

Connecticut's Healthcare Benchmark Initiative: Data Analytics Workgroup Meeting

July 20, 2022



Meeting Agenda

1. Welcome and Roll Call
2. Public Comment
3. Approval of the June 15th Meeting Minutes – Vote
4. Healthcare Spending Trend Analyses Recap
5. Future Mathematica APCD Analyses
6. Commercial Pharmacy Spending Analyses
7. Wrap-Up & Next Steps

Welcome and Roll Call

Public Comment

Vote: Approval of the June 15th Meeting Minutes

Healthcare Spending Trend Analyses Recap

Reminder: Cost Growth Benchmark Analysis vs. Data Use Strategy



How will we determine the level of cost growth from one year to the next?

Benchmark Analysis

- **What is this?** A calculation of health care cost growth over a given time period using payer-collected aggregate data.
- **Data Type:** Aggregate data that allow assessment at four levels: 1) provider level, 2) insurer level, 3) market level, and 4) statewide.
- **Data Source:** Insurers and public payers
- **Resources to be Used:** Bailit Health performs analyses at OHS direction

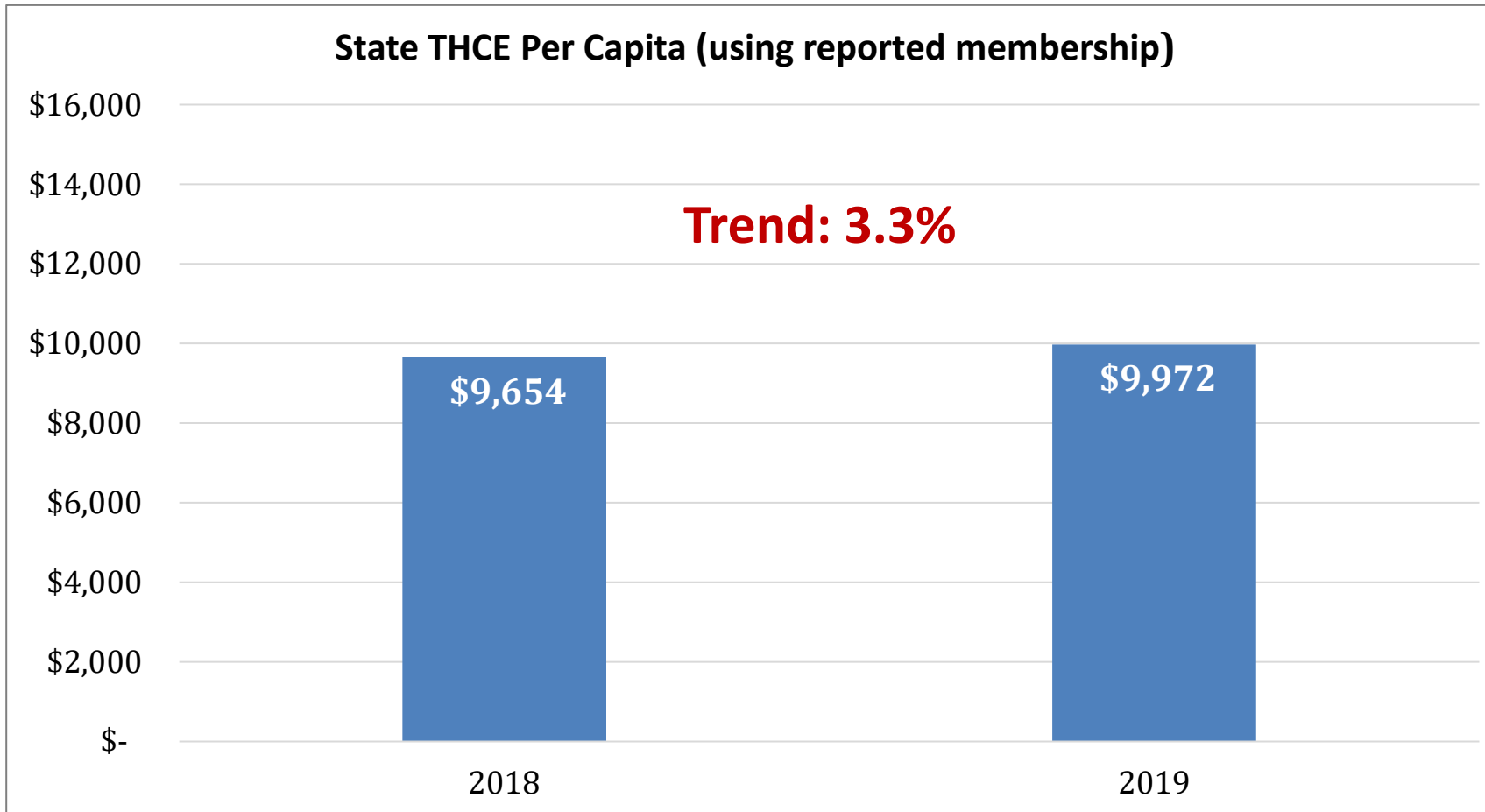


How will we determine the drivers of overall cost and cost growth? Where are there opportunities to contain spending?

