

Connecticut's Healthcare Benchmark Initiative: Data Analytics Workgroup Meeting

February 15, 2023



Meeting Agenda

1. Welcome and Roll Call
2. Public Comment
3. Approval of the July 20th Meeting Minutes – Vote
4. Updated APCD Commercial Trend Analysis
5. Wrap-Up & Next Steps

Welcome and Roll Call

Public Comment

Vote: Approval of the July 20th Meeting Minutes

Updated APCD Commercial Trend Analysis

Cost Growth in the Commercial Market

- The data we will review today track spending through 2021 for the commercial market.
- The analysis will look at trends and patterns in:
 1. Per member per month (PMPM) spending
 2. The relative roles of changes in payment rates and utilization

Study Population

- Connecticut residents, 2017-2021
- Commercial (fully insured, and State employees and retirees)
 - Self-insured not included
- Exclusions
 - Non-Connecticut residents
 - Secondary payers
 - Denied, reversed, and non-primary claim lines
 - Claim lines with negative payment or cost-sharing
 - Payments made six months or longer after the service year
- Reminder: non-claims-based payments and pharmacy rebates are not in the APCD

Medical spending declined slightly in 2020 before sharply rising by 24% in 2021

Payer	Commercial Medical PMPM					Average annual change	2020 – 2021	Total change
	2017	2018	2019	2020	2021	(%)	change (%)	(%)
All-payer	\$410.57	\$436.39	\$459.07	\$423.88	\$525.30	6.9%	23.9%	27.9%
Aetna	\$366.38	\$421.15	\$447.43	\$430.84	\$523.87	9.8%	21.6%	43.0%
Anthem	\$428.09	\$470.50	\$501.88	\$441.84	\$569.80	8.4%	29.0%	33.1%
Cigna	\$387.01	\$392.56	\$406.37	\$405.04	\$480.75	5.8%	18.7%	24.2%
ConnectiCare	\$490.93	\$484.30	\$490.45	\$473.80	\$517.55	1.4%	9.2%	5.4%
Harvard Pilgrim	\$375.09	\$401.05	\$439.11	\$421.92	\$496.45	7.5%	17.7%	32.4%
UnitedHealthcare	\$368.37	\$389.55	\$417.82	\$379.13	\$444.81	5.3%	17.3%	20.8%

- The average annual increase of **6.9%** compares to median annual household income growth of **2.7%** for the same time period. That’s 2.5 times faster.
- The 2021 increase exceeds preliminary rates of increase observed in some other New England states.

Retail pharmacy spending growth was lower than medical but higher than income growth

Payer	Commercial Retail Pharmacy PMPM					Average annual change	2020 - 2021	Total change
	2017	2018	2019	2020	2021	(%)	change (%)	(%)
All-payer	\$110.28	\$112.52	\$112.92	\$115.61	\$129.83	4.3%	12.3%	17.7%
Aetna	\$121.47	\$128.16	\$117.74	\$110.18	\$110.79	-2.1%	0.6%	-8.8%
Anthem	\$144.23	\$151.07	\$167.31	\$167.43	\$188.33	7.0%	12.5%	30.6%
Cigna	\$100.48	\$108.75	\$115.80	\$133.11	\$160.98	12.6%	20.9%	60.2%
ConnectiCare	\$108.24	\$124.39	\$131.65	\$134.81	\$162.48	10.9%	20.5%	50.1%
Express Scripts	\$81.32	\$75.85	\$75.70	\$79.15	\$90.13	2.9%	13.9%	10.8%
Harvard Pilgrim	\$92.24	\$101.96	\$120.62	\$135.52	\$153.33	13.6%	13.1%	66.2%
UnitedHealthcare	\$95.21	\$99.51	\$107.62	\$128.27	\$138.49	10.0%	8.0%	45.5%

- The average annual increase of **4.3%** compares to median annual household income growth of **2.7%** for the same time period. That's 1.6 times faster.
- The 2021 increase exceeds preliminary rates of increase observed in some other New England states.
- Note: People with Express Scripts Rx coverage have medical coverage with another payer.

