services than NY

Cumulative Spending Growth Since 2013



www.milbank.org @MilbankFund

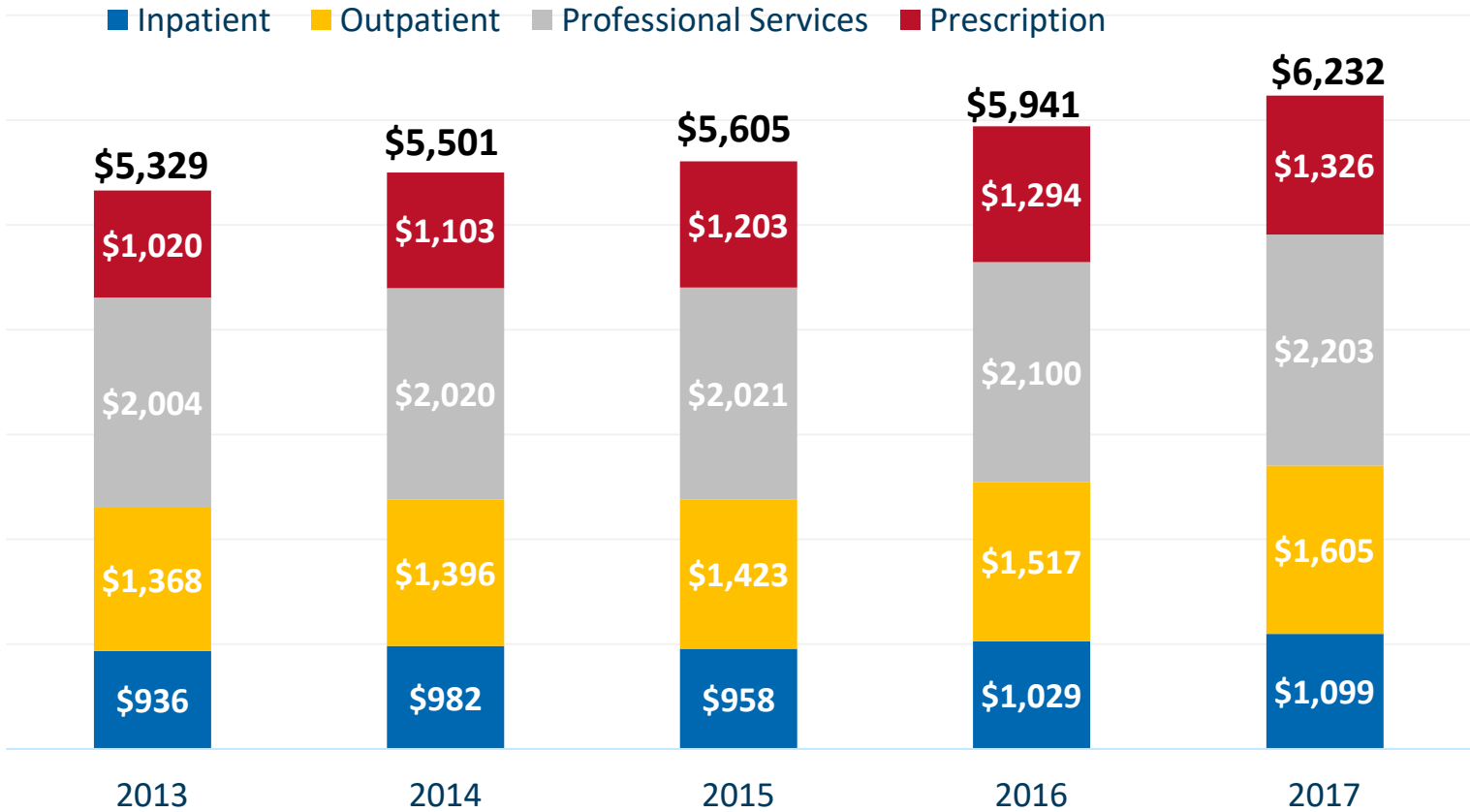


Source: Health Care Cost Institute 2017 Annual Report Interactive Tables – available at <https://healthcostinstitute.org/research/hccur/2017-health-care-cost-and-utilization-report>

Connecticut Employer Sponsored Insurance per capita spending grew 17% in five years