Data Use Strategy

- **What is this?** A plan to analyze cost drivers and identify promising opportunities for reducing cost growth and informing policy decisions.
- **Data Type:** Granular data (claims and/or encounters)
- **Data Source:** All-Payer Claims Database
- **Resources to be Used:** Mathematica performs the analyses at OHS direction

Pre-Benchmark State Per Capita THCE Growth



Calendar Year	Benchmark Values
2021	3.4%
2022	3.2%
2023	2.9%
2024	2.9%
2025	2.9%

Data are not risk-adjusted. They are reported net of pharmacy rebates.

Data include the Net Cost of Private Health Insurance (NCPHI).

Total reported membership was 3,252,773 in 2019. The CT Census reported 3,565,287 individuals in 2019.

Three Service Categories Drove TME Cost Growth Across All Markets in 2019

	Hospital Inpatient	Hospital Outpatient	Retail Pharmacy (Net of Rebates)
State		✓	✓
Commercial	✓	✓	
Medicaid		✓	✓
Medicare		✓	✓

Key Data Use Strategy Analyses Takeaways

1. Hospital services and pharmacy drove 2015-2019 spending.
2. Commercial healthcare spending increases were due to increases in payment per service, and not increased utilization.
3. There is great variation in payment growth trends by hospital.
4. Higher cost hospitals had faster growing spending and tended to be affiliated with the largest systems in the state, while lower cost hospitals had slower growing spending and tended to be unaffiliated with the largest systems.

Future Mathematica APCD Analyses

Analyses Stemming from the 6/15 Meeting

- Mathematica will proceed with analysis suggested by members of this workgroup on 6/15 to answer the following questions:
 1. How has inpatient and outpatient hospital volume changed over time across low-cost and high-cost hospitals?
 2. How do hospital outpatient and freestanding surgical center payments vary for high-price and high-volume services?
 3. Has growth in outpatient spending been due to price increases, change in service mix, or both?

Additional Mathematica Analyses

- OHS and Mathematica have also previously discussed preparing the following analyses for future review:
 - A standard set of “dashboard” analyses to track spending patterns and trends across the commercial, Medicaid and Medicare markets
 - An updated commercial cost driver analysis with 2020 and 2021 data added
 - A methodology for detecting potential adverse consequences of the benchmark initiative
 - A follow-up ED utilization disparity analysis

Commercial Pharmacy Spending Analyses

Pharmacy Costs

“Retail Pharmacy” costs or spend

- Prescription medicines purchased in retail pharmacies or via mail order

“Medical Pharmacy” costs or spend

- Prescriptions administered in providers’ offices and hospitals

PMPM Spending

In 2019, 28% of commercial spending was on Pharmacy Services (Retail and Medical)

/ Pharmacy spending was greater than inpatient or outpatient spending, second only to professional.

Service Category	Percentage of Spending		
	2017	2018	2019
Inpatient	17.3%	17.4%	17.6%
Outpatient	22.3%	22.5%	23.4%
Professional	31.0%	30.6%	30.1%
Pharmacy	28.4%	28.6%	28.0%
<i>Retail*</i>	21.2%	21.1%	20.2%
<i>Medical**</i>	7.1%	7.5%	7.9%
Other***	1.1%	0.9%	0.9%

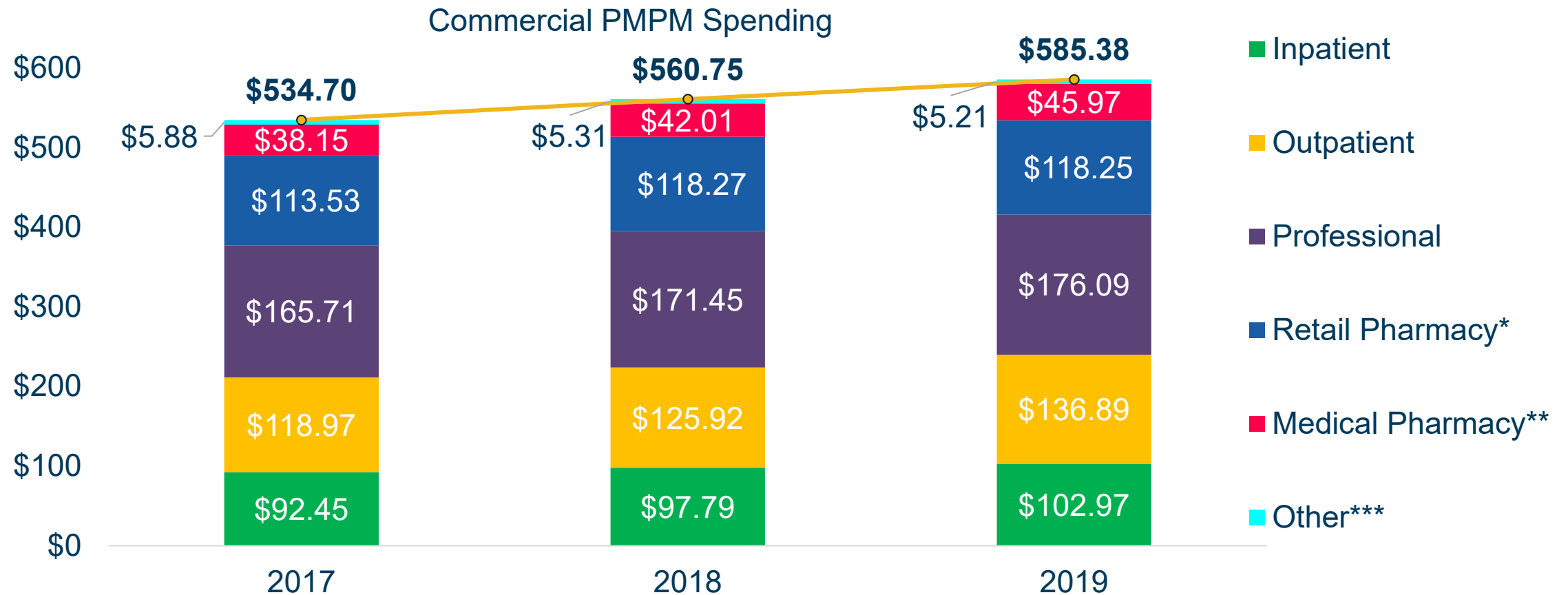
* Retail pharmacy includes all members with pharmacy coverage, regardless of medical coverage.