Hospital spending continues to consume a growing share of spending

Payer	Percentage of Spending				
	2017	2018	2019	2020	2021
Total PMPM	\$520.85	\$548.92	\$571.99	\$534.49	\$655.13
Inpatient	16.6%	16.8%	16.8%	16.8%	15.9%
Outpatient*	26.8%	27.6%	28.8%	28.3%	29.9%
<i>Outpatient hospital</i>	25.1%	25.9%	26.9%	26.5%	27.9%
<i>Outpatient ASC</i>	1.6%	1.7%	1.8%	1.8%	2.1%
Professional	32.5%	32.3%	31.9%	30.3%	30.7%
Retail Pharmacy**	21.2%	20.5%	19.7%	21.4%	19.8%
Other***	2.9%	2.8%	2.8%	3.2%	3.7%

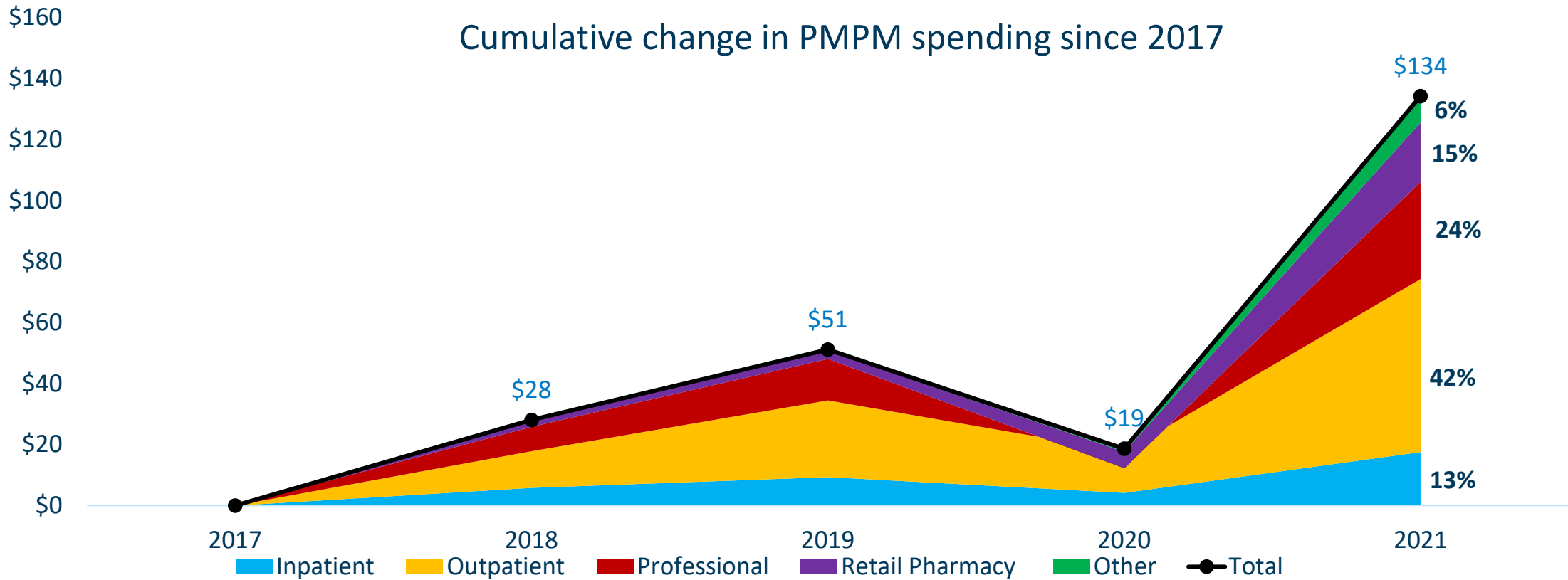
* Outpatient includes outpatient hospital and ambulatory surgical center (ASC) spending.

** Retail pharmacy includes all members with pharmacy coverage, with or without medical coverage.

*** “Other” services include DME, home health, hospice, ICF and SNF claims.

PMPM spending fell in 2020 due to the pandemic, then increased dramatically in 2021

