

## Healthcare Benchmark Initiative Steering Committee

*“We collaborate, out of a shared concern and responsibility for all Connecticut residents, to develop consensus models that advance equity and consumer affordability of healthcare in our state.”*

Meeting Date	Meeting Time	Location
October 24, 2022	3:00 pm – 5:00 pm	Zoom Meeting Recording <a href="https://us02web.zoom.us/j/84111237738?pwd=a1dnWnAydW1CZkZVLys3cURKOEfmUT09">https://us02web.zoom.us/j/84111237738?pwd=a1dnWnAydW1CZkZVLys3cURKOEfmUT09</a>

Participant Name and Attendance   Steering Committee Members					
Ben Alvarez	X	Jonathan Gonzalez-Cruz	X	Cassandra Murphy	X
Ayesha Clarke	R	Paul Grady	R	Chris O’Connor	R
Stephanye Clarke	X	Claudio Gualtieri	R	Lori Pasqualini	R
Tiffany Donelson	R	Angela Harris	R	Fiona Scott Morton	X
Ted Doolittle	R	Ken Lalime	R	Kathy Silard	R
Judy Dowd	R	Paul Lombardo	X	Marie Smith	R
Jeff Flaks	R	Andy Markowski	R	Chris Ulbrich	R
Lou Gianquinto	R	Susan Millerick	R	Kristen Whitney-Daniels	R
Deidre Gifford	R	Karen Moran	X	Josh Wojcik	R
Kim Martone, OHS	R	Hanna Nagy, OHS	R	Matt Reynolds, Bailit Health	R
Krista Moore, OHS	R	Olga Armah, OHS	R		
Mayda Capozzi, OHS	R	Michael Bailit, Bailit Health	R		
<b>R = Attended Remotely; IP = In Person; X = Did Not Attend</b>					

Agenda			
	Topic	Responsible Party	Time
1.	<b>Welcome and Roll Call</b>	<b>Claudio Gualtieri</b>	<b>3:00 pm</b>
	<p>Claudio Gualtieri welcomed everyone to the October Steering Committee meeting and invited Matt Reynolds to conduct a roll call. There was a quorum present.</p> <p>Claudio thanked Paul Kidwell for offering to host the October Steering Committee meeting in person at the Connecticut Hospital Association. Claudio noted that in the near future OHS would try again to hold an in-person meeting, but OHS would plan to give members more advance notice next time.</p>		
2.	<b>Public Comment</b>	<b>Members of Public</b>	<b>3:05 pm</b>
	<p>Claudio Gualtieri offered the opportunity for public comment. There were no public comments.</p>		
3.	<b><u>Committee Action: Approval of September 28, 2022 Minutes</u></b>	<b>Steering Committee Members</b>	<b>3:10 pm</b>
	<p>Tiffany Donelson motioned to approve the minutes. Andy Markowski seconded the motion. No members opposed and nor did any members abstain. The minutes were approved.</p>		
4.	<b>Update on New Work Groups</b>	<b>Michael Bailit</b>	<b>3:15 pm</b>
	<p>Michael Bailit reviewed the list of members who had agreed to serve on the new Pharmacy Cost Mitigation Strategies Work Group. He shared that the first meeting would likely take place in early November.</p> <p>Michael Bailit then reviewed the list of members that agreed to serve on the new Hospital Readmissions and Avoidable ED Visits Work Group, noting that the group was still in need of a subject matter expert co-chair before it could begin to meet. Michael asked members to email Krista Moore at <a href="mailto:krista.moore@ct.gov">krista.moore@ct.gov</a> if they</p>		