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

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

Professional, outpatient and pharmacy services were the top three contributors to commercial PMPM spending growth

Spending for medical pharmacy increased the most (+20.5%), followed by outpatient spending (15.0%) and inpatient spending (+11.4%)

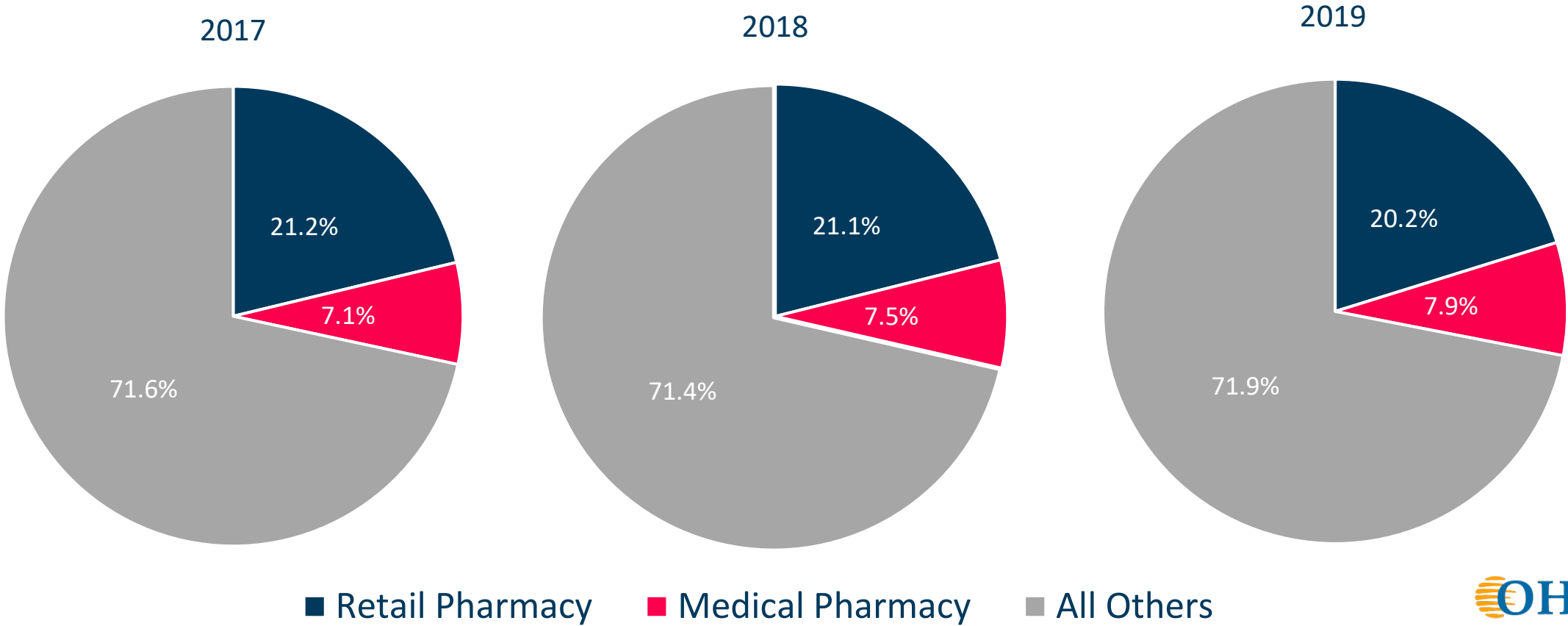


