

# Connecticut's Healthcare Benchmark Initiative: Data Analytics Workgroup Meeting

February 7, 2024



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## Meeting Agenda

1. Welcome and Roll Call
  2. Approval of the November 15<sup>th</sup> Meeting Minutes – Vote
  3. Developing a Cost Growth Driver Measure Set
  4. Follow-Up Analyses to Assess the Representativeness of APCD Data
  5. Public Comment
  6. Wrap-up
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# Welcome and Roll Call

# **Vote: Approval of the November 15<sup>th</sup> Meeting Minutes**

# Developing a Cost Growth Driver Measure Set

# Background

- OHS has set a 2024 goal to develop a cost growth driver measure set for annual public reporting.
- To date, the analyses that OHS has updated on an annual basis have included an assessment of commercial market:
  - trends in per member per month (PMPM) spending by service category, and
  - the relative roles of changes in payment rates and utilization on trend.
- We will briefly review the latest iteration of this analysis (presented to the Steering Committee in late January) and then discuss what should be the measure set for future annual reporting.

# Measured Population

- Connecticut residents, 2017-2022
- 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

# Commercial Medical and Retail Pharmacy Spending, 2017-2022

Payer	Commercial Medical PMPM						Average annual change (%)	2021 - 2022 change (%)	Total change (%)
	2017	2018	2019	2020	2021	2022			
All-payer	\$369	\$397	\$418	\$381	\$460	\$489	6.2%	6.5%	32.7%

Payer	Commercial Retail Pharmacy PMPM						Average annual change (%)	2021 - 2022 change (%)	Total change (%)
	2017	2018	2019	2020	2021	2022			
All-payer	\$78	\$78	\$77	\$78	\$85	\$96	4.4%	13.2%	23.1%



# Commercial Spending Breakdown by Service Category, 2017-2022

Service Category	Percentage of Spending					
	2017	2018	2019	2020	2021	2022
<b>Total PMPM</b>	<b>\$447</b>	<b>\$475</b>	<b>\$495</b>	<b>\$459</b>	<b>\$545</b>	<b>\$585</b>
Inpatient	18.1%	18.4%	18.6%	19.0%	17.9%	17.3%
Outpatient*	27.9%	28.8%	30.1%	29.5%	30.5%	31.4%
<i>Outpatient hospital</i>	26.1%	27.0%	28.1%	27.5%	28.1%	28.9%
<i>Outpatient ASC</i>	1.8%	1.9%	2.0%	2.0%	2.3%	2.5%
Professional	33.3%	33.2%	32.7%	31.3%	32.1%	31.4%
Retail Pharmacy**	17.5%	16.4%	15.6%	17.0%	15.6%	16.4%
Other***	2.8%	2.8%	2.8%	3.0%	3.7%	3.2%

\* 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.

# Service Category Contributions to Spending Growth, 2017-2022

Payer	Total Commercial PMPM						Cumulative change
	2017	2018	2019	2020	2021	2022	
All-payer	\$447	\$475	\$495	\$459	\$545	\$585	<b>+\$139</b>

Contribution to Cumulative Commercial PMPM Growth by Service Category				
Inpatient	Outpatient	Professional	Retail Pharmacy	Other
15%	<b>43%</b>	25%	13%	4%

# Impact of Price vs Utilization on Spending Growth: Commercial Medical and Retail Pharmacy

Commercial Medical							
Measure	2017	2018	2019	2020	2021	2022	Avg. Annual Change (%)
Spending (PMPM)	\$369	\$397	\$418	\$381	\$460	\$489	6.2%
Price (PPU)	\$365	\$399	\$417	\$405	\$386	\$433	3.7%
Utilization (UPK)	12114	11936	12043	11315	14280	13560	2.9%

Commercial Retail Pharmacy							
Measure	2017	2018	2019	2020	2021	2022	Avg. Annual Change (%)
Spending (PMPM)	\$78	\$78	\$77	\$78	\$85	\$96	4.4%
Price (PPU)	\$77	\$77	\$77	\$85	\$90	\$98	4.9%
Utilization (UPK)	12985	13027	13055	12869	13397	14159	1.8%

# Impact of Price vs Utilization on Spending Growth: Commercial Inpatient and Outpatient Hospital

Commercial Inpatient Hospital							
Measure	2017	2018	2019	2020	2021	2022	Avg. Annual Change (%)
Spending (PMPM)	\$81	\$87	\$92	\$87	\$97	\$101	4.8%
Price (PPU)	\$20,784	\$25,102	\$27,853	\$29,879	\$31,341	\$32,957	9.8%
Utilization (UPK)	47	42	40	35	37	37	-4.4%

Commercial Outpatient Hospital							
Measure	2017	2018	2019	2020	2021	2022	Avg. Annual Change (%)
Spending (PMPM)	\$117	\$128	\$139	\$126	\$153	\$169	8.2%
Price (PPU)	\$1086	\$1259	\$1369	\$1213	\$949	\$1361	7.0%
Utilization (UPK)	1288	1221	1218	1250	1935	1492	5.8%

