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Healthcare Cost Growth Benchmark Steering Committee Meeting

May 20, 2024

"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."

Welcome and Roll Call

Meeting Agenda

Time	Topic
3:00 p.m.	I. Welcome and Roll Call
3:05 p.m.	II. Approval of March Meeting Minutes – Vote
3:10 p.m.	III. June Public Hearing Agenda
3:25 p.m.	IV. Retail Pharmacy Spending Trends
4:05 p.m.	V. Longitudinal Spending and Quality Analyses
4:50 p.m.	VI. Public Comment
4:55 p.m.	VII. Wrap-Up and Next Steps
5:00 p.m.	VIII. Adjournment

Approval of March 25th Meeting Minutes – Vote

June Public Hearing Agenda

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Preliminary June Public Hearing Agenda

	Introduction
Panel 1:	Retail Pharmacy
Panel 2:	Insurer Cost Growth and Primary Care Spend
Panel 3:	Advanced Networks and Quality Care

Retail Pharmacy Spending Trends

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Retail Pharmacy Spending Trends: Background

- As a reminder, during OHS' March presentation of the 2022 cost growth benchmark results, we observed that retail pharmacy was the number one driver of 2022 spending growth across all three markets.
- Since that time, OHS has conducted follow-up analyses using APCD data to put this observation into the context of longitudinal trends, and to better understand the role of changes in payment per unit vs utilization.
  - Keep in mind that the data we present to you now does not align perfectly with the data presented in March due to the different data sources used, including the lack of drug rebates in the APCD.

Measured Population

- Connecticut residents of all ages and all gender identities
- Payments made through June 2023 for prescriptions filled between 2018 and 2022
- Retail pharmacy claims for members with commercial, Medicaid, or Medicare coverage
- Medicaid results include members who are dually eligible for Medicare
  - Commercial and Medicare results are restricted to those with primary coverage
  - Medicare FFS data are available for 2018 only. Medicare 2019-2022 data are therefore specific to Medicare Advantage.

Methodology

- Total Spending is based on the “allowed” amount, which includes the patient cost sharing obligation
- Units are 30-day equivalents

Retail Pharmacy: Total Spending Trends

Year	Market	PMPM Spending	Payment per Unit	Utilization per Thousand
2021–2022 Trend	Commercial	14.1%	7.0%	5.9%
	Medicaid	5.3%	8.9%	-3.6%
	Medicare	14.6%	5.8%	7.7%
Average Annual Trend, 2018–2022	Commercial	6.4%	6.1%	1.8%
	Medicaid	1.9%	5.4%	-2.6%
	Medicare	19.3%	11.1%	11.3%

Here we see that retail pharmacy payment per unit has been increasing across all three markets, with increased utilization playing an equally significant role for the Medicare market, specifically.

Source: APCD

Retail Pharmacy: Generic Spending Trends

Year	Market	PMPM Spending	Payment per Unit	Utilization per Thousand
2021-2022 Trend	Commercial	7.7%	-0.4%	7.4%
	Medicaid	-3.0%	0.8%	-2.7%
	Medicare	12.4%	5.8%	6.9%
Average Annual Trend, 2018-2022	Commercial	-0.6%	-1.5%	1.7%
	Medicaid	-5.1%	-1.0%	-2.7%
	Medicare	20.2%	-0.3%	23.4%

Here we see that retail pharmacy spending for generic drugs has only seen consistent growth in the Medicare market. Further, while 2021-2022 appears to be an exception, this trend has been a result of increased utilization and not increases in payment per unit.

Source: APCD

Retail Pharmacy: Brand Spending Trends

Year	Market	PMPM Spending	Payment per Unit	Utilization per Thousand
2021–2022 Trend	Commercial	15.5%	17.4%	-1.1%
	Medicaid	6.4%	18.5%	-9.9%
	Medicare	15.0%	-2.5%	12.7%
Average Annual Trend, 2018–2022	Commercial	8.1%	5.2%	3.4%
	Medicaid	2.9%	8.1%	-4.7%
	Medicare	32.4%	8.3%	22.6%

Here we see that retail pharmacy payment per unit for brand-name drugs has been increasing across all three markets, with increased utilization again playing a major role in accelerating spending growth in the Medicare market specifically.

Source: APCD

Spending Trends by Drug Class

- Two high-spend drug classes have seen rapid growth in spending across all three markets in recent years: **immunosuppressants** and **antineoplastic agents**.
  - Immunosuppressants are drugs used to treat autoimmune diseases and to support organ transplants.
  - Antineoplastic agents are cancer drugs.
- Other drug classes, such as respiratory agents, have also seen rapid growth, but represent a smaller portion of total retail pharmacy spending and thus had a less significant impact on overall retail pharmacy spending growth.
- The following slide illustrates the relative share of 2022 retail pharmacy spending represented by immunosuppressants and antineoplastic agents for each market.

2022 Retail Pharmacy Spending on Immunosuppressants and Antineoplastic Agents

Drug Class	Market	Total 2022 Spending in the APCD	% of 2022 Retail Pharmacy Spending in the APCD	2022 Spending Rank Among Drug Classes
Immunosuppressants	**Commercial**	$595,677,279	26%	#1
	Medicaid	$262,533,181	15%	#3
	Medicare	$240,385,390	8%	#5
Antineoplastic Agents	**Commercial**	$217,451,390	10%	#4
	Medicaid	$82,673,711	5%	#4
	Medicare	$386,603,888	13%	#2

We will next look at the recent spending trends by market for each of these two drug classes.

Source: APCD

Immunosuppressants Spending Trends

Year	Market	PMPM Spending	Payment per Unit	Utilization per Thousand
2021–2022 Trend	Commercial	25.9%	9.1%	15.2%
	Medicaid	22.8%	9.9%	9.1%
	Medicare	27.6%	10.5%	14.7%
Average Annual Trend, 2018–2022	Commercial	21.9%	8.2%	12.1%
	Medicaid	21.4%	9.1%	10.9%
	Medicare	34.9%	10.5%	24.9%

Increased spending on immunosuppressants appears to be driven by both increasing utilization and increasing payment per unit.