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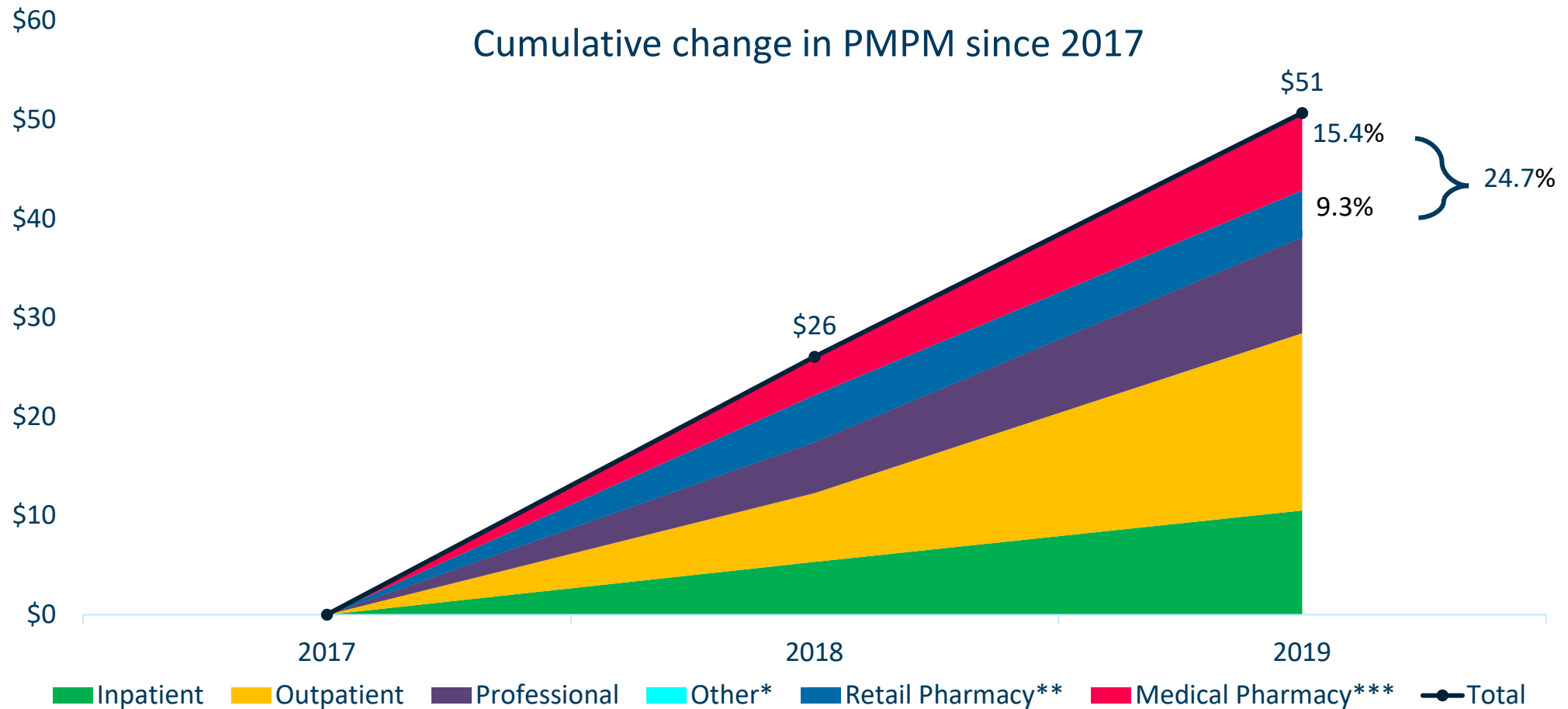
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Retail and Medical Pharmacy share of commercial PMPM spending was consistent over time, because hospital spending growth was so high



About one-quarter of cost increases between 2017 and 2019 were due to Retail and Medical Pharmacy



