Connecticut's Executive Order #5: Informational Hearing for Legislators October 28, 2020

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Agenda

Topic	Time
Background	9:30am-9:40am
Cost Growth Benchmark	9:40am-10:00am
Primary Care Spending Target	10:00am-10:10am
Data Use Strategy	10:10am-10:20am
Quality Benchmarks	10:20am-10:30am
Ensuring Success in Connecticut	10:30am-10:40am
Summary of Public Comments	10:40am-10:50am
Next Steps	10:50am-11:00am

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Purpose of Informational Hearing for Legislators

- OHS has engaged legislators as its Technical Team has developed the preliminary recommendations for the Cost Growth Benchmark, Primary Care Target and Quality Benchmark Program.
- Today's goal is to share the preliminary recommendations made by the Technical Team and answer any questions you may have. OHS will revise the report upon consideration of your feedback and public comment before publishing the final recommendations in November.
- We welcome input during the meeting today or shortly afterward.

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Questions Encouraged Throughout the Meeting

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Governor Lamont's Executive Order #5 Directs Connecticut's Office of Health Strategy to:

1. Develop annual **healthcare cost growth benchmarks** by December 2020 for CY 2021-2025.

2. Set **targets for increased primary care spending** as a percentage of total healthcare spending to reach 10% by 2025.

3. Develop **quality benchmarks** across all public and private payers beginning in 2022, including clinical quality measures, over/under utilization measures, and patient safety measures.

4. Monitor and report annually on healthcare spending growth across public and private payers.

5. Monitor accountable care organizations and the adoption of alternative payment models.

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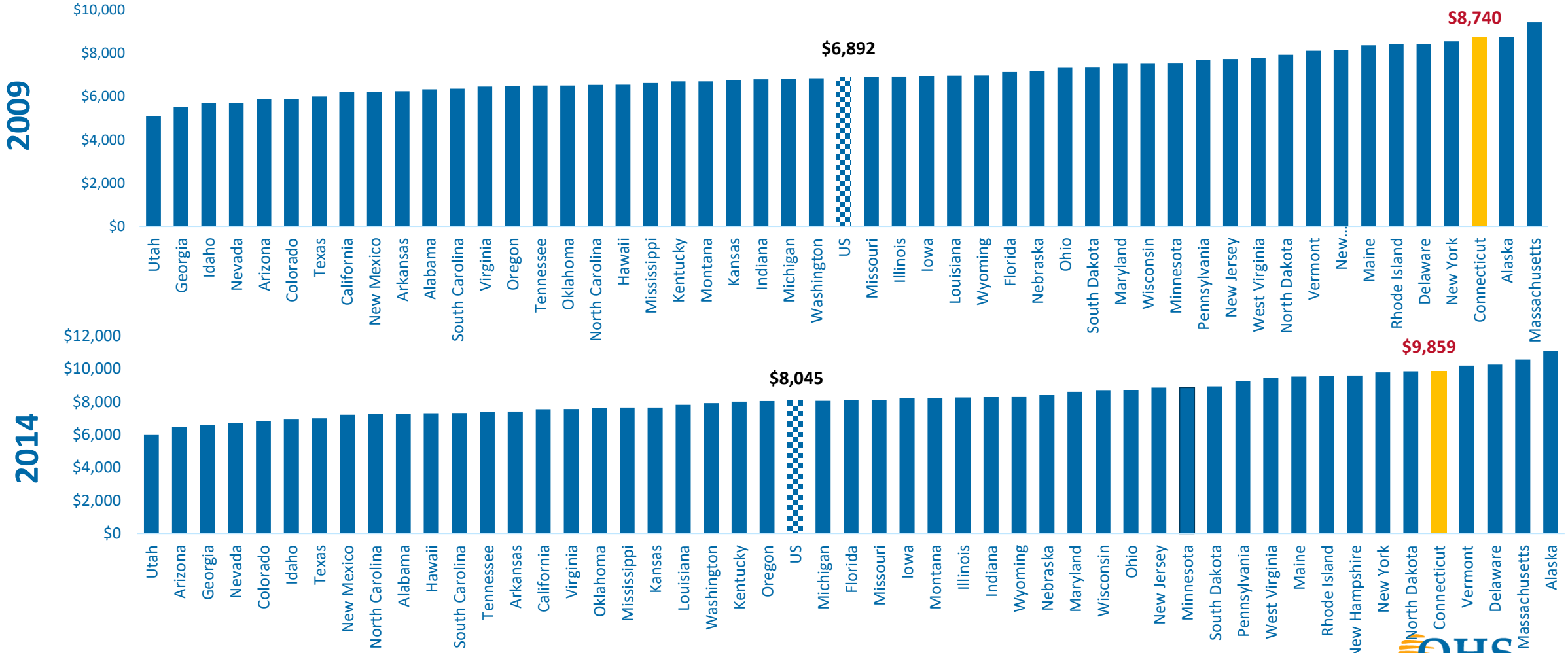
Connecticut is one of the states that spends the most on healthcare…