Source: APCD

Antineoplastic Agents Spending Trends

Year	Market	PMPM Spending	Payment per Unit	Utilization per Thousand
2021–2022 Trend	Commercial	19.4%	11.3%	5.6%
	Medicaid	2.9%	10.5%	-4.3%
	Medicare	15.2%	10.2%	6.4%
Average Annual Trend, 2018–2022	Commercial	14.5%	13.7%	1.9%
	Medicaid	14.7%	18.2%	-0.5%
	Medicare	23.1%	21.5%	11.9%

Increased spending on antineoplastic agents appears to be largely driven by increasing payment per unit, though increased utilization also has had an impact for the Medicare market.

Source: APCD

Retail Pharmacy Spending Trends Summary

1. Retail pharmacy payment per unit has grown across all three markets due to increased payments for brand-name drugs.

2. Retail pharmacy spending growth is amplified in the Medicare market by increasing utilization.

3. Spending on *immunosuppressants* and *antineoplastic agents* has driven retail pharmacy spending growth across all three markets.

   - Average annual growth in payment per unit approached or exceeded 10% for both drug categories from 2018-22.

Longitudinal Spending and Quality Analyses

Longitudinal Cost Growth Benchmark Spending Analyses

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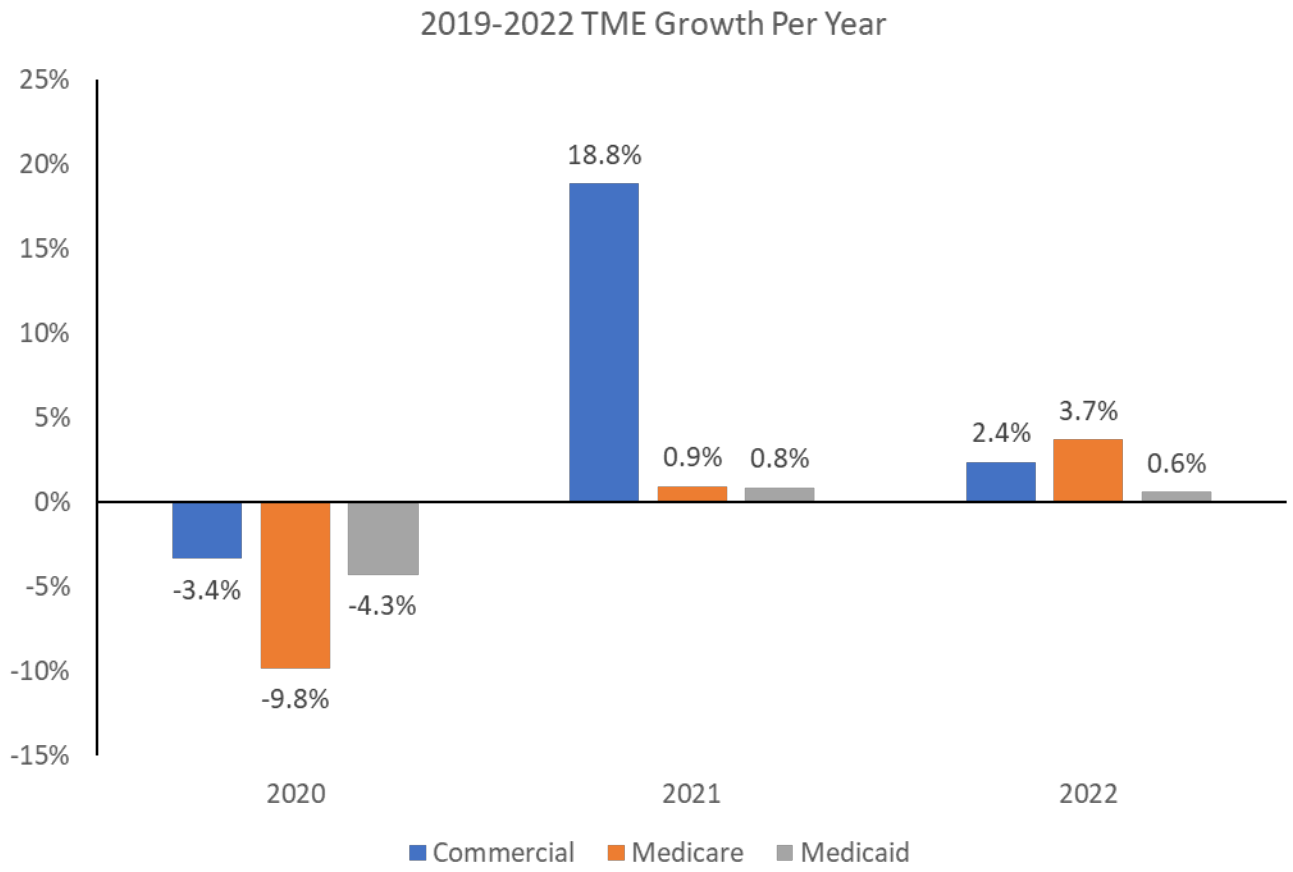
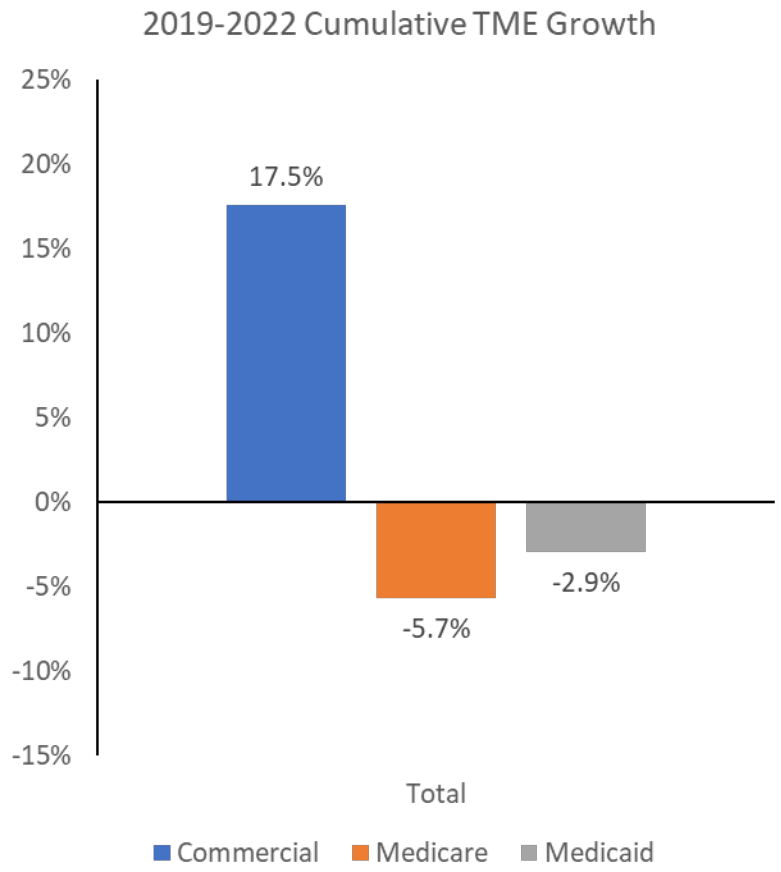
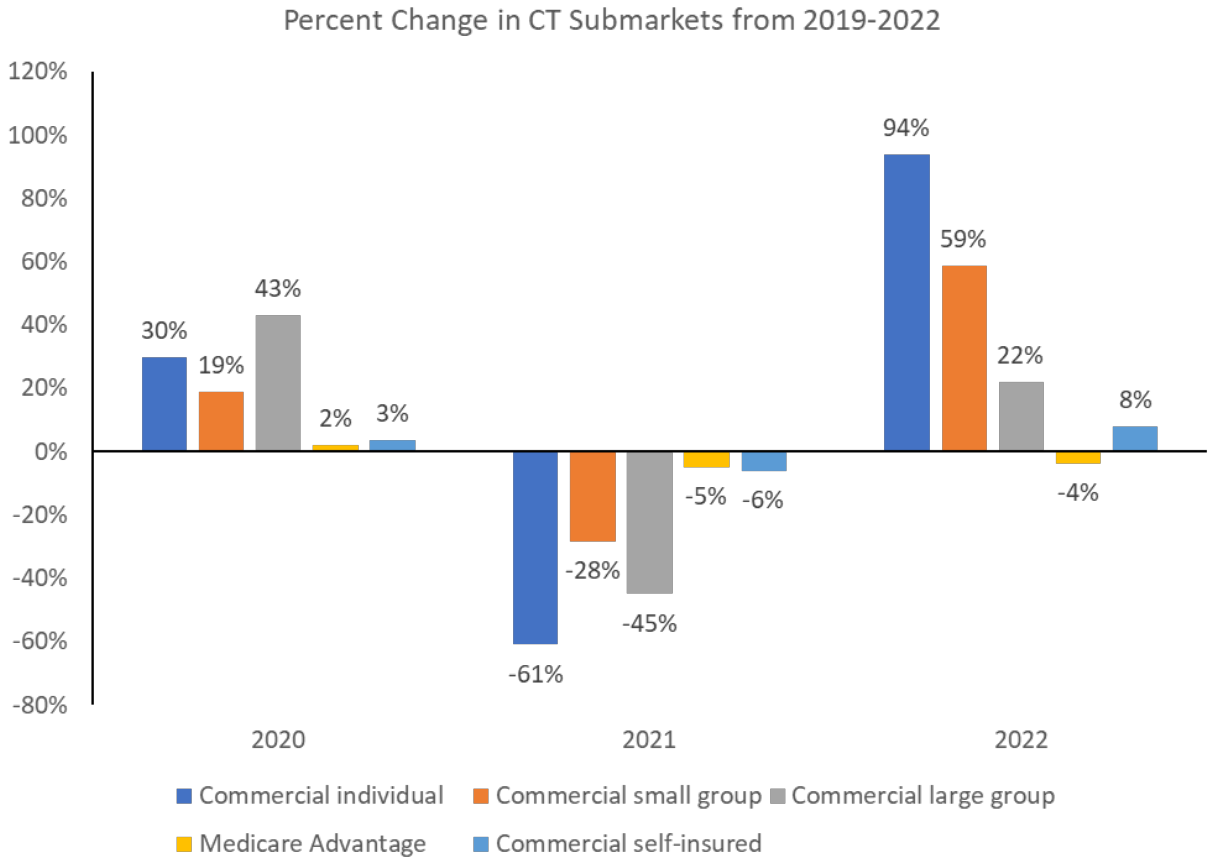
Per Capita Total Medical Expense (TME) Growth by Market