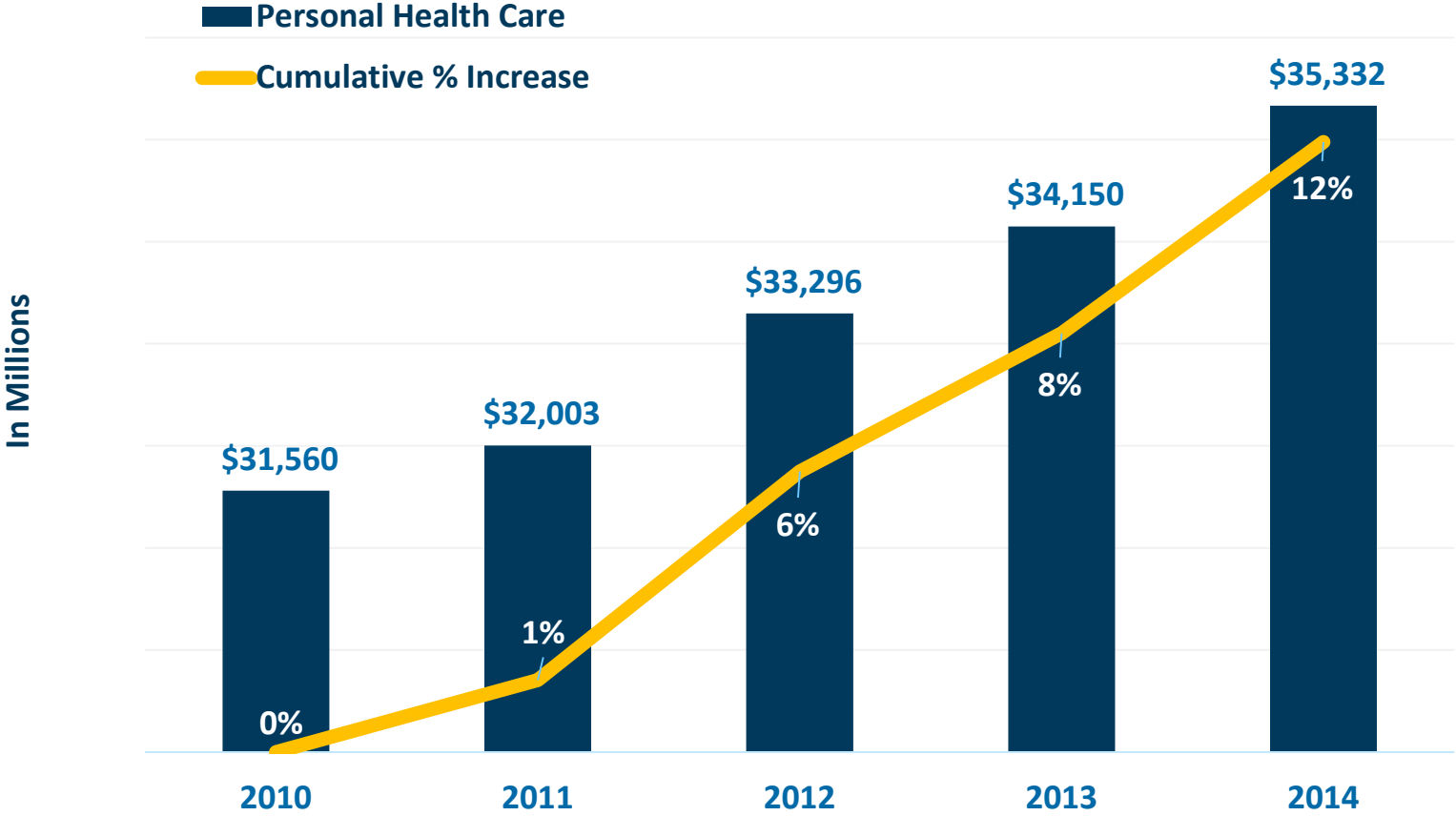
ESI Annual Spending Per Person by Service Category

Payer & Patient Out of Pocket included



Source: Health Care Cost Institute 2017 Annual Report Interactive Tables – available at <https://healthcostinstitute.org/research/hccur/2017-health-care-cost-and-utilization-report>