Outpatient spending made up 42% of the cumulative increase



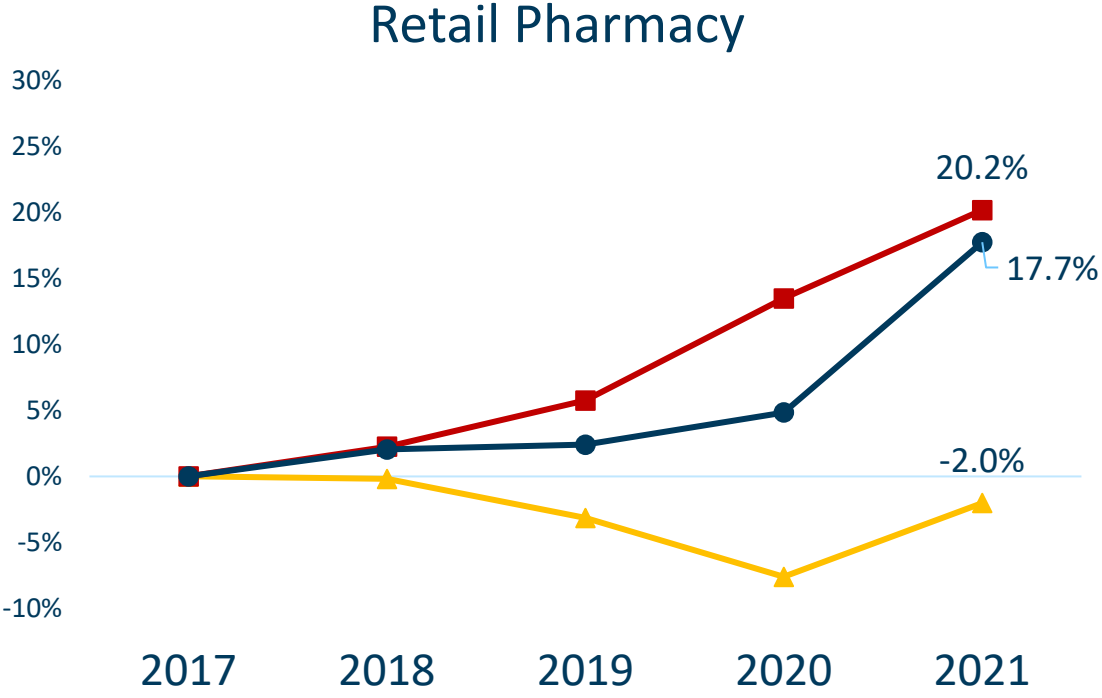
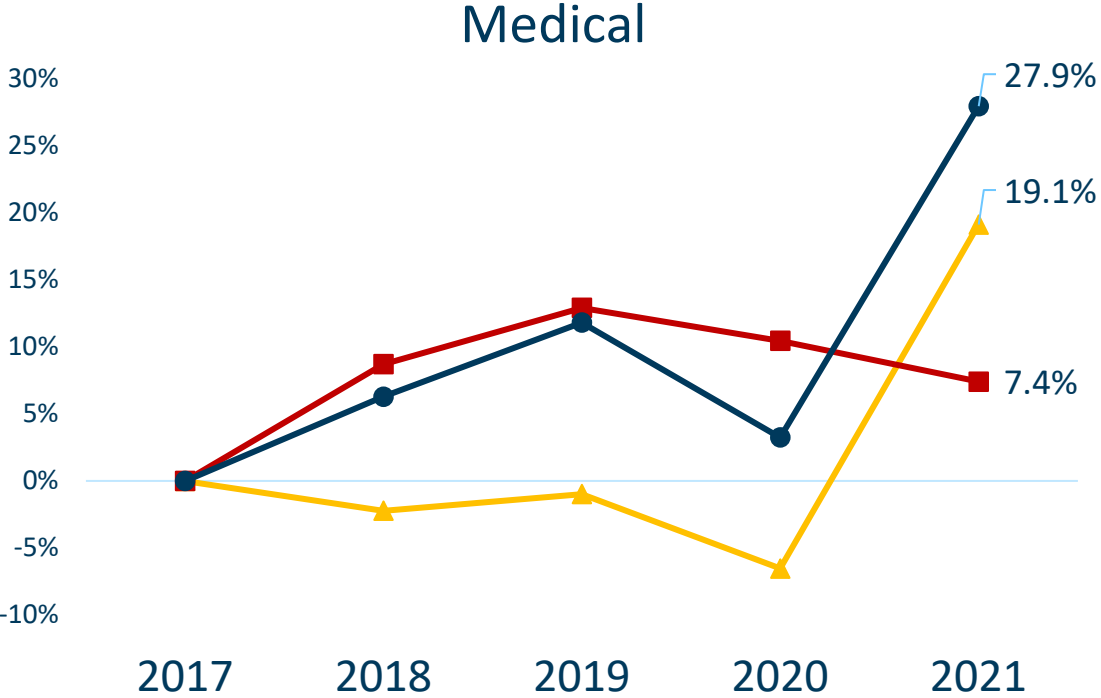
* 'Other' services include DME, home health, hospice, ICF and SNF claims.