Personal healthcare spending, per capita, by state, 2009 and 2014



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

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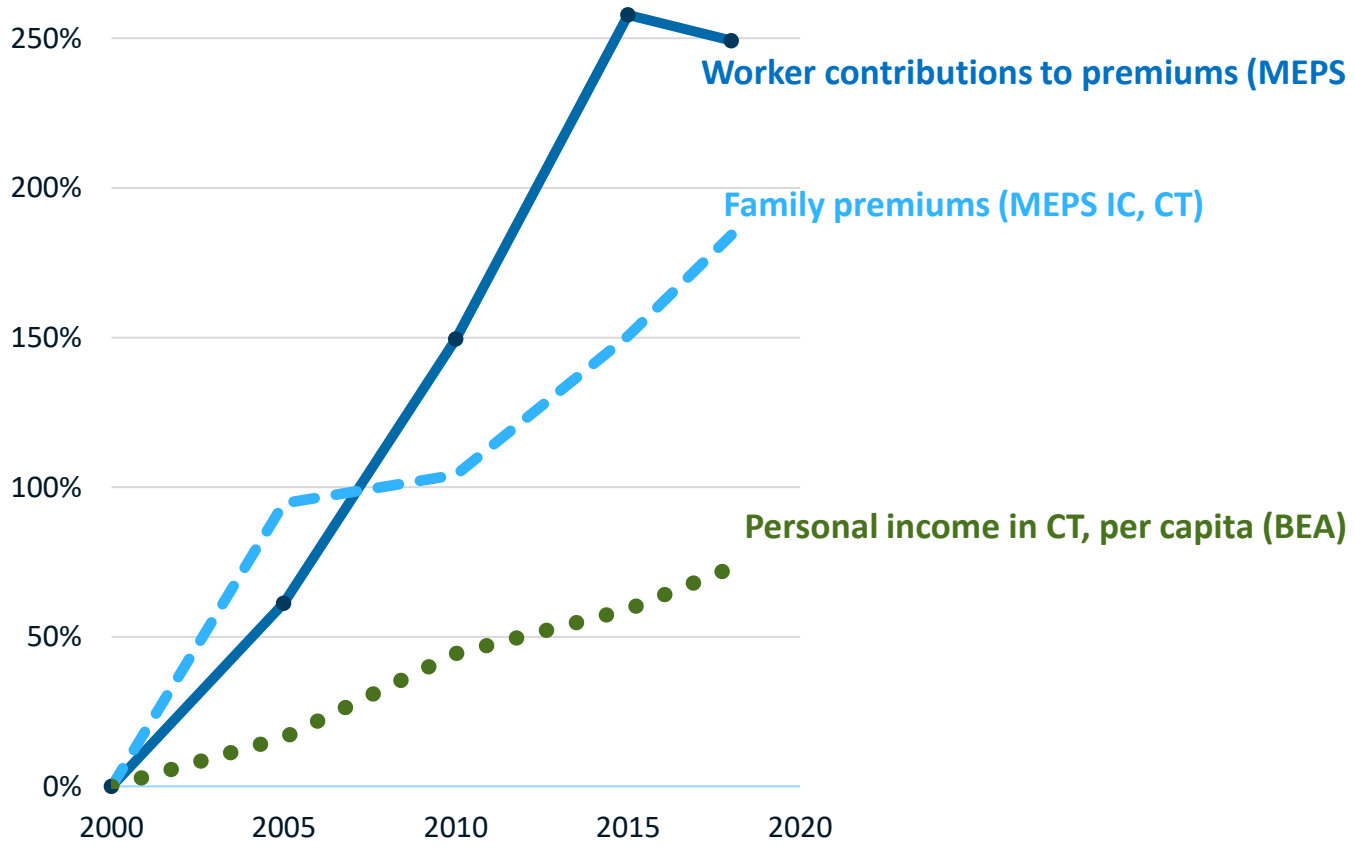
Healthcare remains unaffordable to many