Personal Health Care Expenditures in Connecticut grew 12% in five years

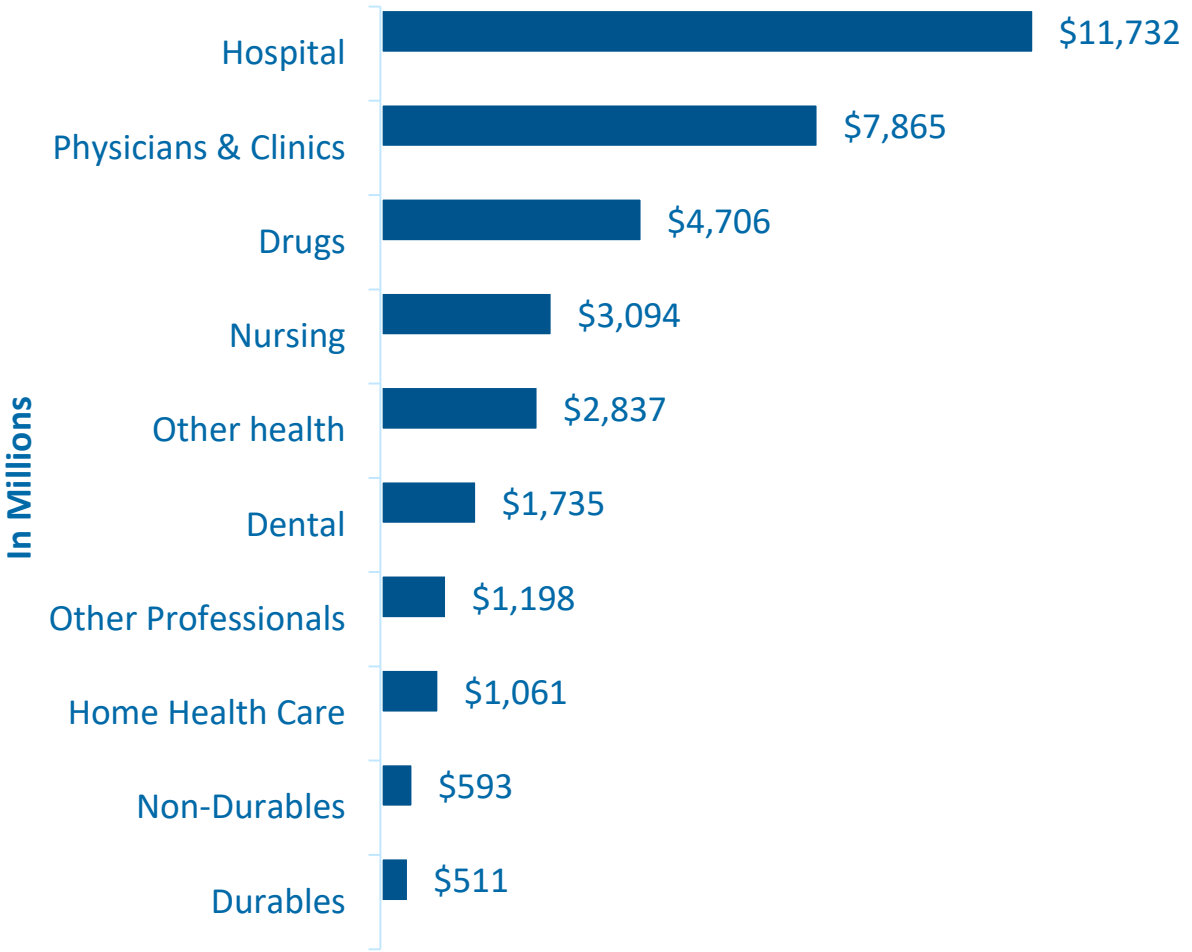


Personal Health Care Expenditure as a Percentage of GDP averaged 14% from 2010-2014

