

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
February 26, 2024	3:00 pm – 5:00 pm	Zoom Meeting: https://us02web.zoom.us/j/86419983822?pwd=Ymkzb0U4VFgxbFRVNERRNmVtSjc1Zz09

Participant Name and Attendance | Steering Committee Members

Timothy Archer	R	Angela Harris	R	Cassandra Murphy	R
Joanne Borduas	R	Sean King	R	Lori Pasqualini	R
Jim Cardon	R	Gail Kosyla	R	Kathy Silard	R
Ayesha Clarke	X	Paul Lombardo	X	Marie Smith	R
Francois de Brantes	X	Chris Manzi	R	Stephen Traub	R
Tiffany Donelson	R	Andy Markowski	R	Chris Ulbrich	R
Judy Dowd	R	Chris Marsh (Jenn Herz)	R	Kristen Whitney-Daniels	R
Lou Gianquinto	R	Mark Meador	R	Josh Wojcik	R
Deidre Gifford (Chair)	R	Susan Millerick	X	Gui Woolston	R
Paul Grady	R				

Cindy Dubuque-Gallo, OHS	R	Hanna Nagy, OHS	R	Michael Bailit, Bailit Health	R
Krista Moore, OHS	R			Matt Reynolds, Bailit Health	R
R = Attended Remotely; IP = In Person; X = Did Not Attend					

Agenda

	Topic	Responsible Party	Time
1.	Welcome and Roll Call	Deidre Gifford	3:00 pm
	Deidre Gifford welcomed everyone to the February Steering Committee meeting. Deidre invited Matt Reynolds to conduct a roll call. There was a quorum present. Deidre then reviewed the agenda for the meeting.		
2.	Committee Action: Approval of January 29, 2024 Minutes	Steering Committee Members	3:05 pm
	Andy Markowski motioned to approve the minutes. Tim Archer seconded the motion. There was no opposition. Gaili Kosyla and Jennifer Herz abstained. The minutes were approved.		
3.	OHS’ Annual Inflation Review Recommendation	Deidre Gifford	3:10 pm
	Deidre Gifford shared that OHS recommended adjusting the 2024 cost growth benchmark due to the unusually high inflation in 2022 and ~2-year lag in the impact of inflation on healthcare spending. Deidre explained that OHS developed an adjustment by replacing the long-term forecast for Personal Consumption Expenditures (PCE) in the calculation of potential gross state product (PGSP) that was initially used to set the cost growth benchmark with actual PCE inflation for 2022. OHS also used the most up-to-date projections for 2023-2024 median household income growth because of inflation’s impact on income, while retaining the 20/80 weighting of PGSP to median income from the original methodology. Deidre shared that these adjustments produce a 2024 cost growth benchmark value of 4.0% (up from 2.9%).		
	Finally, Deidre stated that in light of its recommendation to adjust the 2024 cost growth benchmark, OHS believes it is necessary to determine specific criteria for when inflation is sufficiently atypical as to warrant an adjustment to the cost growth benchmark; this topic will be brought to the newly proposed Benchmark Oversight Commission, assuming the Governor's bill passes. Otherwise, the Steering Committee will return to		