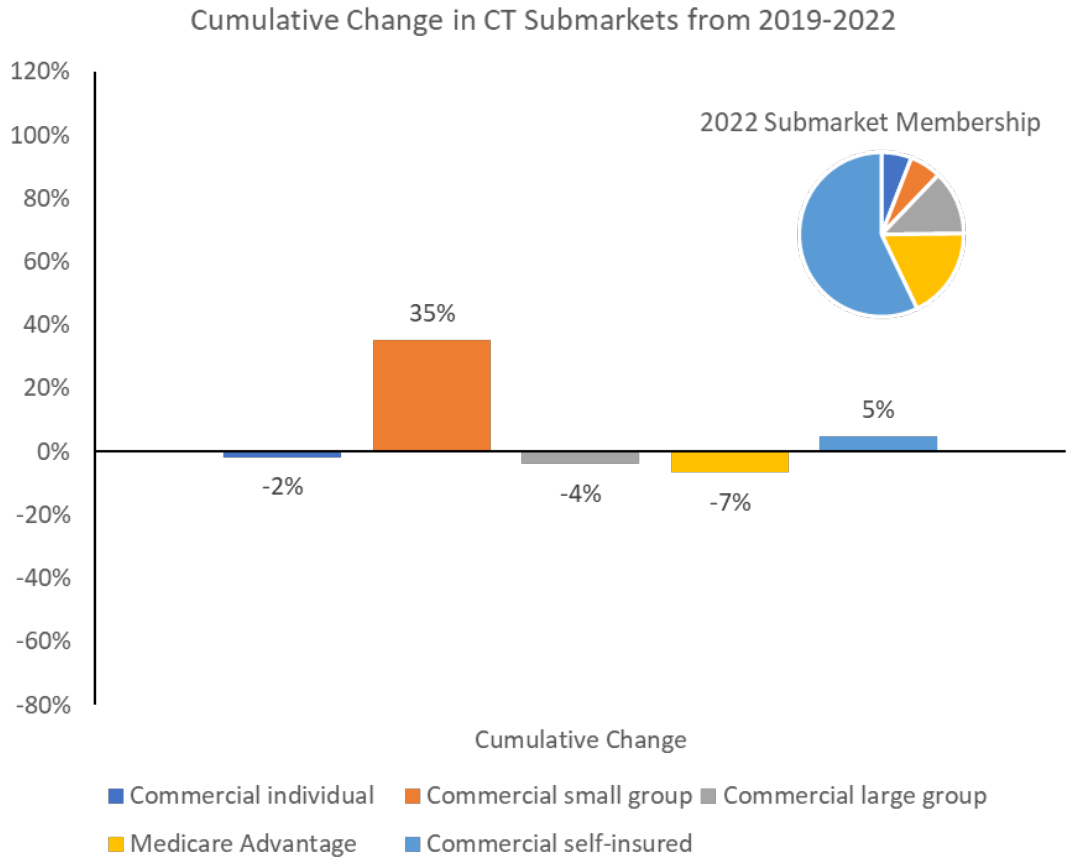




Source: Cost Growth Benchmark Program 2019-2021 & 2021-2022.

Per Capita NCPHI Growth by Submarket





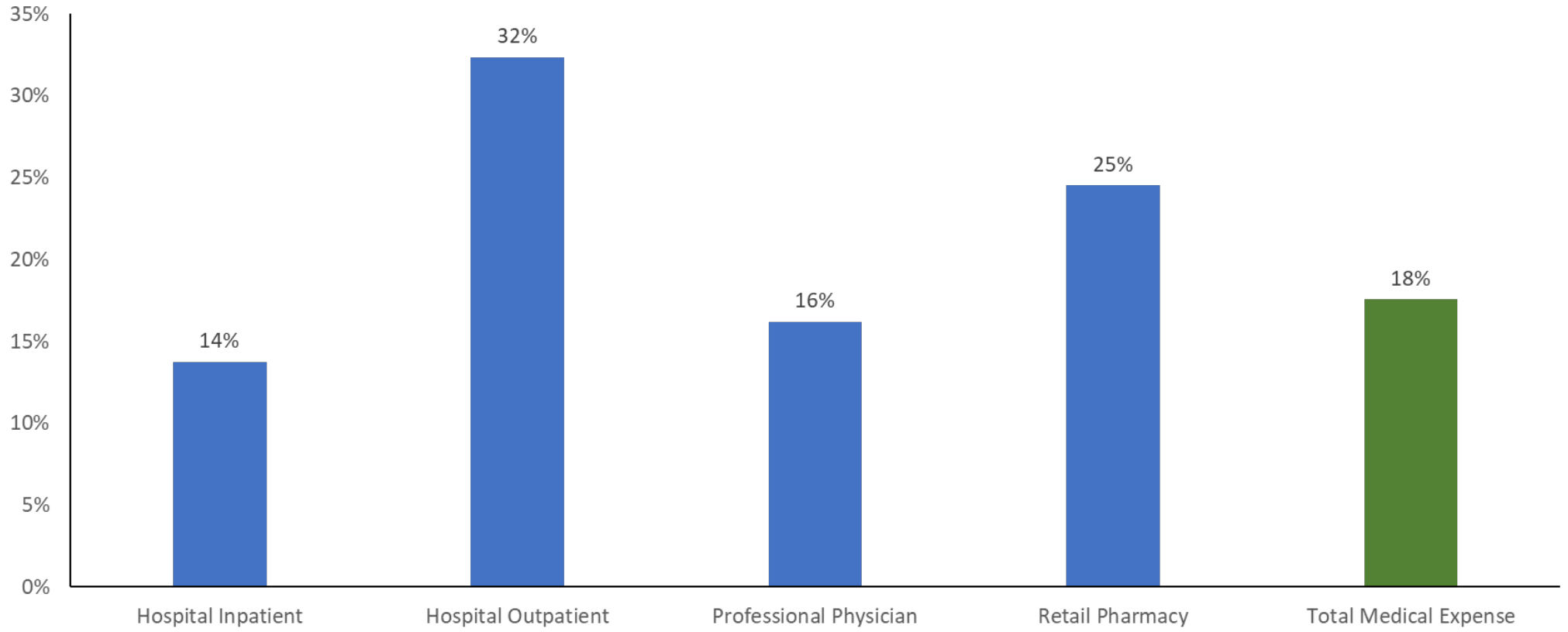
NCPHI = Net Cost of Private Health Insurance (private insurer administrative cost and margin)
Source: CMS Medical Loss Ratios and Cost Growth Benchmark Program 2019-2021 & 2021-2022.

Highest Contributors to Spending Growth by Market by Year

Highest Contributors to Spending Growth by Market by Year									
Rank	Commercial			Medicare			Medicaid		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
1	Retail Pharmacy	Hospital Outpatient	Retail Pharmacy	--	Hospital Outpatient	Hospital Outpatient	Hospital Inpatient	Hospital Outpatient	Retail Pharmacy
2	--	Hospital Inpatient	Professional Physician	--	Professional Physician	Retail Pharmacy	--	Professional Physician	Hospital Outpatient
3	--	Professional Physician	--	--	Non-Claims	--	--	Retail Pharmacy	--