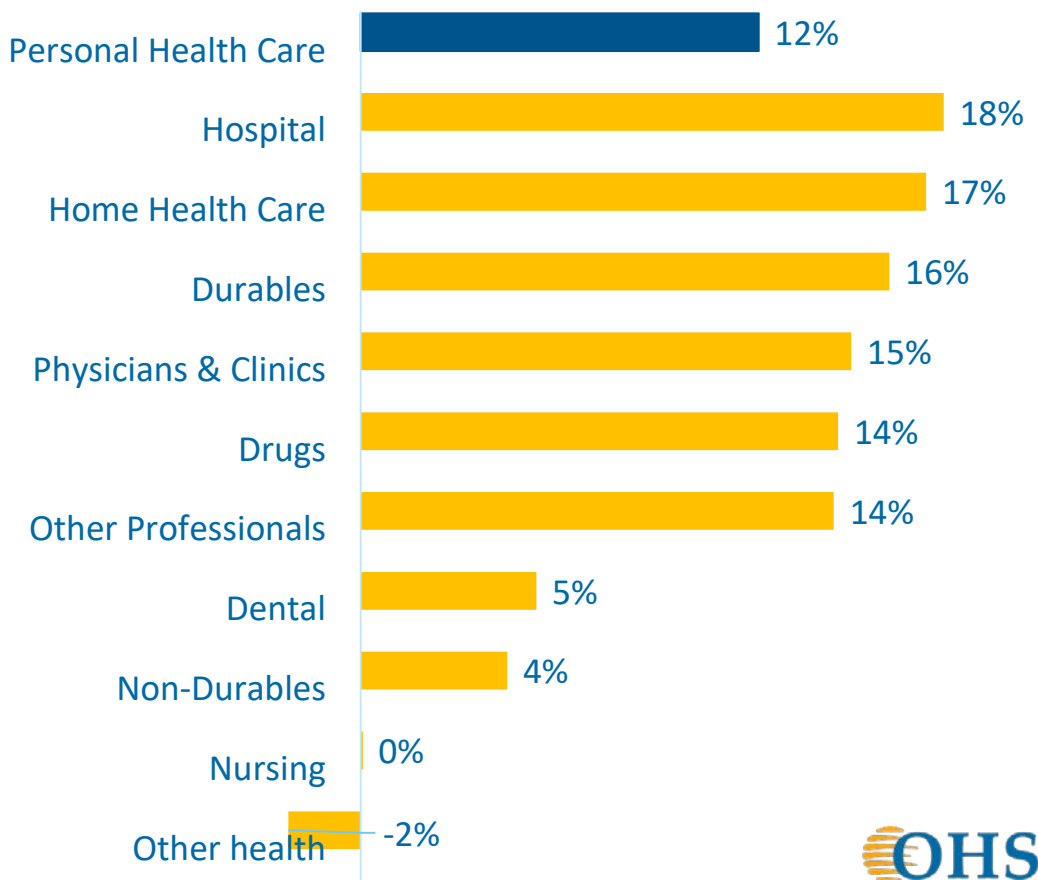
Source: CMS State Expenditure by Provider 2014

Top Three Expenditure Areas in CT ... Hospital, Physicians & Clinics and Prescription Drugs

Expenditure by Provider in 2014



Cumulative Increase Expenditure by Provider: 2010-2014



Source: CMS State Expenditure by Provider 2014

APCD Pharmacy Data Summary

Current Year
2017

Year Over Year Per Drug Type									
Drug Type	Prior Patient Count	Prior Number Of Fills	Prior Insurer Total Cost	Prior Cost Per Fill	Current Patient Count	Current Number Of Fills	Current Insurer Total Cost	Current Cost Per Fill	
Brand	803.78K	5.28M	\$2,458M	\$465	808.87K	7.45M	\$2,244...	\$301	▼ 8.7%
Generic	1,454.80K	22.77M	\$659M	\$29	1,492.2..	19.18M	\$895.17..	\$47	▲ 35.9%

Most Filled Drug Per Year		
Prescription Filled Year	Non Proprietary Drug Name	
2013	LISINOPRIL	537.77K
2014	ATORVASTATIN CA..	754.06K
2015	ATORVASTATIN CA..	806.45K
2016	ATORVASTATIN CA..	888.25K
2017	ATORVASTATIN CA..	885.02K
2018	ATORVASTATIN CA..	643.14K