	knew someone to recommend having serve in this role. Kathy Silard stated she was working on confirming a subject matter expert co-chair and added that she was confident that she would find one.		
<b>5.</b>	<b>Process for Communicating Benchmark Performance Data to Insurers and Advanced Networks</b>	<b>Michael Bailit</b>	<b>3:20 pm</b>
	<p>Michael Bailit reviewed the various steps that OHS will complete between the time that it receives Cost Growth Benchmark data from insurers (which occurred in August 2022 for the current cycle) and the time it will publish its findings (March 2023). Michael noted that OHS was currently on the step of validating data with insurers to move forward with analysis.</p> <p>Michael indicated that OHS would share a first look at performance against the benchmark with insurers and Advanced Networks prior to public reporting, with insurers having the opportunity to raise any questions about their performance with OHS while Advanced Networks would be encouraged to reach out to individual payers with questions about underlying individual payer data.</p> <p>Susan Millerick asked how the benchmark performance findings would be publicly communicated. Michael Bailit shared that OHS would discuss this at a future Steering Committee meeting.</p> <p>Angela Harris asked how race, ethnicity, and language data would be factored into the benchmark reporting requirement. Michael Bailit noted that analyses of race, ethnicity, and language data would likely be carried out through All-Payers Claims Database analyses rather than through benchmark data analyses since benchmark data are reported in aggregate. Michael added that these analyses likely would not occur until the race, ethnicity, and language data were considered complete and valid, which may take time. Angela Harris asked that state staff make this a priority.</p>		
<b>6.</b>	<b>Inflation Analysis and Approach to Benchmark Assessment</b>	<b>Michael Bailit</b>	<b>3:30 pm</b>
	<p>Michael Bailit invited members to weigh in on the following two questions:</p> <ol style="list-style-type: none"> <li>1. What values and objectives should guide considerations of any potential adjustments to benchmark assessment to account for inflation?</li> <li>2. What key context might you have to share that you feel should inform this decision?</li> </ol> <ul style="list-style-type: none"> <li>• Kathy Silard stated the Steering Committee had to be mindful that OHS would be reporting 2020<sup>1</sup> data in 2023. Kathy noted that the impact of the pandemic as well as labor and other supply costs had not yet flowed through the system because there is not elasticity in the rates at which providers are paid. Kathy concluded that the Steering Committee needed to account for the three-year lag between reality and reporting and for the fact that inflationary costs had not yet been reflected in outcomes.</li> <li>• Chris O'Connor noted that the cost to the market is not the cost to the hospital or health system and that reconciling that "delta" needs to be a focus of the Steering Committee.</li> <li>• Deidre Gifford proposed that, in addition to looking at the benchmark relative to inflation, the Steering Committee should also be looking at how this compares to the benchmark relative to inflation in other periods.</li> <li>• Lori Pasqualini suggested looking at changes in three-year averages in addition to year-over-year changes.</li> </ul> <p>Michael Bailit then reviewed additional background information on the benchmark and on inflation.</p> <ul style="list-style-type: none"> <li>• Deidre Gifford noted that price was not the only factor that causes spending changes. Michael Bailit agreed, while also noting that the data showed price being the primary factor in the commercial market in Connecticut in recent years.</li> <li>• Josh Wojcik asked how often the benchmark values are normally updated. Michael Bailit replied that OHS set (and would continue to set) the benchmarks for five-year periods with the intention that values would not change except to account for significant changes in inflation.</li> </ul> <p>Michael Bailit shared that OHS considered responses that included:</p> <ol style="list-style-type: none"> <li>1. making no changes to its intended plans for accountability to the benchmark;</li> </ol>		

<sup>1</sup> Note: OHS plans to report both 2020 and 2021 trend in March.

2. keeping the benchmark values but acknowledging inflation in the interpretation of results;
3. creating allowances added on to the benchmark values for high inflation years;
4. changing the benchmark values for high inflation years, and
5. waiving the benchmarks during the period of high inflation.

Michael indicated that OHS believed #3 above to be the best course of action as it would retain the policy intent and policy integrity of the statute while responding to the recent significant growth in inflation. Michael presented two options that OHS modeled for creating additional allowances for the years of high inflation and indicated what the benchmark allowances under each option would be:

- Option 1: Calculates the difference between a) the Benchmark with updated PGSP inflation values and median income values and b) the Benchmark with the original 2020 long-term forecast values. This option yields allowances of 0.5% in 2023, 1.0% in 2024, and 0.3% in 2025.
- Option 2: Calculates the difference between a) 2021 PCE and forecasted 2022 and 2023 PCE and b) the current long-term PCE forecast for 2026-2030. This option yields allowances of 2.0% in 2024, 3.5% in 2025, and 0.9% in 2026.

Michael Bailit asked the Steering Committee to weigh in on how OHS should proceed.