	<p>this topic later in the year. Deidre asked members for their reactions to OHS’ recommendation to adjust the 2024 cost growth benchmark due to inflation.</p> <ul style="list-style-type: none"> • Angela Harris said it would be helpful for members to see the differences in magnitude between the initial and the updated values used for both median household income and PCE. Michael Bailit replied that OHS could share these figures with the meeting minutes. • Gui Woolston said he was supportive of OHS’ recommended adjustment. Gui suggested that OHS look at the extent of the correlation between general inflation and inflation in healthcare to help guide determination of a threshold for when inflation warrants an adjustment to the cost growth benchmark. • Kathy Silard stated that the growth in expenses for healthcare providers has recently been exceeding the growth in household income. Specifically, Kathy noted that labor cost growth for Stamford Hospital last year was 11%. 			
4.	<table border="1"> <tr> <td>Updated 2024 OHS Goals</td> <td>Deidre Gifford</td> <td>3:25 pm</td> </tr> </table> <p>Deidre Gifford shared OHS’ updated 2024 goals after incorporating Steering Committee feedback received during the January meeting:</p> <ol style="list-style-type: none"> 1. Develop a cost growth driver measure set for annual public reporting. 2. Apply for and enter the CMMI AHEAD Model to advance affordability, quality, equity, and primary care. 3. Analyze and understand hospital cost, financial status, and quality relative to external benchmarks. 4. Develop legislative proposals for 2025: <ul style="list-style-type: none"> • to study the implications, including related to equity, of high costs on patients; • to study the costs associated with building primary care physician and community health worker capacity, and • to substantively slow commercial market spending growth. 5. Focus on messaging the need for long-term equitable and affordable healthcare for Connecticut residents. <ul style="list-style-type: none"> • Paul Grady said he wished the goal language went beyond solely studying the costs associated with building primary care capacity to also call for developing capacity-building strategies. 	Updated 2024 OHS Goals	Deidre Gifford	3:25 pm
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5.	<table border="1"> <tr> <td>Overview of the Governor’s Legislative Proposals</td> <td>Cindy Dubuque-Gallo</td> <td>3:40 pm</td> </tr> </table> <p>Cindy Dubuque-Gallo reviewed Governor’s Bill 5054, An Act Addressing Health Care Affordability. Cindy noted that the bill would:</p> <ul style="list-style-type: none"> • create a Prescription Drug Affordability Board (PDAB); • establish a Cost Growth Benchmark Oversight Commission; • add Performance Improvement Plans (PIPs) to the cost growth benchmark; • allow OHS to conduct Cost and Market Impact Review (CMIR) for entities exceeding the cost growth benchmark; • provide subpoena power for entities required to attend the cost growth benchmark public hearing, and • establish an OHS affordability rate review process in consort with the Insurance Department. <p>Cindy asked members for any questions or comments on the Governor’s legislative proposals.</p> <ul style="list-style-type: none"> • Marie Smith asked how Connecticut’s PDAB proposal compared to the PDAB legislation that had been enacted in other states. Deidre Gifford replied that some other states’ statutes (e.g., Colorado) allows for the PDAB to set upper payment limits. In Connecticut, the PDAB would be advisory to OHS in recommending actions that the State could take to lower prescription drug costs. • Gail Kosyla and Kathy Silard said that if the hospital industry is going to be held accountable to a legislative consequence, they believe the hospitals should have full access to the data used to hold them accountable. 	Overview of the Governor’s Legislative Proposals	Cindy Dubuque-Gallo	3:40 pm
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6.	<table border="1"> <tr> <td>Summary Discussion of Hospital Payment Trends Analyses</td> <td>Michael Bailit</td> <td>4:05 pm</td> </tr> </table> <p>Michael Bailit noted that the Steering Committee had regularly reviewed analyses of cost drivers since its first meeting in October 2021. These analyses regularly identified hospital spending, and specifically changes in hospital payment per service unit, as the number one driver of commercial market spending growth. Michael reviewed the various ways that OHS had studies changes in payment per service unit and some high-level findings of each analysis:</p>	Summary Discussion of Hospital Payment Trends Analyses	Michael Bailit	4:05 pm
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- Hospital service spending represented 58% of commercial spending growth between 2017 and 2022 (APCD data, Jan. 2024 meeting)
- Growth in payment per service unit, not number of units, has been driving both inpatient and outpatient commercial hospital spending in Connecticut (2015-19 APCD data, Oct. 2021 meeting; 2017-2022 APCD data, Jan. 2024 meeting)
- Average annual increases in payment per service unit were 9.8% for hospital inpatient and 7.0% for hospital outpatient between 2017 and 2022. (APCD data, Jan. 2024 meeting)
- Commercial inpatient hospital and emergency department payments per service unit increased 46% and 59% respectively from 2017-2021 (APCD data, Feb. 2023 meeting)
- Not all hospital outpatient services had fast-growing payments per service unit between 2018 and 2022; in fact, a few categories averaged decreases (e.g., radiology). (APCD data, Jan. 2024 meeting)
- Not all hospitals have been experiencing the same rate of increase in payments per service. Annual percentage increases in payment-per-service-unit at the individual hospital level ranged from 3% to 16% for inpatient hospital services, 4% to 20% for ED visits, and 2% to 15% for outpatient surgeries (2016-21 APCD data, Dec. 2023 meeting)
- Average payment per discharge for the individual inpatient services associated with the most statewide spending increased an average of 5% per year while the average payment for equivalent outpatient services increased an average of 7% per year, including 14% per year for ED visits. (2017-22 APCD data, Dec. 2023 meeting)

Michael then shared data on the patient-reported impact that high health care costs had on Connecticut residents, including medication rationing and deferred or skipped care.

Deidre Gifford asked that the Steering Committee to now move forward and take collective action to develop solutions to address the affordability problem that Connecticut residents face.

- Gail Kosyla noted that the data the Steering Committee regularly reviews were difficult for hospitals to reconcile with their internal data. Gail said she would like to be able to replicate the analyses that OHS performs using APCD data. Michael Bailit noted that the APCD was publicly accessible, so Yale new Haven Health could submit a request to OHS to receive a data extract.
- Jim Cardon said he thought OHS must look holistically at commercial, Medicaid, and Medicare and their interdependencies. Jim also stated that he believed using clinical risk-adjustment was necessary. Finally, Jim noted that there are other drivers of payment growth that are not related to negotiated price and are out of a hospital’s control, including aging and chronic illness prevalence.

7.	Public Comment	Members of the Public	4:50 pm
	Deidre Gifford invited public comment. There were no public comments.		
8.	Wrap-up and Next Steps	Deidre Gifford	4:55 pm
	Deidre Gifford stated that the next Steering Committee meeting would be held in person on Monday, March 25, 2024 from 3-5 pm at 450 Capitol Avenue in Hartford.		
9.	<u>Committee Action: Adjournment</u>	Steering Committee Members	5:00 pm
	Joanne Borduas motioned to adjourn. Angela Harris seconded the motion. The meeting adjourned at 4:35 pm.		

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>