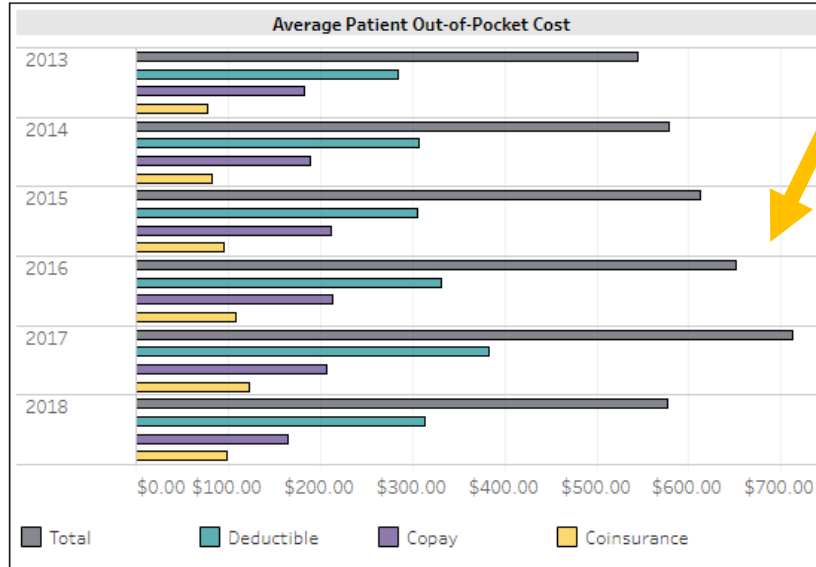
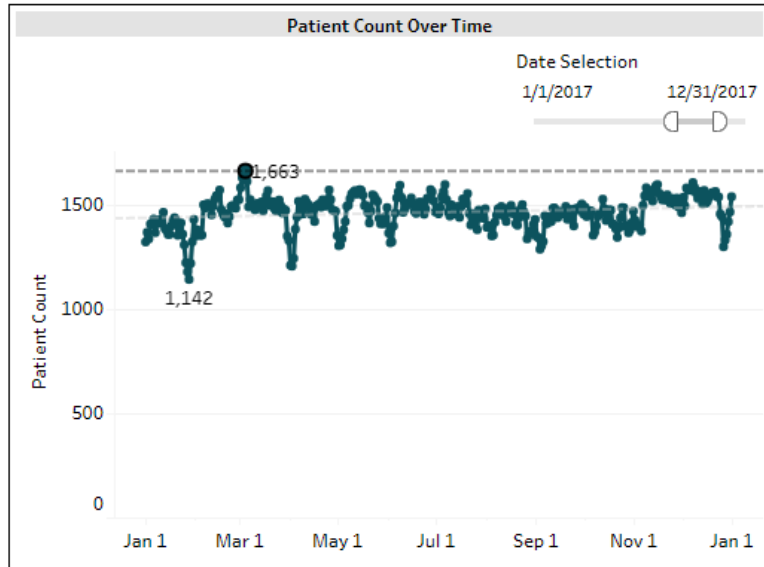
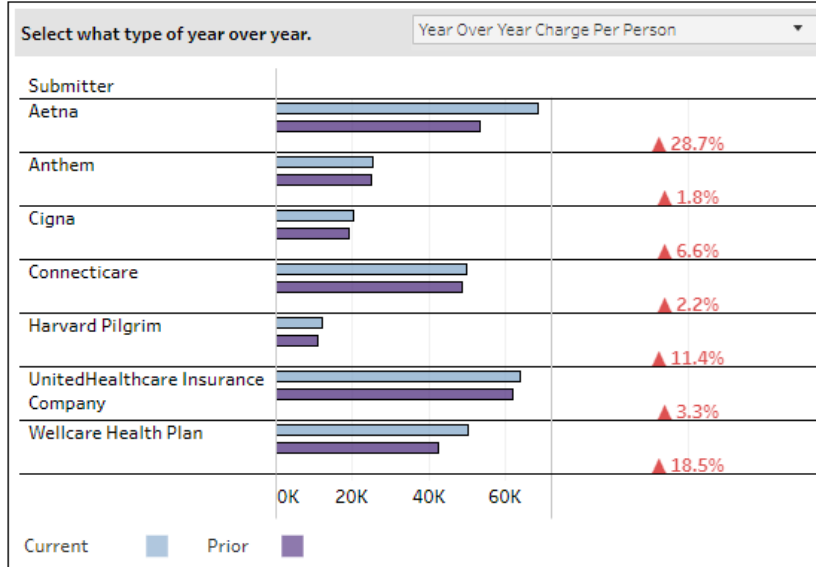
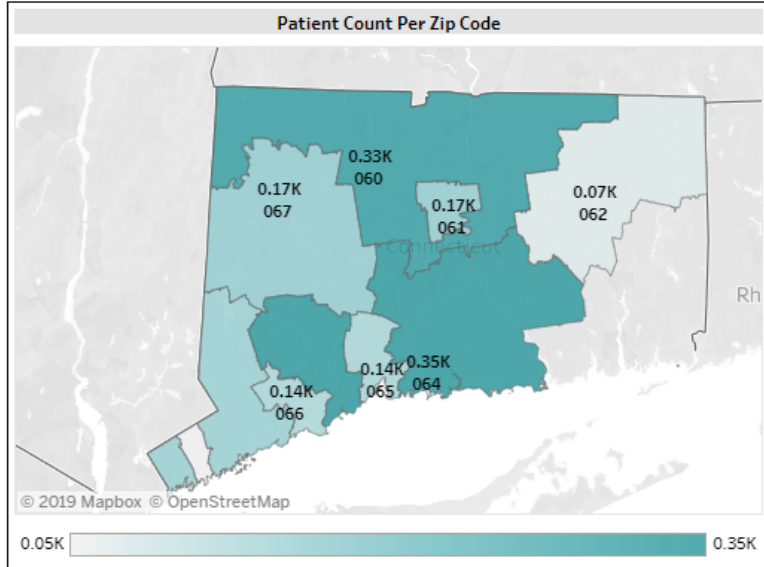
Insurer Cost Summary							
	Prior Year: 2016			Current Year: 2017			
Insurer Name	Prior Insurer Total Cost	Prior Insurer Cost Per Fill	Prior Number Of Fills	Current Insurer Total Cost	Current Insurer Cost Per Fill	Current Number Of Fills	% Change in Total Cost
Aetna	\$208.24M	\$72	2.87M	\$226.99M	\$89	2.54M	▲ 9.0%
Anthem	\$521.16M	\$143	3.65M	\$699.03M	\$159	4.38M	▲ 34.1%
Caremark	\$1,403.74M	\$125	11.23M	\$1,189.38M	\$131	9.09M	▼ -15.3%
Cigna	\$90.74M	\$123	0.74M	\$104.31M	\$127	0.82M	▲ 15.0%
Connecticare	\$342.95M	\$89	3.86M	\$307.56M	\$89	3.45M	▼ -10.3%
Harvard Pilgrim	\$20.58M	\$88	0.23M	\$28.49M	\$97	0.29M	▲ 38.4%
UnitedHealthcare Insurance Company	\$519.02M	\$97	5.37M	\$584.38M	\$97	6.05M	▲ 12.6%
Wellcare Health Plan	\$10.69M	\$108	0.10M				