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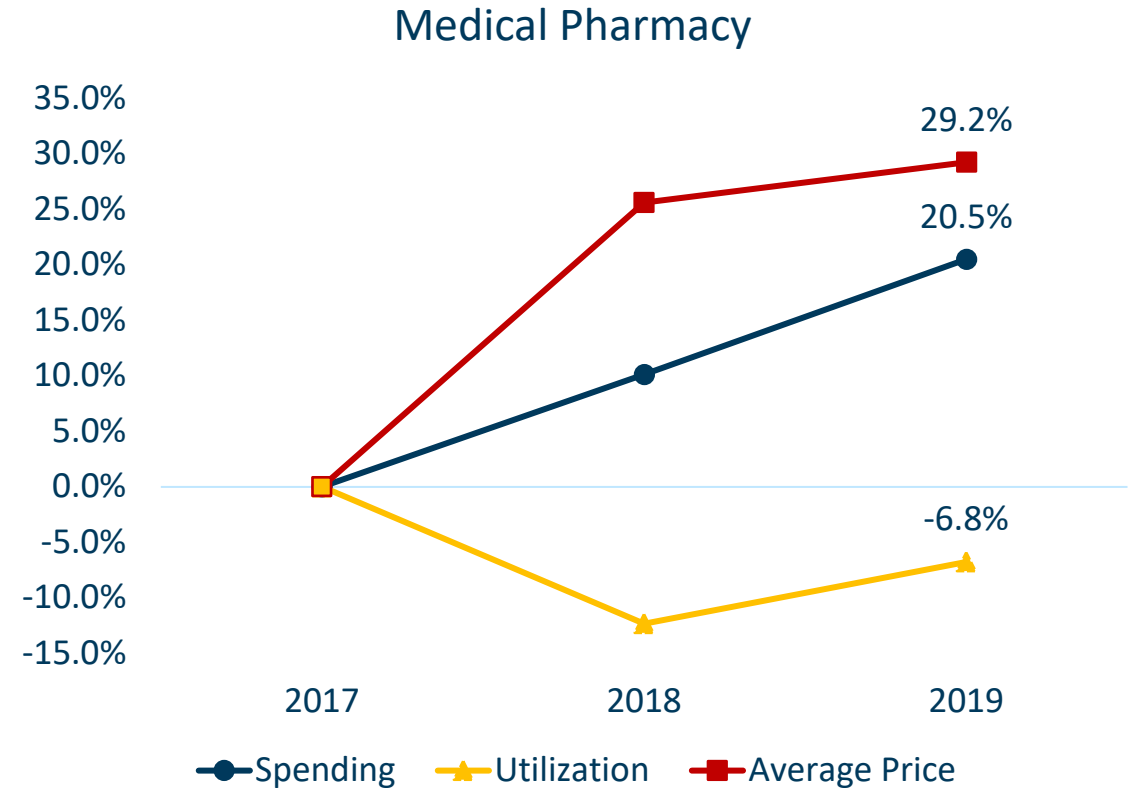
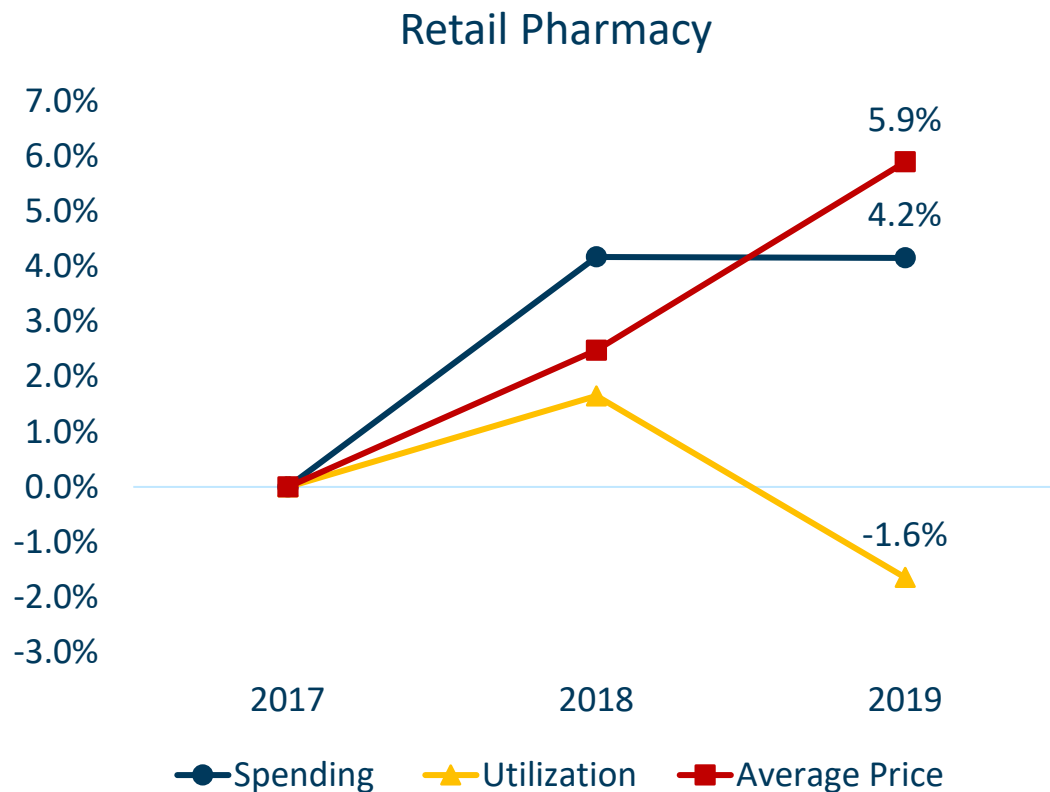
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Utilization vs Price