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

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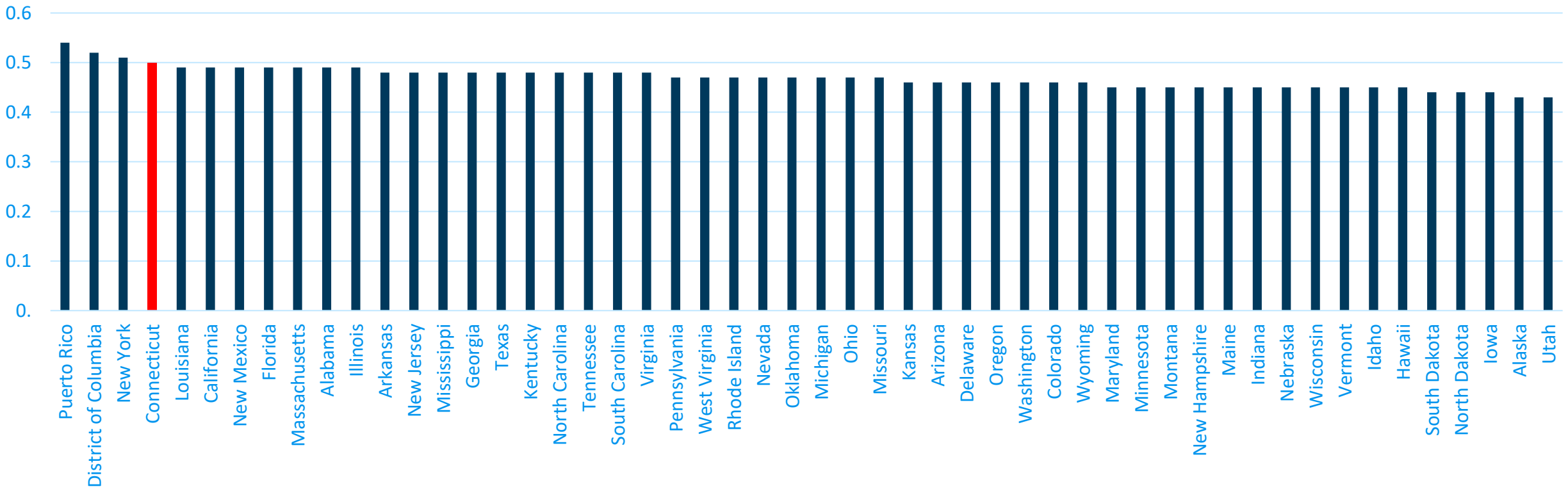
Connecticut has Higher Household Income Distribution Inequality Than Other States (Gini Index, 2018)



Gini coefficient measures income inequality by looking at average income rates. A score of 0 would reflect perfect income equality and a score of 1 indicates a society where one person would have all the money and all other people have nothing. Source: US Census Bureau, September 2019

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Connecticut's Executive Order #5

1 **Cost Growth Benchmark**

Recommendations for a cost growth benchmark that covers all payers and all populations for 2021-2025.

2 **Primary Care Spend Target**

Recommendations for getting to a 10% primary care spend as a share of total healthcare expenditures by CY 2025, applied to all payers and populations.

3 **Data Use Strategy**

A complementary strategy that leverages the state's APCD, and potentially other sources, to analyze cost and cost growth drivers, and more.

4 **Quality Benchmarks**

Recommendations for quality benchmarks applied to all public and private payers, effective 2022.

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OHS' Policy Development Process

- A **Technical Team** consisting of 10 state agency executives and outside stakeholders, and excluding insurers and large health systems, has functioned as the primary advisory body to OHS.

- A **Stakeholder Advisory Board** representing a broad range of stakeholders, including 24 consumers, employers, insurers, providers, labor representatives, community funders and consumer advocates, has responded to draft recommendations, and provided feedback for Technical Team consideration.

- Multiple additional meetings and presentations were conducted with stakeholder groups.