Insurers' Pharmacy Costs are Rising

Admit or ED
 Admit

APCD Medical

Fy Compare Yr
 2017



Patients' Out of Pocket Costs are Increasing



Why a benchmark?
What is it?
How can it help?
Strategies for Connecticut
Next Steps

Health Care Cost Growth Benchmark

- Sets a target for controlling the growth of total health care expenditures across all public and private payers and populations

Total health care expenditure is the annual per capita sum of all health care expenditures in Connecticut from public and private sources including:

- a. All categories of medical expenses and all non-claims related payments to providers**
 - b. All patient cost-sharing amounts, such as deductible and co-payments**
 - c. Net cost of private health insurance**
- If target is not met, OHS can require health care entities to implement Performance Improvement Plans and submit to strict monitoring

Mechanics of a Health Care Cost Growth Benchmark Program

Set the target

Measure
against the
target

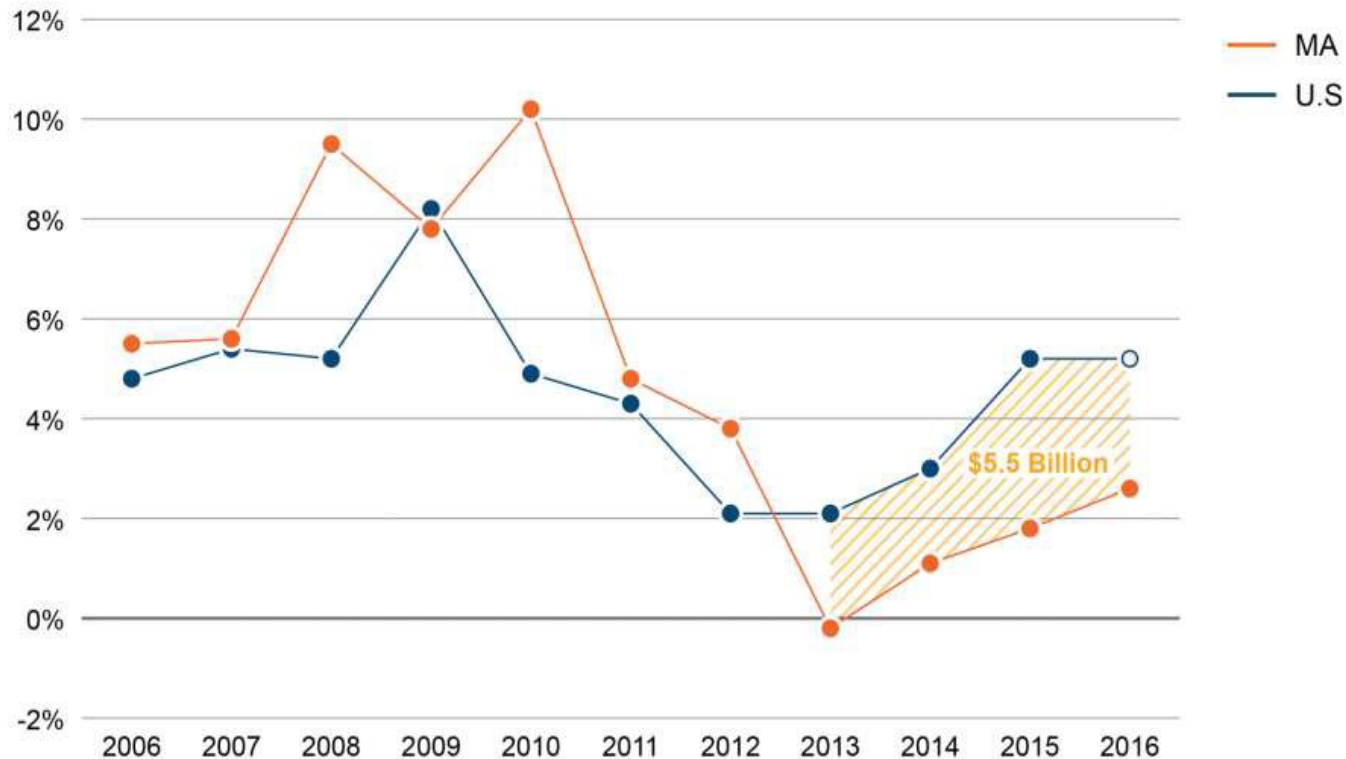
Issue public
report

Why a benchmark?
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Massachusetts' Cost Growth Benchmark

In recent years, growth in spending on private health insurance in Massachusetts has been consistently lower than national rates

Annual growth in commercial health insurance premium spending from previous year, per enrollee, MA and the U.S.