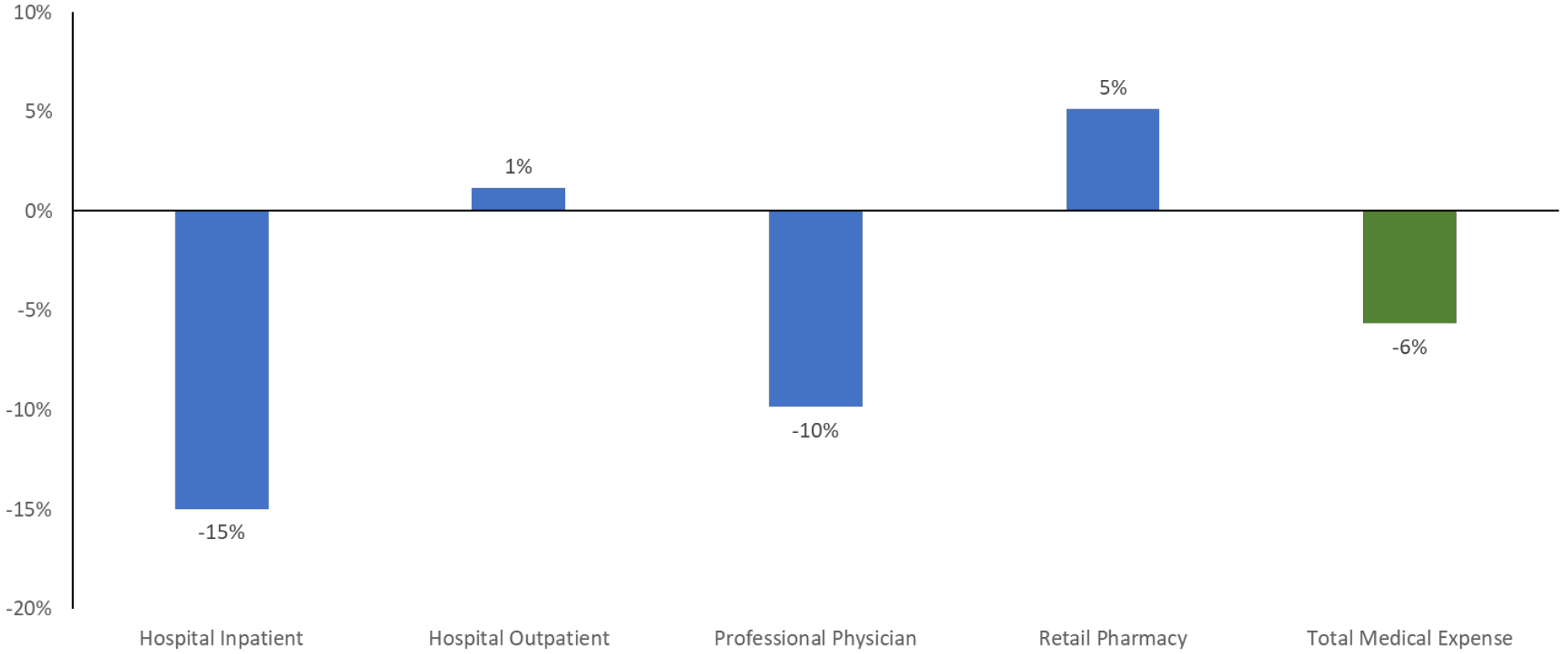
Source: Cost Growth Benchmark Program 2019-2021 & 2021-2022.

Change in 2019-2022 Commercial Market Spending by Service Category



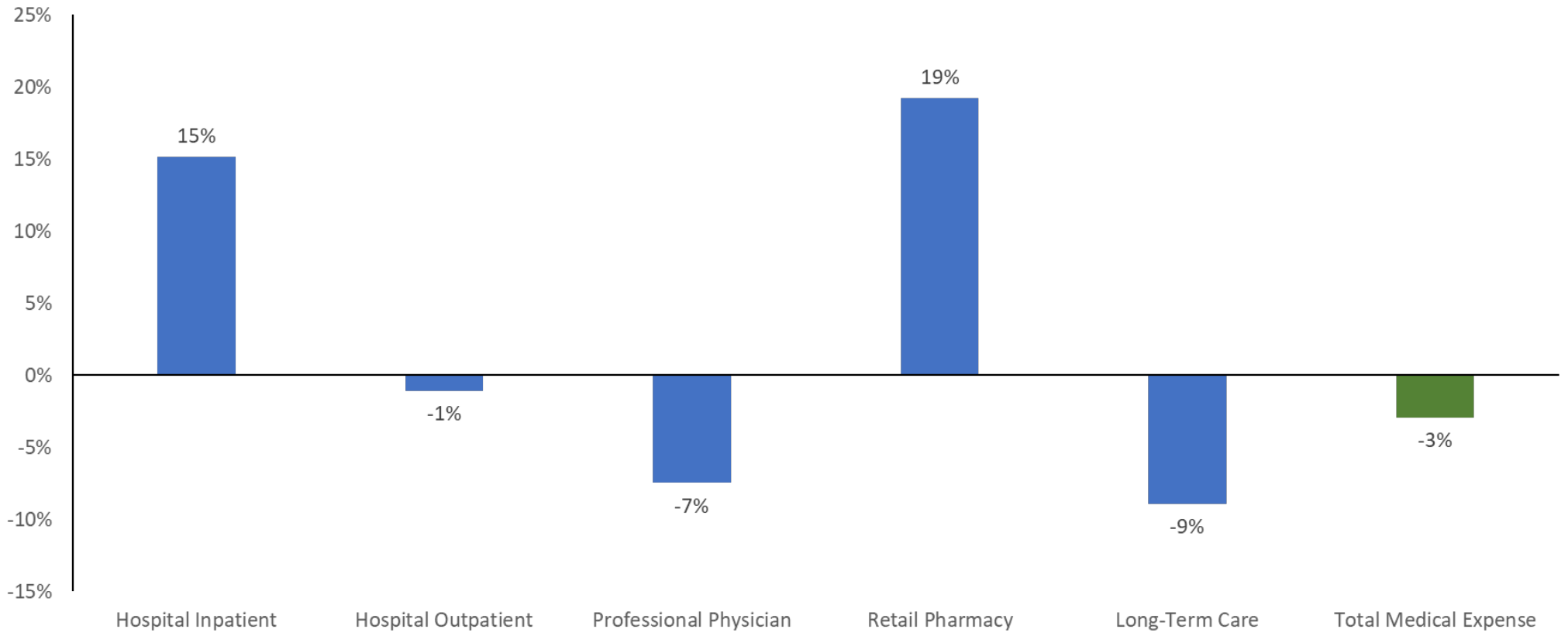
Source: Cost Growth Benchmark Program 2019-2021 & 2021-2022.