** Retail pharmacy includes all members with pharmacy coverage, with or without medical coverage.

***Medical pharmacy PMPM amounts are subtracted from respective medical service categories

Payment per medical service rose while utilization dropped, 2017-19; in 2021, utilization rebounded while payment per service declined

Retail pharmacy payments per script rose despite decreasing utilization through 2020, and outpaced an increase in utilization in 2021



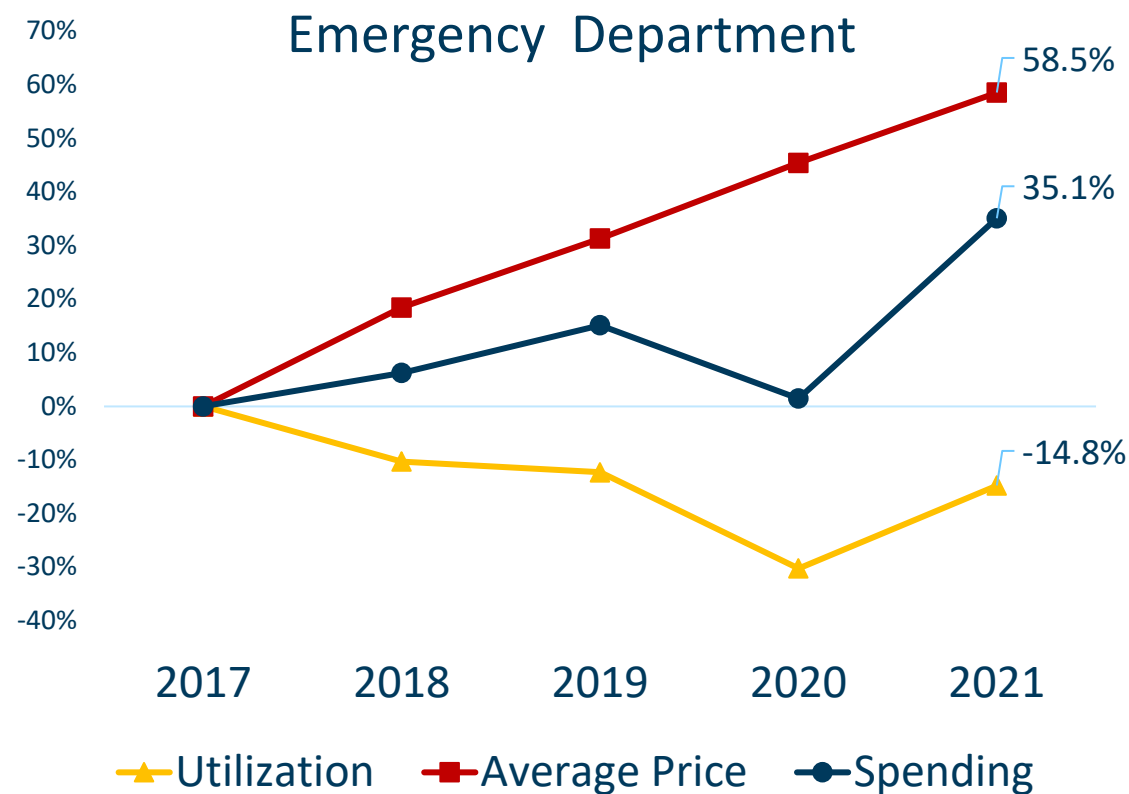
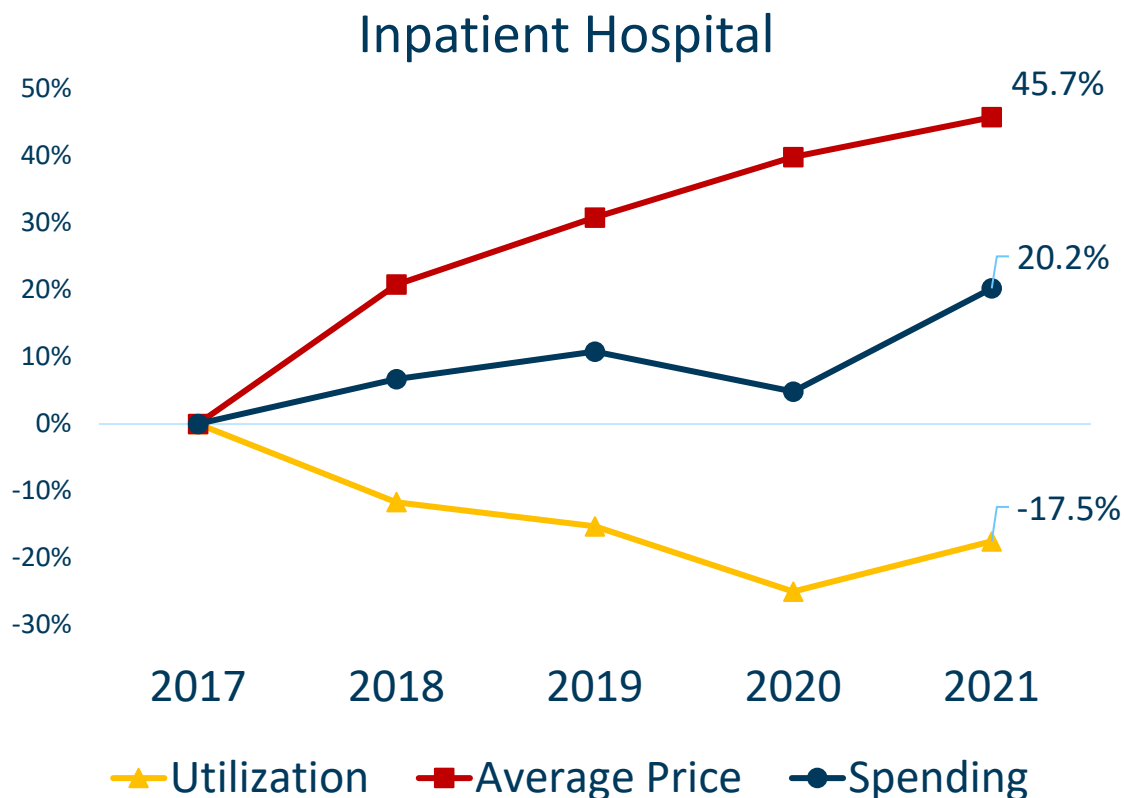
Utilization Average Price Spending