The benchmark is set to MA's long-term economic growth rate

2013 – 2017 = 3.6%
2017 – 2018 = 3.1%

Courtesy of MA HPC

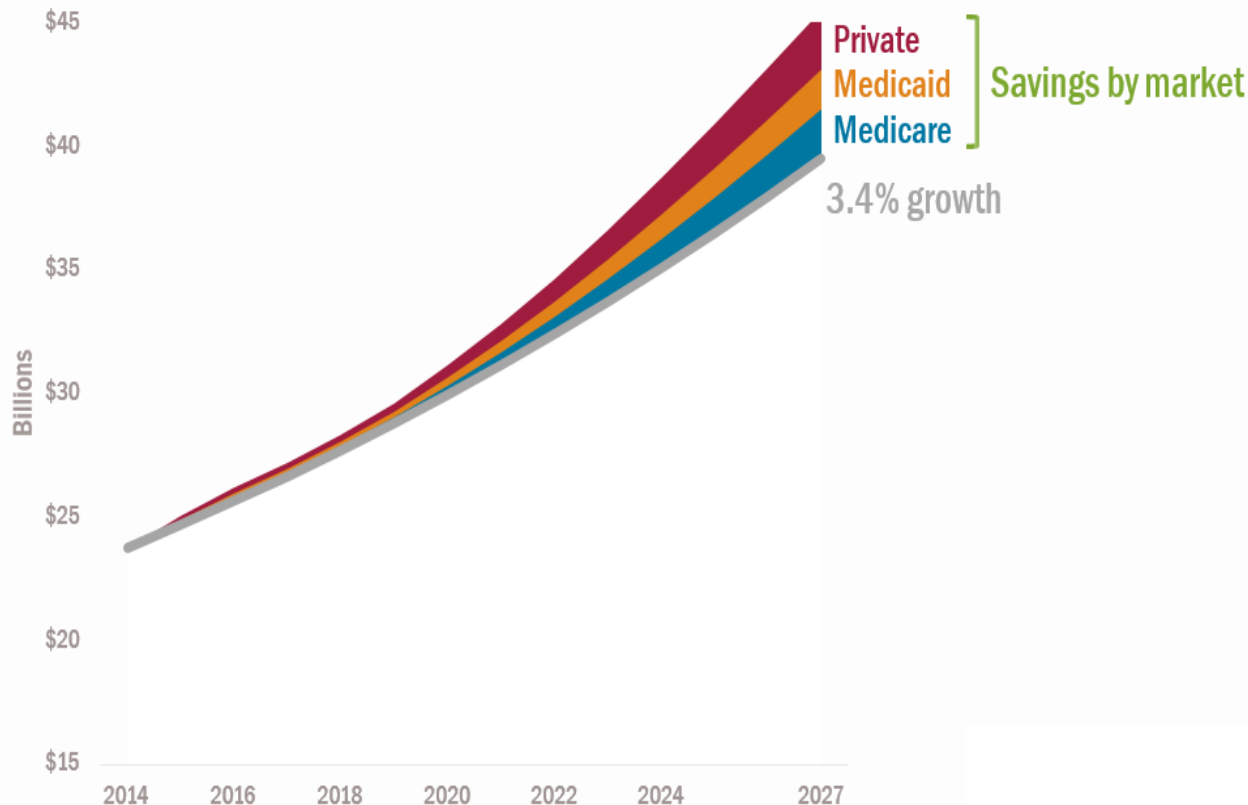


Notes: U.S. data includes Massachusetts. Center for Health Information and Analysis data are for the fully-insured market only. U.S. data for 2016 is partially projected.
 Source: Centers for Medicare and Medicaid Services, State and National Healthcare Expenditure Accounts and Private Health Insurance Expenditures and Enrollment (U.S. and MA 2005-2014); Center for Health Information and Analysis Annual Reports (MA 2015-2016)

Oregon's Cost Growth Benchmark

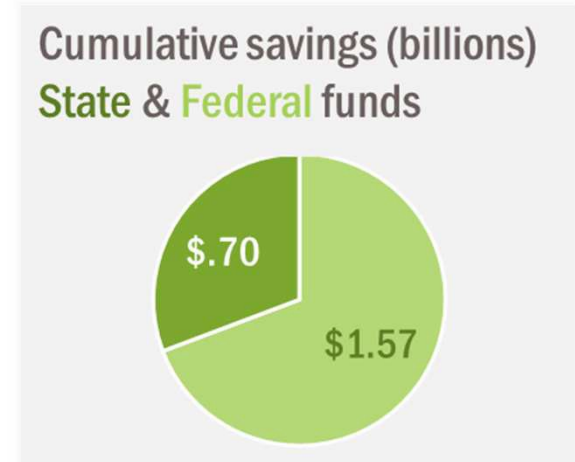
Oregon would save \$29 billion between 2018-2027 if the **3.4%** target applied statewide

When compared to CMS's projected cost growth



National per capita annual growth forecast for OR = 4.7%

OR state programs are already subject to 3.4% growth target and are projected to save OR almost \$700 million between 2021-2023



Notes: Medicare enrollment growth projected to be 2% annually.
Sources: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group.

Courtesy of Oregon Health Authority

Why a benchmark
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CT First Steps...

- Adopt a model similar to Massachusetts' statewide cost benchmark, and adapt for Connecticut's health care environment (as have Oregon, Maryland, Rhode Island & Delaware)
 - Ensure complete data collection
- Explore areas in which to limit growth of health care expenditures
- Address cost drivers
- Consider and evaluate other strategies to contain cost
- Continue work with MA, RI, MD, DE and OR on technical information sharing

Benchmark Implementation Plan

1. Establish benchmark in CY 2020 – includes stakeholder engagement process
2. Implement benchmark in CY 2021- including any additional data collection
3. Report and evaluate health care entities against benchmark in CY 2022
4. Align reporting and use of quality benchmarks across payers and providers

Quality & Related Reforms

- Need to be factored into the process
 - Delaware has also adopted initial quality benchmarks
 - Healthcare entities can be evaluated with OHS quality scorecard, claims data and other clinical quality data OHS collects
 - OHS Connecticut Quality Council will continue to meet to ensure recommended core quality measure set is updated
 - Ongoing work continues on primary care reforms to ensure early intervention
 - Prioritizing elimination of substantial health disparities among people of color.
 - Prevention strategies such as Health Enhancement Communities

Questions

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To know more about OHS visit

<https://portal.ct.gov/OHS>