Price increased for both Retail and Medical Pharmacy while utilization declined

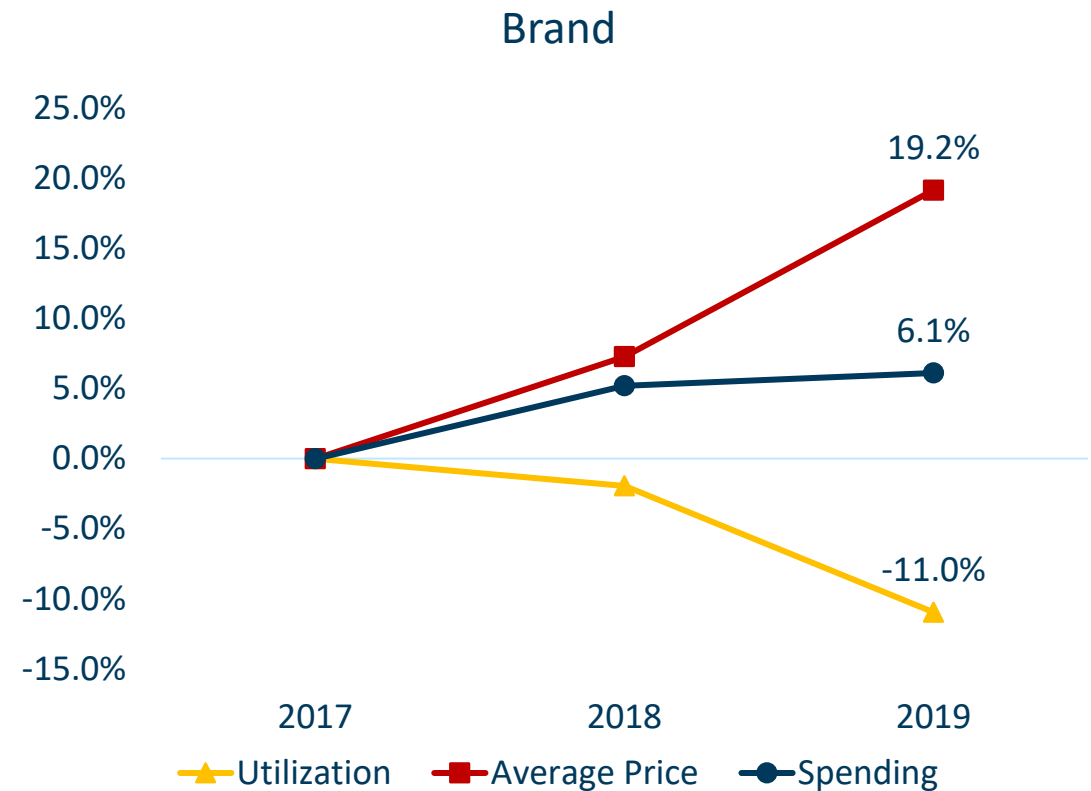
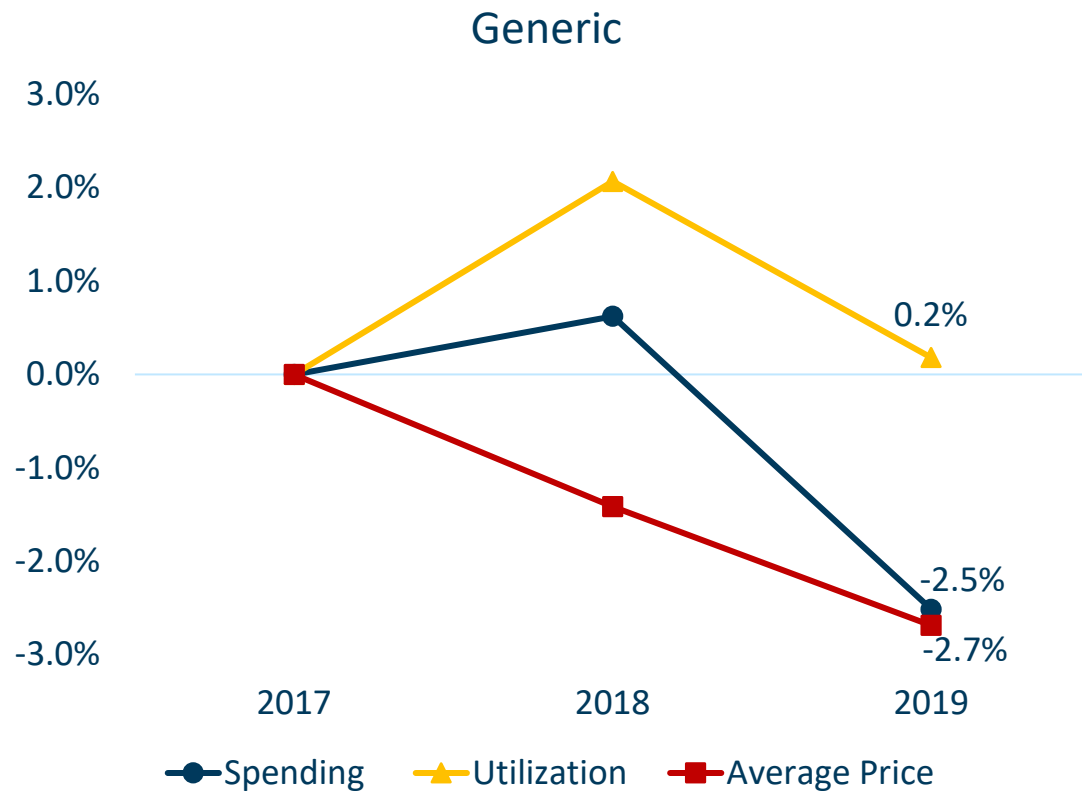
- / Average price and spending increased at a far higher rate for Medical Pharmacy than for Retail Pharmacy.
- / Utilization fell more sharply for Medical Pharmacy than Retail Pharmacy.



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

Utilization of generic retail drugs remained flat while price and spending fell, while the opposite trend occurred with brand-name retail drugs

Despite this downward trend in utilization, spending and price trended upward for brand drugs.