Technical Team Members

- **Rebecca Andrews –** American College of Physicians CT
- **Zack Cooper –** Yale University
- **Judy Dowd –** Office of Policy and Management
- **Paul Grady –** Connecticut Business Group on Health
- **Angela Harris –** Phillips Metropolitan CME Church
- **Paul Lombardo –** Insurance Department
- **Pat Baker –** Connecticut Health Foundation (retired)
- **Luis Perez –** Mental Health Connecticut
- **Rae-Ellen Roy –** Office of the State Comptroller
- **Vicki Veltri –** Office of Health Strategy

The Technical Team met 11 times between March and September 2020. Public comment was invited at each meeting.

Stakeholder Advisory Board Members

- **Vicki Veltri –** Office of Health Strategy
- **Reginald Eadie –** Trinity Health of NE
- **Kathy Silard –** Stamford Health
- **Janice Henry –** Anthem BCBS of CT
- **Rob Kosior -** ConnectiCare
- **Richard Searles –** Merritt Healthcare Sol.
- **Ken Lalime -** CHCACT
- **Margaret Flinter –** Community Health Ctr
- **Karen Gee –** OptumCare Network of CT
- **Marie Smith –** UConn School of Pharmacy
- **Tekisha Everette –** Health Equity Solutions
- **Pareesa Charmchi Goodwin –** CT Oral Health Initiative
- **Howard Forman –** Yale University
- **Nancy Yedlin –** Donaghue Foundation
- **Fiona Mohring –** Stanley Black and Decker
- **Lori Pasqualini –** Ability Beyond
- **Sal Luciano –** CT AFL-CIO
- **Hector Glynn –** The Village for Fam & Children
- **Rick Melita –** SEIU CT State Council
- **Ted Doolittle –** Office of the Healthcare Adv
- **Susan Millerick -** patient representative
- **Kristen Whitney-Daniels -** patient representative
- **Jonathan Gonzalez-Cruz -** patient representative
- **Jill Zorn -** Universal Health Care Foundation

The Stakeholder Advisory Board met 6 times between March and September 2020.
Public comment was invited at each meeting.

Additional Stakeholder Education and Engagement

- **Webinar presentations**
  - OHS Consumer Advisory Council, Ministerial Health Fellowship, SHIP Coalition's Maternal, Infant and Child Health Action Team, Connecticut Council on Developmental Services
- **Meetings**
  - Healthcare Cabinet, MAPOC, Connecticut Hospital Association, Connecticut Association of Health Plans, and monthly calls with legislators

OHS will continue to offer opportunities for public engagement in the months and years ahead.

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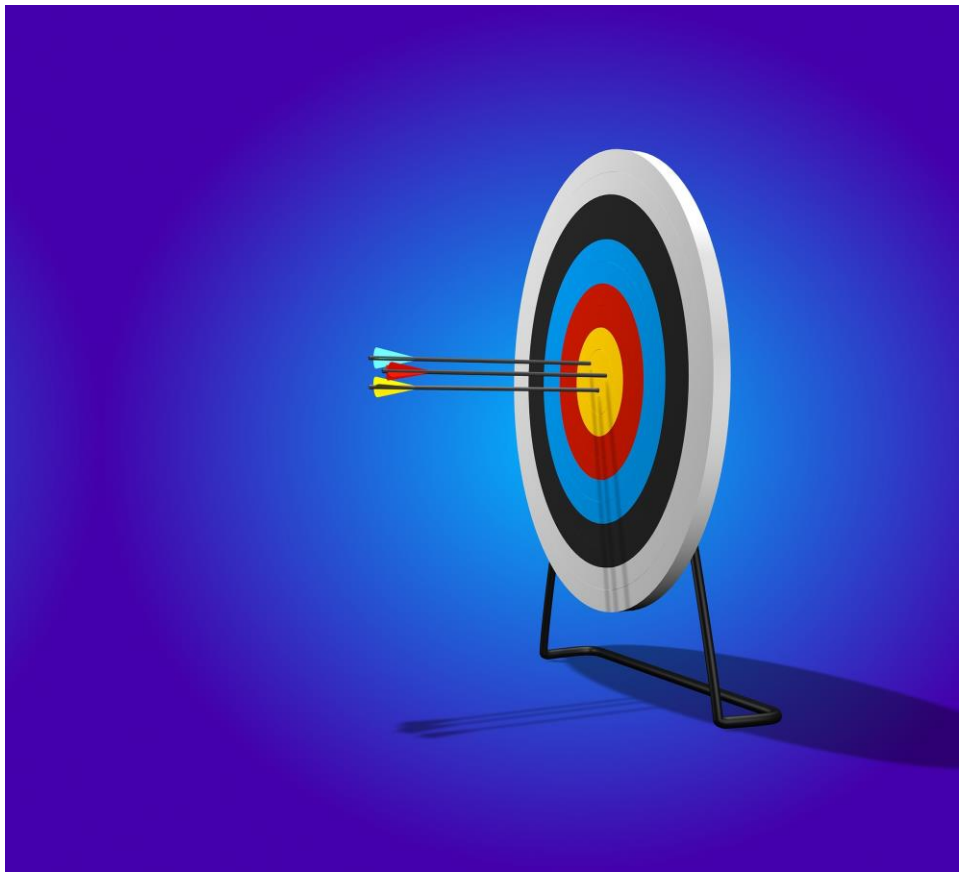
What Is a Cost Growth Benchmark?