Change in 2019-2022 Medicare Market Spending by Service Category



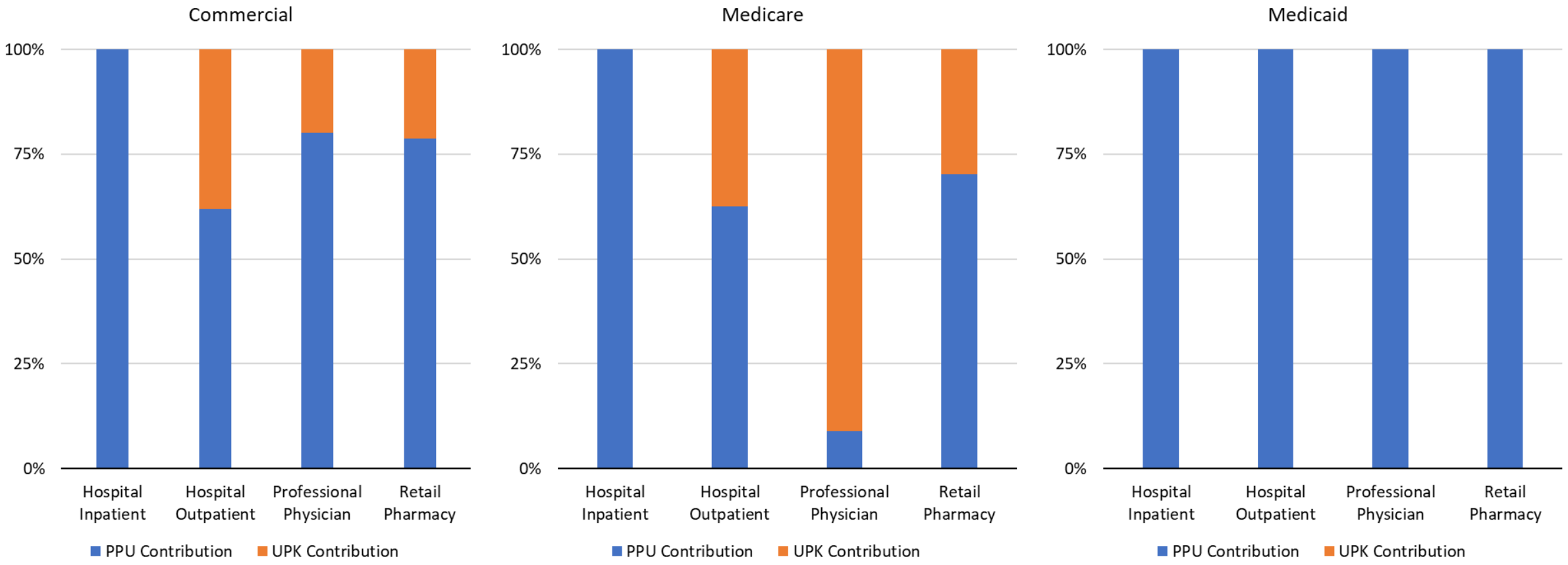
Source: Cost Growth Benchmark Program 2019-2021 & 2021-2022.

Change in 2019-2022 Medicaid Market Spending by Service Category



Source: Cost Growth Benchmark Program 2019-2021 & 2021-2022.

PPU and UPK Contribution to Healthcare Spending Growth, 2017-22



Source: Connecticut's All-Payer Claims Database 2017-2022.

Longitudinal Quality Benchmark Analyses

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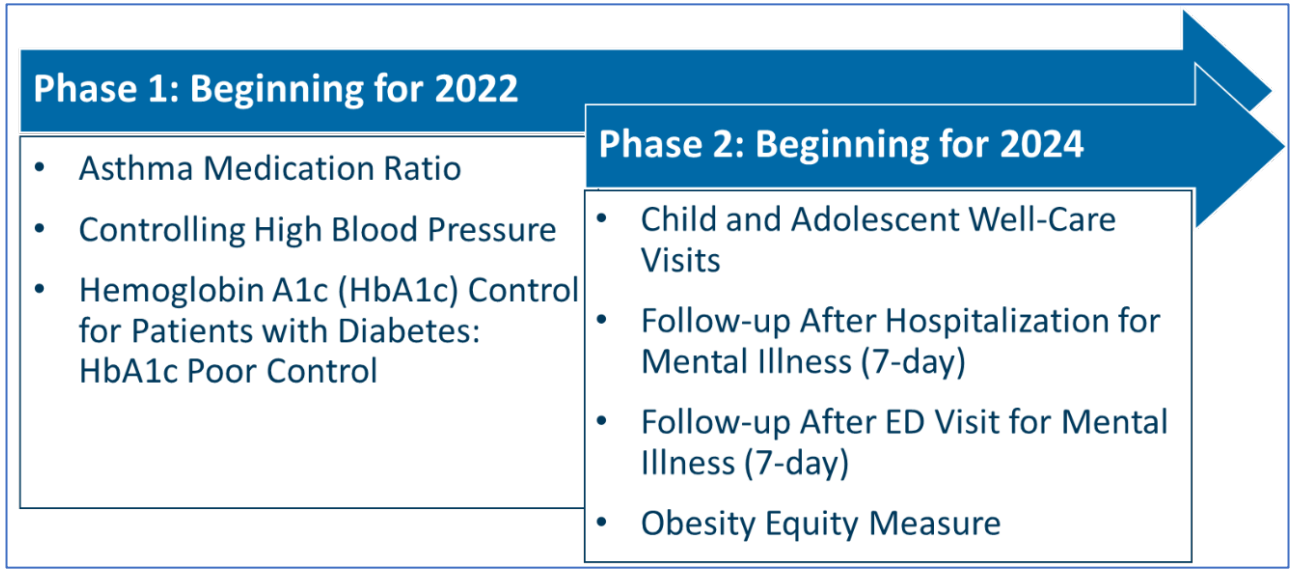
Connecticut's Quality Benchmarks