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Spending = PMPM; Average price = Spending per prescription; Utilization = prescriptions per member month

Inpatient hospital and emergency department payment per service increased each year, while utilization dropped significantly

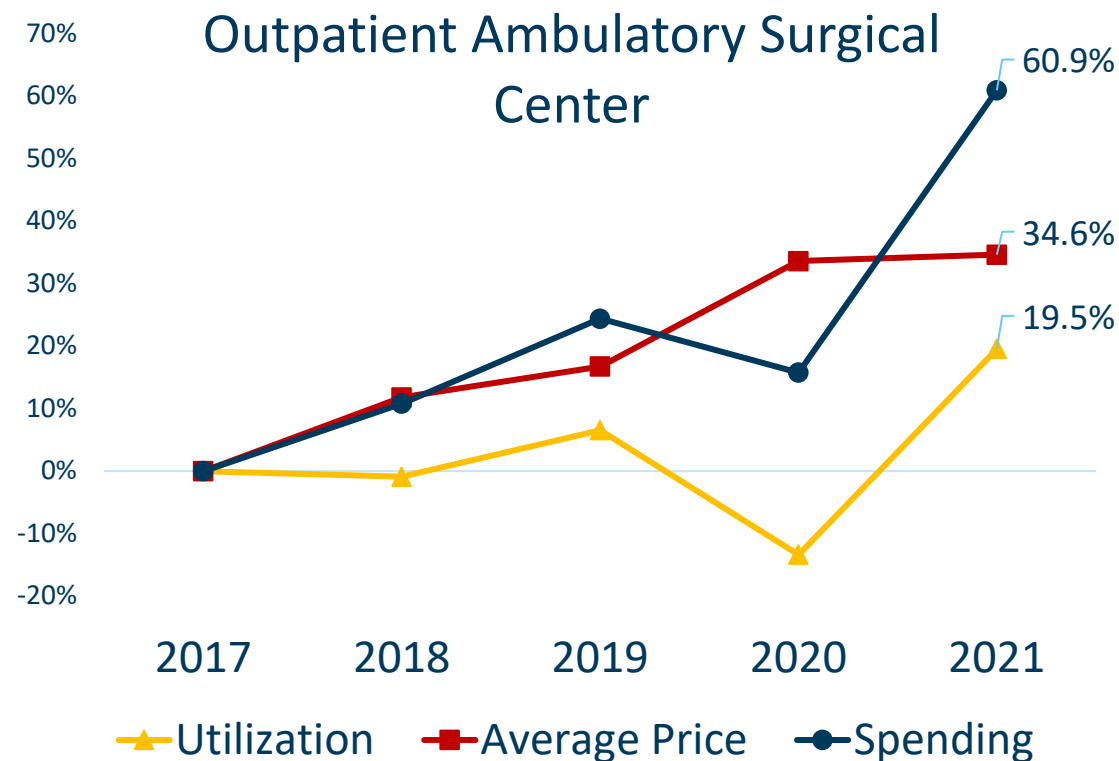
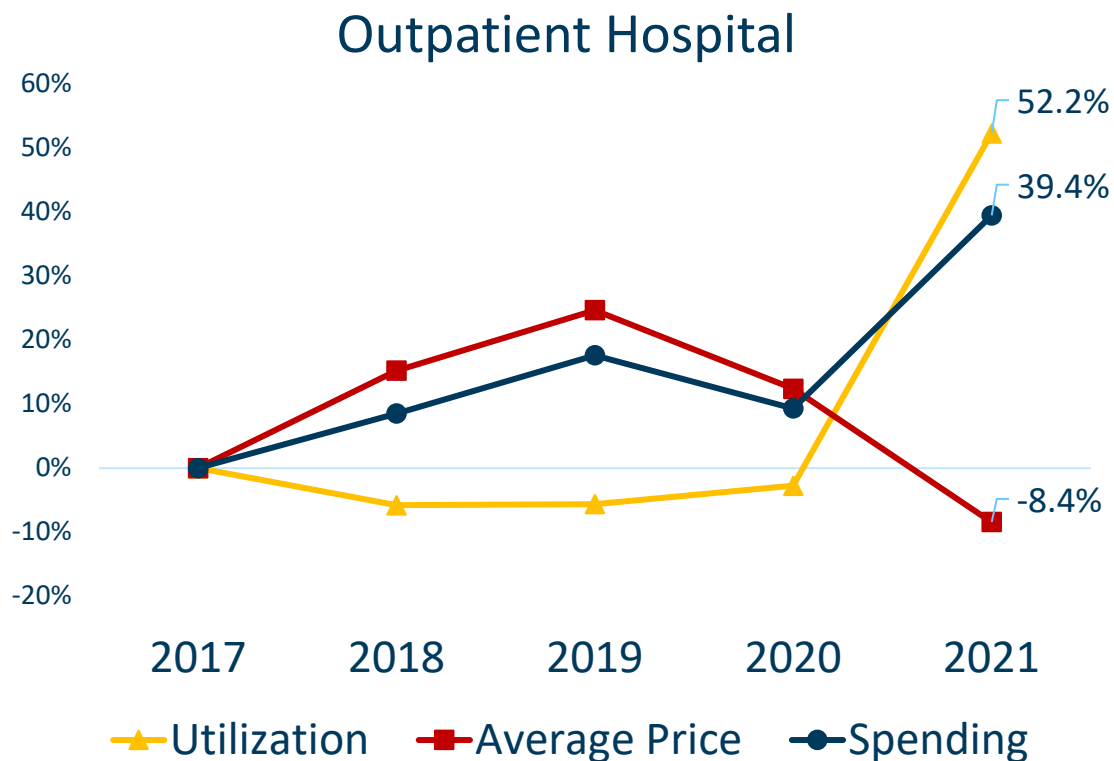
Emergency department visits include both outpatient and professional spending



Spending = PMPM; Average price = Spending per prescription; Utilization = prescriptions per member month