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

Pharmacy Costs: Deeper Dive

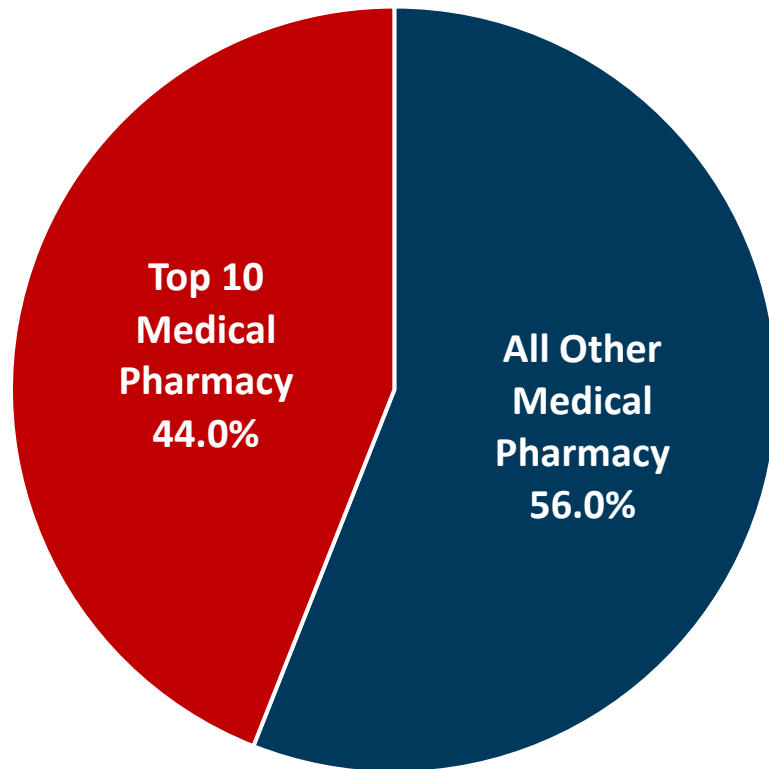
The top 10 medications for medical pharmacy spending in 2019 were drugs primarily used to treat cancer, Crohn's disease, and multiple sclerosis

Medical Pharmacy Spend: Top 10 Medications (Total Allowed), 2019

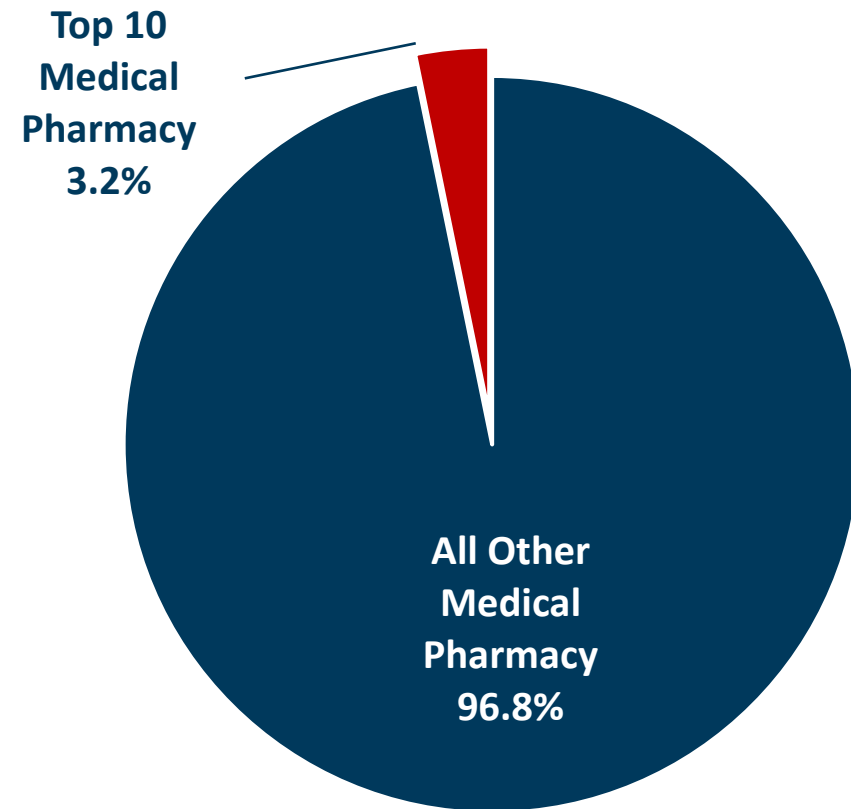
Medication	Indication	Allowed Amount	Distinct Users	# of Claims	Price (Allowed / # Claims)
INJECTION OCRELIZUMAB 1 MG	Multiple Sclerosis	\$37,866,205	690	774	\$48,922.75
INJ INFLIXIMAB EXCL BIOSIMILR 10 MG	Rheumatoid Arthritis, Psoriasis, Crohn's disease, Ulcerative colitis	\$35,080,751	5,944	7,607	\$4,611.64
INJ TRASTUZUMAB EXCLD BIOSIM 10 MG	Cancer (breast, stomach)	\$21,272,959	1,563	3,613	\$5,887.89
INJECTION PEMBROLIZUMAB 1 MG	Cancer (melanoma, lung, bladder)	\$18,750,009	808	1,095	\$17,123.30
INJECTION RITUXIMAB 10 MG	Cancer, autoimmune disease	\$18,642,495	929	1,573	\$11,851.55
INJECTION PEGFILGRASTIM 6 MG	Cancer treatment side effect	\$17,266,445	1,449	2,017	\$8,560.46
INJECTION VEDOLIZUMAB 1 MG	Crohn's disease, Ulcerative colitis	\$16,938,383	2,199	2,375	\$7,131.95
INJECTION BEVACIZUMAB 10 MG	Cancer (colon, lung, brain, cervical, renal, ovarian)	\$13,335,447	1,937	3,200	\$4,167.33
INJECTION PERTUZUMAB 1 MG	Cancer (breast)	\$12,441,323	849	1,184	\$10,507.87
INJECTION NATALIZUMAB 1 MG	Multiple Sclerosis, Crohn's disease	\$10,820,739	1,313	1,477	\$7,326.16