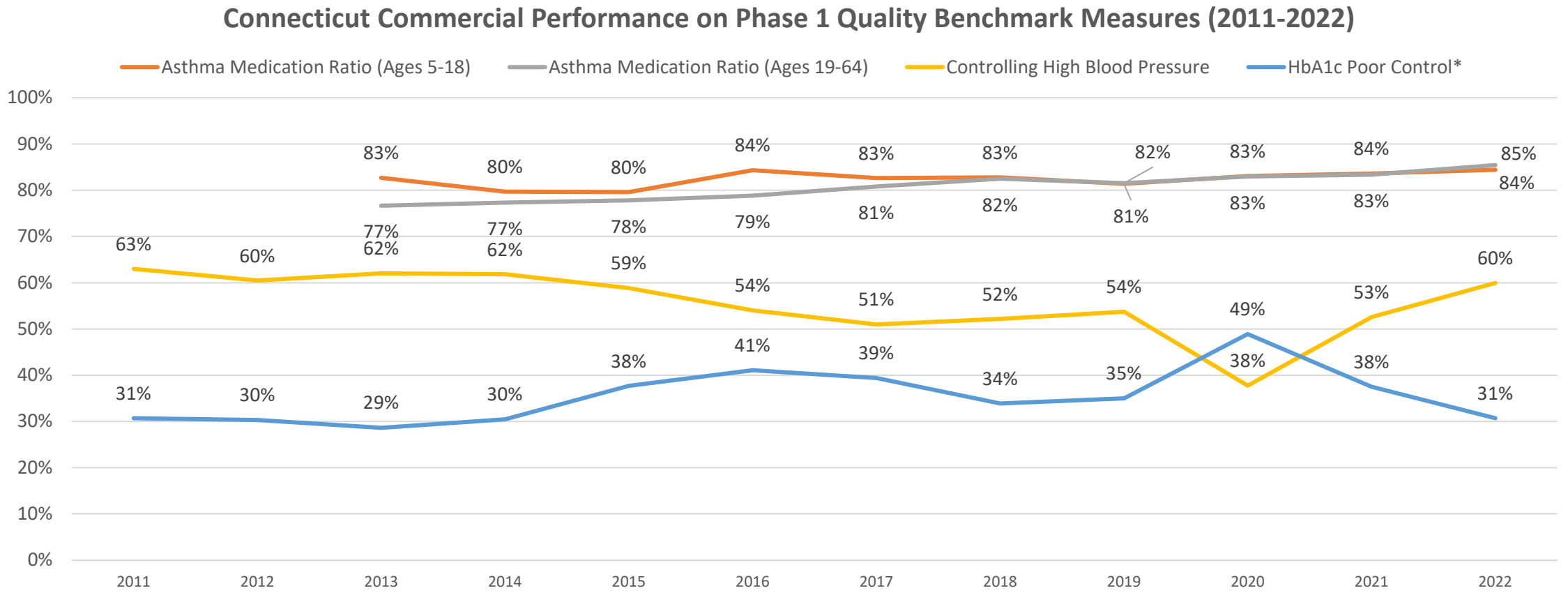
- OHS selected seven Quality Benchmark measures and values for phased implementation.
- The Quality Benchmarks offer a balanced perspective on health system performance, safeguarding against potential stinting of care and protecting patients' interests in the context of a cost growth benchmark.



Longitudinal Quality Benchmark Performance (1 of 3)

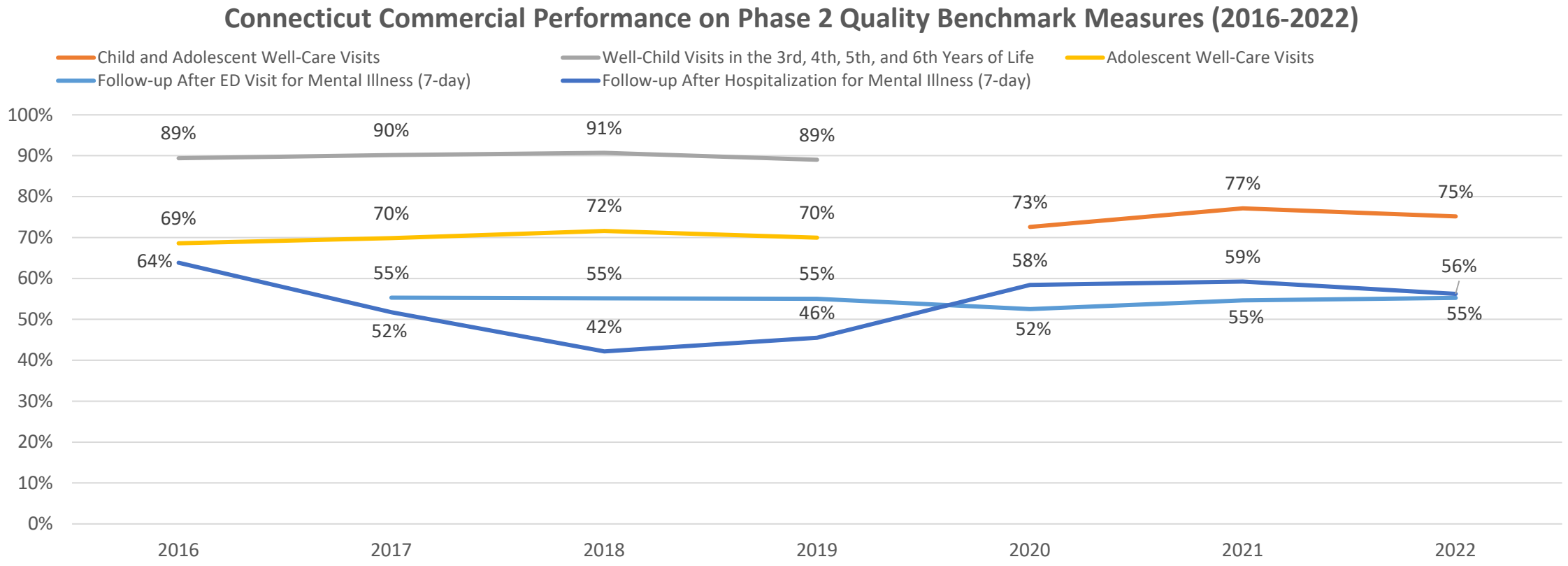
- During the April Quality Council Meeting, OHS presented 2022 Quality Benchmark Performance for the three Phase 1 Quality Benchmark measures (*Asthma Medication Ratio*, *Controlling High Blood Pressure*, and *Hba1c Poor Control*).
- During the meeting, a Quality Council member asked whether OHS could provide longitudinal performance data on the Quality Benchmark measures.
- The following slides present longitudinal CT commercial performance for the Phase 1 and Phase 2 Quality Benchmark measures using data from NCQA's Quality Compass database.
    - OHS does not have access to comparable data for the Medicare Advantage or Medicaid markets.