# Impact of Price vs Utilization on Spending Growth: Commercial Professional

Commercial Professional							
Measure	2017	2018	2019	2020	2021	2022	Avg. Annual Change (%)
Spending (PMPM)	\$149	\$158	\$162	\$144	\$175	\$184	4.8%
Price (PPU)	\$179	\$192	\$197	\$193	\$201	\$211	3.4%
Utilization (UPK)	10018	9871	9875	8919	10462	10476	1.3%

# Impact of Price vs Utilization on Spending Growth: Commercial ED and Radiology

Commercial Emergency Department							
Measure	2017	2018	2019	2020	2021	2022	Avg. Annual Change (%)
Spending (per member)	\$173	\$199	\$239	\$202	\$245	\$290	11.9%
Price (PPU)	\$778	\$978	\$1183	\$1272	\$1283	\$1299	11.3%
Utilization (UPK)	7.2	6.6	6.5	5.3	6.4	7.4	1.8%

Commercial Radiology							
Measure	2017	2018	2019	2020	2021	2022	Avg. Annual Change (%)
Spending (per member)	\$262	\$260	\$257	\$220	\$261	\$277	1.7%
Price (PPU)	\$446	\$425	\$407	\$402	\$383	\$384	-2.9%
Utilization (UPK)	18	19	20	18	22	24	6.1%

# Impact of Price vs Utilization on Spending Growth: Commercial Administered Drugs and Lab/Pathology

Commercial Administered Drugs							
Measure	2017	2018	2019	2020	2021	2022	Avg. Annual Change (%)
Spending (per member)	\$113	\$136	\$155	\$157	\$158	\$177	9.6%
Price (PPU)	\$188	\$227	\$242	\$275	\$213	\$220	4.3%
Utilization (UPK)	19	19	21	19	25	27	7.3%

Commercial Lab/Pathology							
Measure	2017	2018	2019	2020	2021	2022	Avg. Annual Change (%)
Spending (per member)	\$121	\$120	\$119	\$98	\$131	\$131	2.8%
Price (PPU)	\$40	\$43	\$42	\$43	\$42	\$42	1.0%
Utilization (UPK)	97	91	88	77	105	103	2.5%

# Cost Growth Driver Measure Set Proposal (1 of 2)

- OHS has considered historical OHS reporting practices, plus Dr. Gifford's interest in adding measurement of payment variation, to develop a first-draft proposal for Workgroup consideration.
  - The first draft is preliminary; it was created for Workgroup discussion purposes.
- We'll review that proposal on the next slide, and then seek your ideas for modifications to the draft proposal.



# Cost Growth Driver Measure Set Proposal (2 of 2)

1. Per capita spending trends at the state and market levels, stratified by service category and by the relative contributions of changes in payment rates and service utilization.
2. Per capita hospital spending growth at the state level by service sub-category, and by hospital by service sub-category.
3. Per capita pharmacy spending growth (retail and medical, separated and combined) by drug class and by drug, and by brand and generic.
4. Variation in payment, and payment trend, per service unit and by "market basket" for a) hospital services, and b) high volume/high spend medical specialties.
5. Per capita spending and payment per service unit comparison to external benchmarks, e.g., Medicare, other states.

# Discussion

- What do members think of the proposed analyses?
- What other analyses do members think should be included in this "cost growth driver measure set"?

# **Follow-Up Analyses to Assess the Representativeness of the All-Payer Claims Database (APCD)**

# Background (1 of 3)

- Performance against the Cost Growth Benchmark is assessed using aggregate data for all covered lives provided by insurers and public payers. However, these data do not allow for analysis of what is driving health care cost growth. For that, **OHS must use more granular (claims and/or encounter data) from the state's APCD.**
- The APCD does not include the commercial self-insured market (apart from the state employee health plan), which makes up over half the commercial market. **For this reason, hospitals have argued to OHS that the APCD data are not representative of commercial market spending.**

## Background (2 of 3)

- To assess whether the APCD is representative of the total commercial market, OHS performed an analysis to assess whether the inpatient hospital DRGs identified as representing a) the most discharges, and b) the most spending according to APCD data were the same as those identified through analysis of the hospital inpatient discharge database (HIDD).
  - The hospital inpatient discharge database contains *all* discharges, including discharges for patients with fully insured and self-insured commercial coverage.