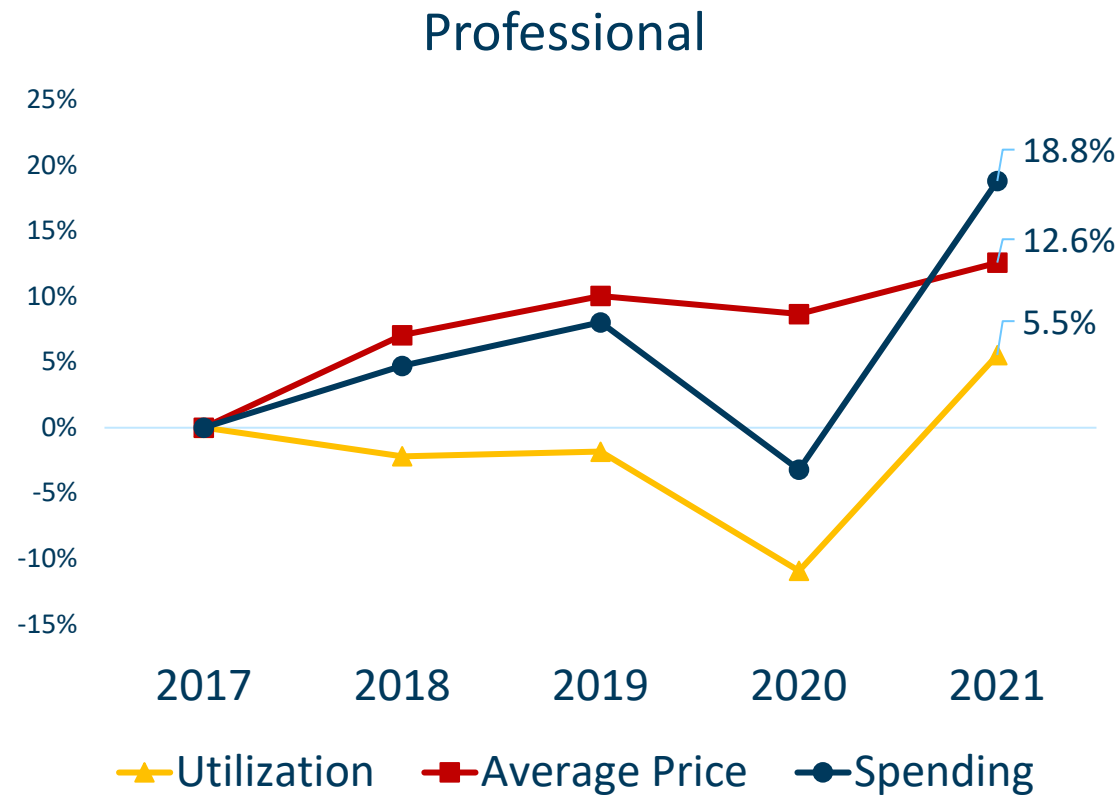
Outpatient hospital payment per service fell in 2020 and 2021 after increases from 2015-2019, while utilization grew after years of declines

Outpatient ambulatory surgical center payment increases outpaced changes in utilization



Spending = PMPM; Average price = Spending per prescription; Utilization = prescriptions per member month