The top 10 Medical Pharmacy medications comprised 3% of all prescriptions and 44% of all spending

Spending on Medical Pharmacy



Volume of Medical Pharmacy



The top 10 medications for Retail Pharmacy spending in 2019 were drugs primarily used to treat arthritis, multiple sclerosis, and psoriasis

Retail Pharmacy Spend: Top 10 Medications (Total Allowed), 2019

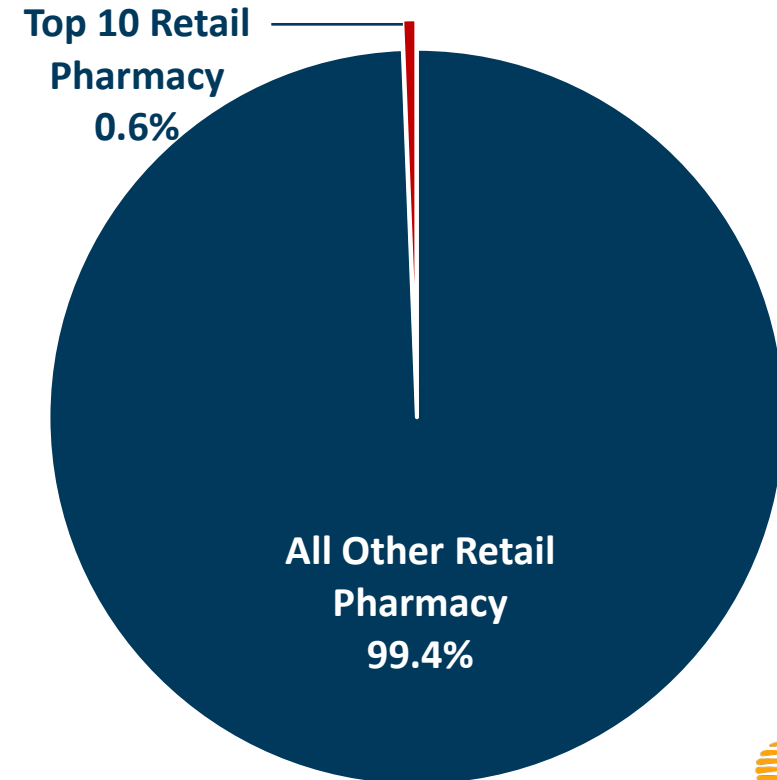
Medication	Indication	Allowed Amount	Distinct Users	# of Claims	Price (Allowed / # Claims)
HUMIRA PEN 0.4 ML	Rheumatoid arthritis, Crohn's disease, psoriasis	\$56,924,279	7,803	8,970	\$6,346.07
HUMIRA PEN 0.8 ML	Rheumatoid arthritis, Crohn's disease, psoriasis	\$54,638,434	7,168	8,221	\$6,646.20
STELARA 90 MG/ML SYRINGE	Psoriasis, Crohn's disease	\$38,336,167	1,772	1,920	\$19,966.75
ENBREL SURECLICK	Rheumatoid arthritis, psoriasis	\$26,077,264	4,177	4,696	\$5,553.08
TECFIDERA	Multiple sclerosis	\$22,419,921	2,455	2,878	\$7,790.10
OTEZLA	Psoriatic arthritis and plaque psoriasis	\$17,735,746	4,475	5,062	\$3,503.70
GILENYA	Multiple sclerosis	\$17,370,060	1,773	1,968	\$8,826.25
ELIQUIS 5 MG TABLET	Deep vein thrombosis, pulmonary embolism	\$15,365,839	24,950	26,636	\$576.88
VICTOZA	Diabetes	\$15,144,633	10,792	11,606	\$1,304.90
DUPIXENT 300 MG/2 ML SYRINGE	Asthma	\$15,020,931	3,961	4,768	\$3,150.36

The top 10 Retail Pharmacy prescriptions comprised <1% of all prescriptions and 15% of all spending

Spending on Retail Pharmacy



Volume of Retail Pharmacy



Key Takeaways

- 1. Payment per prescription and spending increased, while utilization decreased, 2017-19.**
 - Increases were at a higher rate for medical pharmacy than retail pharmacy.
- 2. A disproportionately large share of pharmacy spending was on a small number of very expensive drugs.**
 - These drugs were primarily used to treat cancer, arthritis, Crohn's disease, multiple sclerosis, and psoriasis.
- 3. The price problem was with brand-name retail drugs and Medical Pharmacy, and not generics, despite the occasionally publicized examples of generic price gouging.**

This analysis does not answer the question of whether the growth in prices was about new drugs at higher price points or increases in "old" drugs.

Pharmacy Cost Growth Driver Analysis - Discussion

- *What stands out to you from the data that we have shared?*
- *Where are there opportunities for cost growth mitigating action?*
- *What areas of further inquiry would you suggest?*

Wrap-Up and Next Steps

Wrap-up and Next Steps

- Workgroup meetings will be held on the third Wednesday of each month. The dates of the meetings are listed below.
 - August 17th
 - September 21st
 - October 19th
 - November 16th
 - December 21st