# Background (3 of 3)

- OHS compared the top 10 DRGs in terms of total commercial discharges and the top 10 DRGs in terms of total commercial spending identified using APCD data to those identified using HIDD data.
  - The analysis of spending compared *allowed amounts* (APCD) to *charges* (HIDD).
- This analysis was presented to this Work Group during its last meeting. Members requested the following additional information, which we will share with you now:
  - Including the proportion of total volume and spending that the top 10 services in each analysis represent for the APCD vs the HIDD
  - Repeating the analysis after excluding maternity/newborn services

# Highest Volume Services (Discharges) Statewide, 2021

DRG	Inpatient Service	Volume Rank (APCD)	Volume Rank (HIDD)
807	Vaginal Delivery without Sterilization or D&C w/o Major Complication	#1	#2
795	Normal Newborn	#2	#1
794	Neonate with Other Significant Problems	#3	#3
885	Psychoses	#4	#5
788	Cesarean Section without Sterilization w/o Major Complication	#5	#4
177	Respiratory Infections and Inflammations with Major Complication	#6	#6
897	Alcohol Drug Abuse or Dependence w/o Rehabilitation Therapy w/o Major Complication	#7	#16
806	Vaginal Delivery without Sterilization or D&C with Complication	#8	#8
871	Septicemia or Severe Sepsis w/o MV > 96 Hours with Major Complication	#9	#7
787	Cesarean Section without Sterilization w/ Complication	#10	#9
<b>Proportion of total commercial discharges these 10 services represent in each database</b>		<b>41.2%</b>	<b>41.3%</b>

# Highest Spend Services Statewide, 2021

DRG	Inpatient Service	Spending Rank (APCD)	Spending Rank (HIDD)
177	Respiratory Infections and Inflammations with Major Complication	#1	#3
807	Vaginal Delivery without Sterilization or D&C w/o Major Complication	#2	#1
885	Psychoses	#3	#2
871	Septicemia or Severe Sepsis w/o MV > 96 Hours with Major Complication	#4	#4
790	Extreme Immaturity or Respiratory Distress Syndrome, Neonate	#5	#7
788	Cesarean Section without Sterilization w/o Major Complication	#6	#5
3	ECMO or Tracheostomy with MV >96 Hours or PDX Except Face, Mouth and Neck with Major OR Procedure	#7	#6
455	Combined Anterior and Posterior Spinal Fusion w/o Complication	#8	#14
621	OR Procedures for Obesity w/o Complication	#9	#19
219	Cardiac Valve and Other Major Cardiothoracic Procedures w/o Cardiac Catheterization with Major Complication	#10	#21
<b>Proportion of total commercial allowed amounts (APCD) / charges (HIDD) these 10 services represent in each database</b>		<b>24.5%</b>	<b>21.5%</b>



# Highest Volume Services (Discharges) Statewide, 2021

**\*excluding maternity/newborn services**

DRG	Inpatient Service	Volume Rank (APCD)	Volume Rank (HIDD)
885	Psychoses	#1	#1
177	Respiratory Infections and Inflammations with Major Complication	#2	#2
897	Alcohol Drug Abuse or Dependence w/o Rehabilitation Therapy w/o Major Complication	#3	#9
871	Septicemia or Severe Sepsis w/o MV > 96 Hours with Major Complication	#4	#3
621	OR Procedures for Obesity w/o Complication	#5	#6
392	Esophagitis Gastroenteritis and Miscellaneous Digestive Disorders w/o Major Complication	#6	#5
470	Chronic Kidney Disease	#7	#7
872	Septicemia or Severe Sepsis w/o MV < 96 Hours w/o Major Complication	#8	#8
247	Intestinal Obstruction	#9	#10
330	Major Small and Large Bowel Procedures with Complication	#10	#14
<b>Proportion of total commercial discharges these 10 services represent in each database</b>		<b>18.7%</b>	<b>16.0%</b>

# Highest Spend Services Statewide, 2021

**\*excluding maternity/newborn services**

DRG	Inpatient Service	Spending Rank (APCD)	Spending Rank (HIDD)
177	Respiratory Infections and Inflammations with Major Complication	#1	#2
885	Psychoses	#2	#1
871	Septicemia or Severe Sepsis w/o MV > 96 Hours with Major Complication	#3	#3
3	ECMO or Tracheostomy with MV >96 Hours or PDX Except Face, Mouth and Neck with Major OR Procedure	#4	#4
455	Combined Anterior and Posterior Spinal Fusion w/o Complication	#5	#9
621	OR Procedures for Obesity w/o Complication	#6	#12
219	Cardiac Valve and Other Major Cardiothoracic Procedures w/o Cardiac Catheterization with Major Complication	#7	#14
454	Combined Anterior and Posterior Spinal Fusion with Complication	#8	#10
25	Craniotomy and Endovascular Intracranial Procedures with Major Complication	#9	#16
853	Infections and Parasitic Diseases with OR Procedures with Complication	#10	#5
<b>Proportion of total commercial allowed amounts (APCD) / charges (HIDD) these 10 services represent in each database</b>		<b>20.2%</b>	<b>19.1%</b>

# Discussion

# Public Comment

# Wrap-Up

# Wrap-up

- Workgroup meetings will be held every other month on the first Wednesday, contingent on OHS having sufficient content to present the Workgroup for discussion.
- The next meeting is scheduled for Wednesday April 3rd at 2 pm.