- Deidre Gifford asked when OHS planned to decide the changes for each year's benchmark value. Michael Bailit noted that the straw proposal was for OHS to make adjustments in 2022 to the 2023-2025 benchmark values so that payers and providers know in advance what they are working towards.
- Lou Gianquinto asked if OHS would plan to reevaluate any changes after seeing whether inflation actually follows the predicted trends. Michael Bailit stated that while doing so would mean that any modifications would be more accurate, the con would be that payers and providers would not know what the values are in advance. Michael explained that this is important because in other states payers and providers reference the benchmark values in contract negotiations. Michael reiterated that OHS' plan was to make any and all adjustments for the current five-year period now, although OHS is required to carry out an inflation analysis every year.
  - Lou Gianquinto stated he supported Option 2 but recommended coming up with a way to allow for additional adjustments while still providing payers and providers with some lead time. Chris Ulbrich agreed with Lou.
- Deidre Gifford asked what the threshold was for high inflation to warrant benchmark changes in the future. Michael Bailit noted this was not currently defined but that the Steering Committee could determine what this value should be.
  - Josh Wojcik agreed that if OHS were to make any adjustments, it should also create a policy for when adjustments should be made.
  - Ted Doolittle also supported the need for rules around when to make adjustments, stating he was more concerned with the long-term impact of the benchmark program than the 2023-2025 values.
  - Andy Markowski echoed Ted's sentiments.
- Lori Pasqualini wondered why the healthcare industry should receive special treatment when all businesses and individuals must deal with the impacts of inflation.
  - Chris O'Connor noted that most businesses can immediately pass cost increases on to their consumers.
  - Kathy Silard added that healthcare was experiencing greater increases in labor costs than other industries since there was not a sufficient labor force.
- Deidre Gifford asked what the responsibility of the healthcare system is in times of high inflation to modulate costs, especially when healthcare cost growth generally exceeds inflation and since healthcare is a unique industry where consumer choice can be more limited. Deidre also noted that there will always be reasons for healthcare prices to go up and she expressed concern with the slippery slope that modifying the benchmark could create. Deidre stated she supported making no modifications beyond committing to offering contextualization.
  - Susan Millerick agreed with Deidre's comments but noted that she would also support a time-limited allowance added on to the benchmark.

	<ul style="list-style-type: none"> <li>○ Noting that there was no direct penalty associated with not meeting the benchmark, Paul Grady agreed with Deidre in support of committing to offering contextualization without making any adjustments to the benchmark values.</li> <li>○ Chris O'Connor responded to Deidre's comments noting that healthcare has to contend with a regulatory environment from both ends: they are being required to maintain certain services while simultaneously being asked not increase costs.</li> <li>○ Josh Wojcik stated that he feared not making an adjustment could lead to the benchmark being ignored. Josh stated that Option 2 made him nervous in that the change would not account for ability to pay (via median household income).</li> <li>○ Lori Pasqualini stated that she thought it was important to also look at employers' ability to pay.</li> </ul> <ul style="list-style-type: none"> <li>● Lori Pasqualini offered support for Option 1, though she recommended only making adjustments for 2023 and 2024 at this time.</li> <li>● Ted Doolittle also stated a preference for Option 1.</li> <li>● Chris O'Connor supported Option 2, believing it to better reflect the reality for providers.</li> <li>● Kathy Silard also stated a preference for Option 2, believing the allowances to still be a stretch for providers but reasonably achievable.</li> <li>● Andy Markowski supported Option 2 as well but expressed some concern about the transition back to lower benchmarks from the inflated values.</li> <li>● Deidre Gifford asked how other states were handling this issue. Michael Bailit noted that Rhode Island's methodology previously only used potential gross state product (PGSP) and so Rhode Island planned to introduce state median income into its equation for the first time when setting new targets, though the PGSP weighting would be heavier than the 20% used in Connecticut. In addition, Rhode Island's advisory body has recommended creating an allowance on top of the new benchmark values to account for inflation. Michael also noted that Massachusetts had set its benchmark value for 2023, raising it from 3.1% to 3.6%.</li> </ul>		
<b>7.</b>	<b>Office of the State Comptroller Presentation on Primary Care</b>	<b>Josh Wojcik</b>	<b>4:10 pm</b>
	There was not sufficient time for this agenda item. This presentation will be moved to a future Steering Committee meeting.		
<b>8.</b>	<b>Wrap-up and Next Steps</b>	<b>Claudio Gualtieri</b>	<b>4:55 pm</b>
	Claudio Gualtieri thanked everyone for their participation and shared that the next meeting would be held on Monday, November 21 <sup>st</sup> , from 3-5 pm.		
<b>9.</b>	<b><u>Committee Action: Adjournment</u></b>	<b>Steering Committee Members</b>	<b>5:00 pm</b>
	Susan Millerick motioned to adjourn. Another member seconded the motion. The meeting adjourned at 3:56 pm.		

**Upcoming Meeting Dates:**

Monday, November 21<sup>st</sup>

Monday, December 19<sup>th</sup>

**All meeting information and materials are published on the OHS website located at:**

<https://portal.ct.gov/OHS/Pages/Healthcare-Benchmark-Initiative-Steering-Committee/Meeting-Agendas>