- A healthcare cost growth benchmark is a per annum rate-of-growth target for healthcare costs for a state.
  - Costs include insurer and consumer-paid spending for all covered services, including pharmacy.
- Why pursue a cost growth target? To curb healthcare spending growth.
- Other states with cost growth benchmarks: DE, MA, OR, RI (with PA and WA next)

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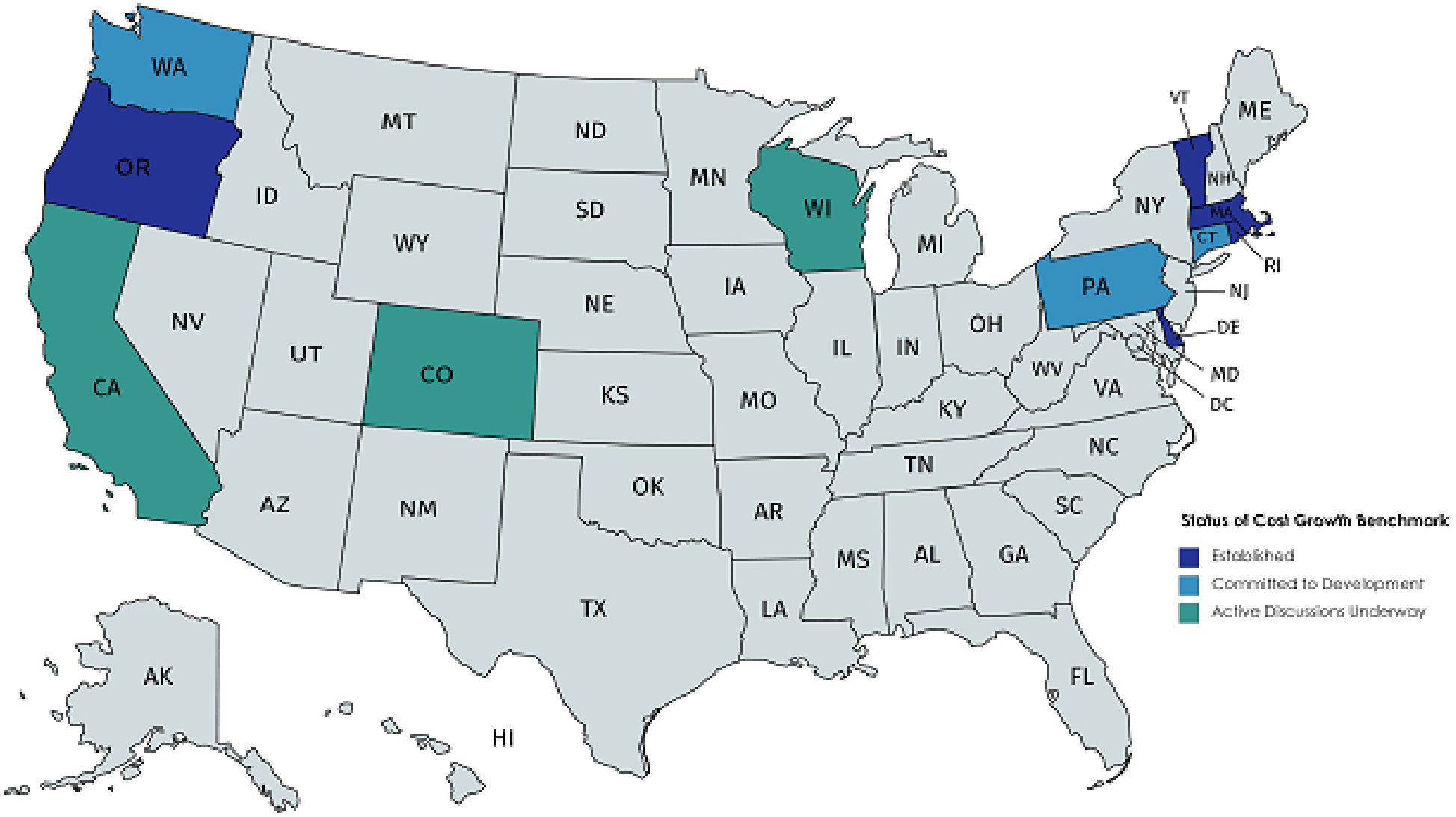
Which states are pursuing a cost growth benchmark?