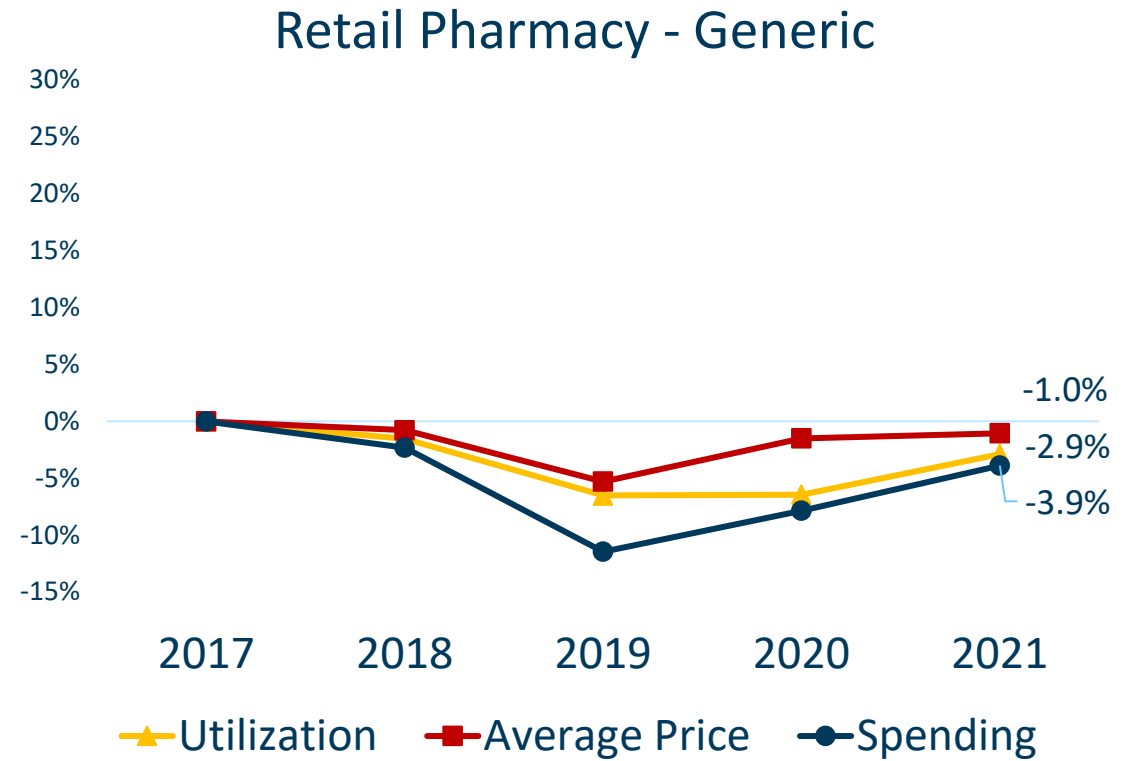
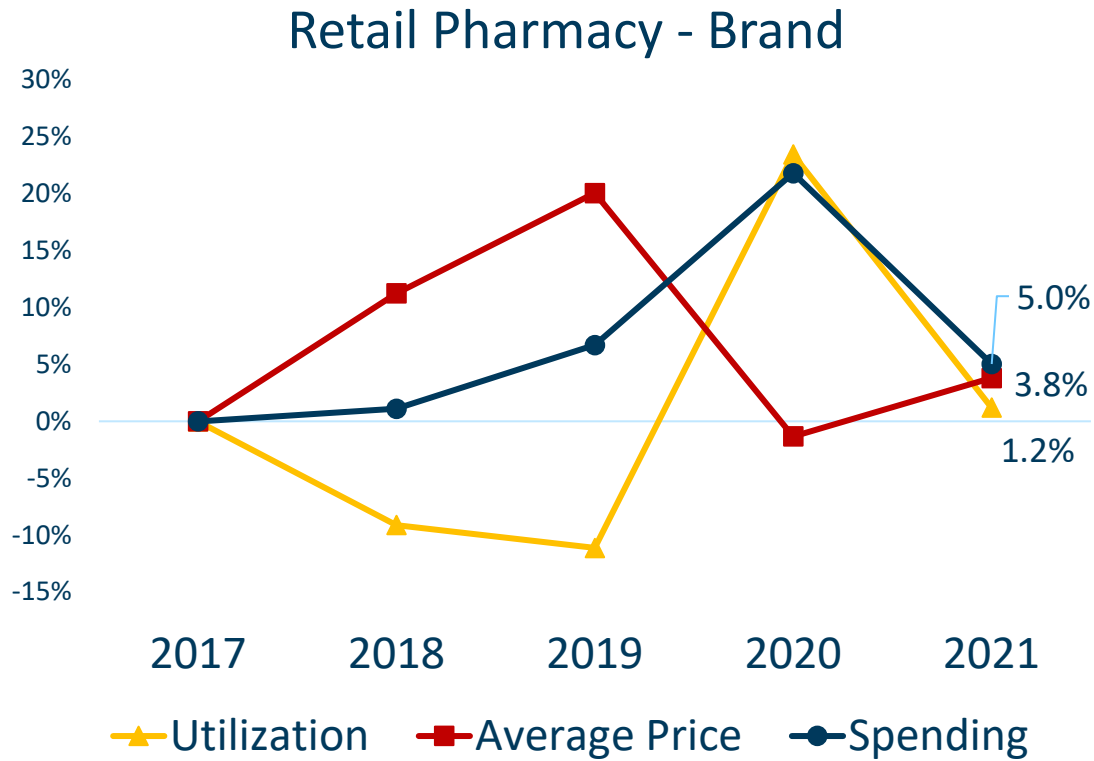
From 2017-20, payment per professional service grew at a modest pace; utilization was steady, dropped in 2020 and then rebounded in 2021



Spending = PMPM; Average price = Spending per prescription; Utilization = prescriptions per member month

Brand-name prescription drugs payment per script rose as use fell through 2019, reversed trend in 2020 and shows signs of reverting to pre-COVID trends in 2021

For generic prescription drugs, utilization, spending, and payment/prescription all declined slightly



Spending = PMPM; Average price = Spending per prescription; Utilization = prescriptions per member month

Key Takeaways

- Commercial spending growth continues to far exceed income growth of state residents; higher and higher percentages of resident income go to paying for healthcare.
- As expected, spending patterns in 2020 and 2021 were heavily impact by the pandemic.
 - Utilization dropped significantly in 2020, and then grew dramatically in 2021.
 - Payment per service continued to grow, with the exception of outpatient hospital in 2020 and 2021 and prescription drugs in 2021.
 - The 2021 hospital outpatient trend in payment per service and utilization warrant further analysis.

Wrap-Up and Next Steps

Wrap-up and Next Steps

- Workgroup meetings will be held on the third Wednesday of each month, contingent on OHS having analyses ready for discussion. The dates of the next few meetings are listed below.
 - March 15th
 - April 19th
 - May 17th