Cost Growth Benchmark: Preliminary Recommendation (1 of 4)

The Technical Team made a preliminary recommendation for the cost growth benchmark, using a **20/80 weighting of the growth in CT Potential Gross State Product and growth CT Median Income**.

The resulting value of the benchmark was **2.9%**.

The Technical Team recommended increasing the benchmark value for the first two years, before settling at 2.9% for the latter years.

2021 (Base Value + 0.5%)	3.4%
2022 (Base Value + 0.3%)	3.2%
2023–2025 (Base Value)	2.9%

Growth Benchmark: Preliminary Recommendation (2 of 4)

- The recommendation was a negotiated compromise after considering varied Technical Team member and stakeholder perspectives.
- The **Healthcare Advocate** argued for a 10/90 weighting of growth in CT Potential Gross State Product and growth in CT Median Income
  - The resulting value would have been slightly lower: **2.8%,** recognizing that it could be adjusted upward as was the recommended benchmark.
- **Hospitals** advocated for using a 90/10 weighting of projected growth of CT Potential Gross State Product and growth of CT Median Income.
  - The resulting value would have been **3.4%**.
  - The Technical Team rejected this method because it would have resulted in healthcare spending growing significantly faster than Connecticut resident income **(2.7%)**, an outcome at odds with the Governor's Executive Order with respect to driving affordability.

Cost Growth Benchmark: Preliminary Recommendation (3 of 4)

- The Technical Team recommended that aggregate spending data be **collected from payers** because the APCD lacks self-insured data, non-claims-based payments, and drug rebate data. This is the approach that has been taken by all other states.
- The Technical Team responded to Stakeholder Advisory Board concerns about a potential risk of future underservice by recommending the development of additional **monitoring strategies**, working from DSS's existing underservice monitoring strategy.
- OHS will complete its development of recommended monitoring measures in November and review them with the Technical Team and Stakeholder Advisory Board.

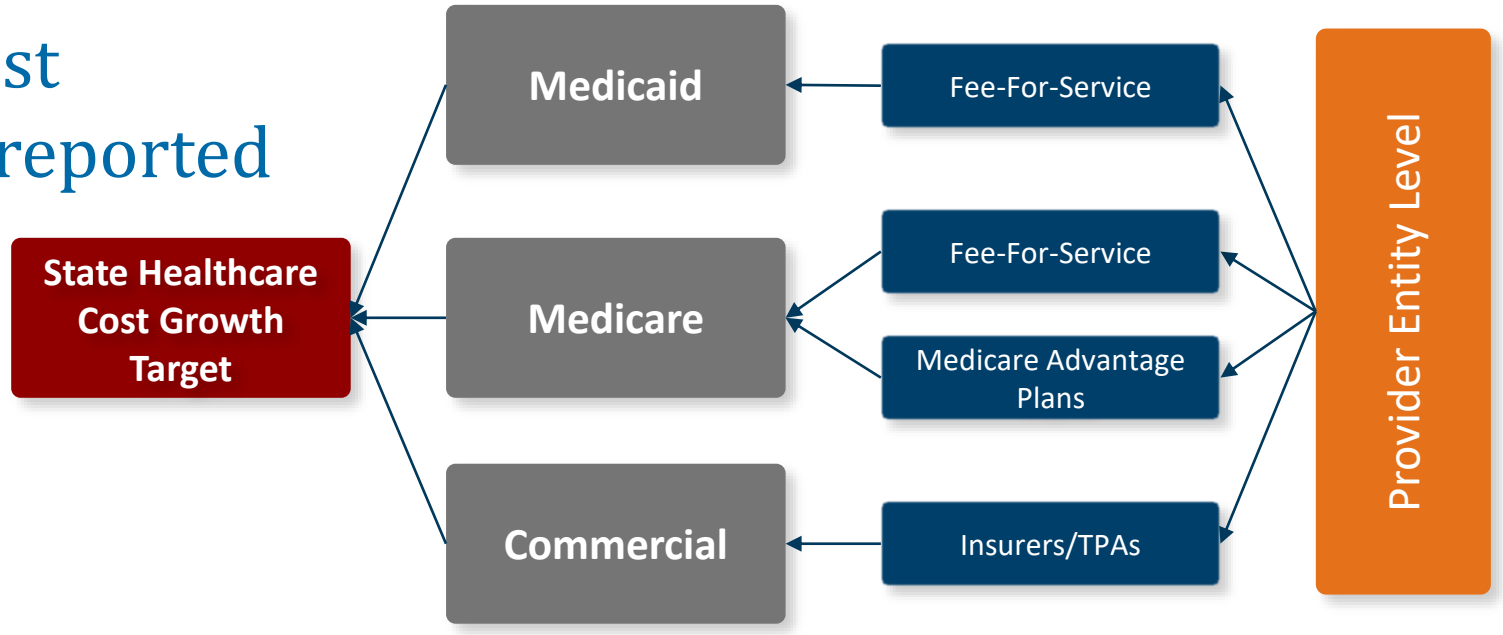
Cost Growth Benchmark: Preliminary Recommendation (4 of 4)

The Technical Team recommended convening an advisory group to revisit the benchmark values should there be a **significant rise in inflation** in the future.

Cost Growth Benchmark Reporting Levels

As in DE, MA, OR and RI, performance against the cost growth benchmark will be reported at four levels:

1. State
2. Market
3. Insurer
4. Provider Entity



OHS will report per capita change in spending from one calendar year to the next, along with any contextual information that highlights known reasons spending was above or significantly below benchmark.

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Examples of Cost Growth Benchmark Reporting Categories

Hospital Inpatient

Hospital Outpatient

Professional (primary + specialty care separately reported)

Pharmacy

Long-term care

Incentive payments

Alternative payment arrangement settlements

Claims-based spending

Non-claims-based spending

Alignment with Other States

- While customized for Connecticut, the recommended cost growth benchmark methodology is aligned with those adopted by Delaware, Massachusetts, Oregon and Rhode Island.

Next Steps for Cost Growth Benchmarks

- OHS will develop an **implementation manual** and work with insurers and DSS regarding data collection processes for a cost growth **baseline analysis** to be performed in 2021.
- OHS will also work with the Technical Team and Stakeholder Advisory Board on **parameters for public reporting** of insurer and provider entity-specific 2021 performance against the benchmark.
  - Additional efforts will be made to engage provider organizations not represented on the Stakeholder Advisory Board.
  - Public reporting for performance during and immediately after the pandemic will be interpreted by the State with the pandemic's impact on service utilization and spending in mind.
  - There will be no punitive action taken with entities exceeding the benchmark.

What is a Primary Care Spending Target and Why Set One?

- A primary care target is an expectation for what percentage of healthcare spending should be devoted to primary care.

- The U.S. healthcare system is largely ***specialist-oriented***. Research[1] has shown that ***primary care-oriented*** health systems produce better patient outcomes, lower costs, and improved patient experience of care.

[1] Starfield B, Shi L, Macinko J. "Contribution of primary care to health systems and health." *Milbank Q*. 2005;83:457–502, and Chernew M, Sabick L, Chandra A, Newhouse J. "Would having more primary care doctors cut health spending growth?" *Health Aff* (Millwood). 2009;28(5):1327–35.

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Recommendation for the 2021 target

- The Technical Team recommended **setting the 2021 primary care spend target at 5.0%** for the following reasons:

OHS does not yet have baseline data from payers to identify current primary care spending. Its best estimate for current spending using prior analyses of APCD data is 4.8%.

COVID-19 has negatively impacted primary care utilization in 2020, and this is likely to continue into early 2021.

Recommendation for the 2022-2024 targets

- The Technical Team recommended that OHS defer setting targets for 2022-2024 until after it has collected baseline payer data and consulted with a new OHS work group focused on primary care.

- Consistent with the cost growth benchmark, the Technical Team also recommended that OHS report performance against the primary care spending targets for all five years at four levels:
  1. State
  2. Market
  3. Insurer
  4. Provider Entity

Data Use Strategy

- Using APCD data, OHS will examine cost drivers and cost variability to help identify opportunities for achieving the cost growth benchmark.
  - A contractor (Mathematica) will perform an initial analysis by the end of 2020.
- Supplemental analyses will include out-of-pocket spending, and stratification of spending by demographic data, chronic conditions, and zip code.
- The Data Use Strategy incorporates many of the recommendations made by the Healthcare Cabinet's Cost Containment Data Workgroup in 2019.
- OHS will design and implement additional analyses that are in the Data Use Strategy, but not part of Mathematica's scope of work.

Data Use Strategy

- The Technical Team recommended four priority audiences for analyses: provider organizations, policymakers, employers and the public.
- OHS will ensure transparency of data and reports for consumers on its website, and support consumer understanding and use of analyses.
- Next step: design the detailed implementation plan for the data use strategy, with special attention to provider, consumer and employer input

What are Quality Benchmarks?

- Quality benchmarks are targets which all public and private payers, providers and the State work to achieve to maintain *and improve* healthcare quality in the state.
- Quality benchmarks may include clinical quality measures, under-and over-utilization measures, and patient safety measures, among others.
- Connecticut will be the second state to have statewide quality benchmarks. Delaware was the first.

Quality Benchmark Development

- Quality benchmark development will be the responsibility of the OHS Quality Council for completion of recommendations during 2021.

Ensuring Success in Connecticut

- Massachusetts reports reduced commercial healthcare spending of over **$7B** since the inception of its cost growth benchmark program.
  - It appears this was achieved in part through slowed growth in insurer-paid provider prices.
- It is not a given, however, that the same strategy will work in CT (or in any other state).
- For this reason, the Technical Team and Stakeholder Advisory Board considered what actions will be necessary to make the cost growth benchmark a *Connecticut success*.

Ensuring Success in Connecticut: Four Recommendations

Both the Technical Team and Stakeholder Advisory Board highlighted the importance of **data transparency** and a **strong communications** to help ensure success.

The Technical Team recommended **annual hearings** and urged OHS to clearly **articulate the benchmark's benefit and purpose**.

They recommended OHS **obtain buy-in from stakeholder groups**, and the Board urged OHS to **avoid punitive consequences for providers** during initial years.

Both the Technical Team and Stakeholder Advisory Board urged OHS to **ensure the benchmark does not have the unintended consequence of limiting access** to necessary care.

OHS' Request for Public Comment

- OHS recently invited public comment to the report "Preliminary Recommendations of the Healthcare Cost Growth Benchmark Technical Team."
- OHS received 24 responses, including both formal letters and informal emails, from hospitals, providers, consumers, an insurer, health plans, employers, foundations, legal assistance organizations, and the Office of the Healthcare Advocate.

Themes from Public Comments

Cost Growth Benchmark

- Overall support, with some recommendations for changes to the value.
- Consumer advocates concerned the benchmark will reduce aggregate spending.

Primary Care Target

- OHS needs to better explain who will benefit from the target, and why.
- Primary Care Work Group will consider several comments, for example how to align efforts to increase spending with existing statewide initiatives and policies.

Data Use Strategy

- Addition of analysis of price and utilization across states
- Payers be added as a key audience for data use analyses
- Explanation of steps OHS will take to account for COVID-19 impact

*Varied comments, not themes in the data use strategy comments

Thank You and Next Steps

- OHS extends its gratitude to members of its two advisory bodies, the Technical Team and the Stakeholder Advisory Board, for their dedicated service and thoughtful guidance.
- OHS will continue to seek the advice of both advisory bodies.
  - Both will meet monthly on an ongoing basis.
- OHS will revise the recommendations report following consideration of feedback received at this hearing and in public comments.
  - OHS will publish the final recommendations report in November.

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Comments and Questions