Longitudinal Quality Benchmark Performance (2 of 3)



*A lower performance rate indicates better performance for *HbA1 Poor Control.*
Data Source: NCQA Quality Compass (product years 2012-2023)
Notes: Commercial performance includes all lines of business. NCQA did not publish performance for Asthma Medication Ratio until 2013.

Longitudinal Quality Benchmark Performance (3 of 3)



*A lower performance rate indicates better performance for *HbA1 Poor Control.*
Data Source: NCQA Quality Compass (product years 2017-2023)
Notes: Commercial performance includes all lines of business. NCQA did not publish performance for *Follow-Up After ED Visit for Mental Illness* until 2017. In 2020, NCQA combined *Adolescent Well-Care Visits* and *Well-Child Visits in the 3rd, 4th, 5th and 6th Years of Life* into one measure - *Child and Adolescent Well-Care Visits*.

Public Comment

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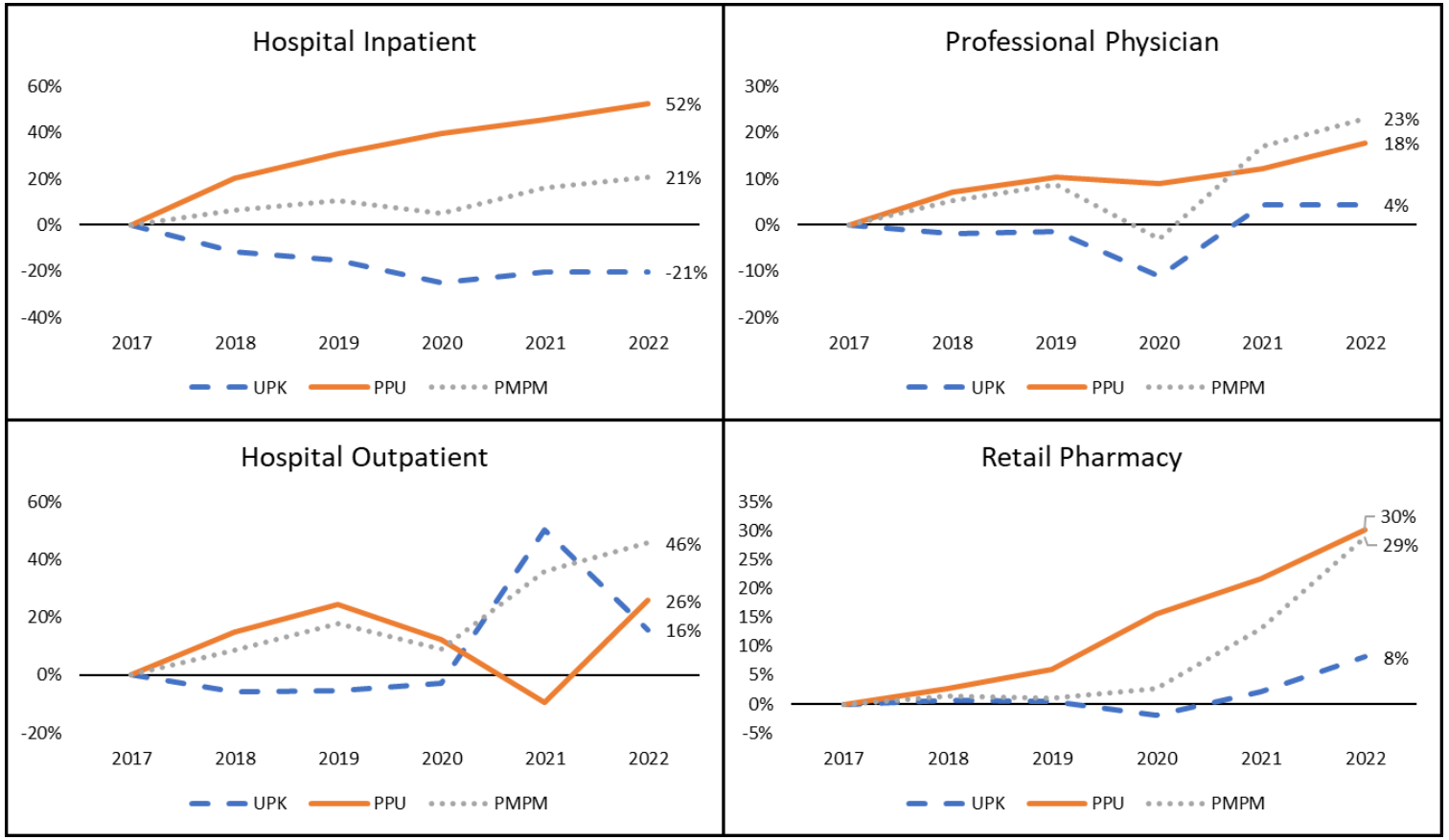
Wrap-Up and Next Steps

Wrap-Up and Next Steps

- The June Steering Committee meeting is canceled, as OHS will be holding the statutorily required **annual public hearing** on the cost growth benchmark, primary care spending target, and quality benchmark results on **June 25th** in the **Legislative Office Building**.

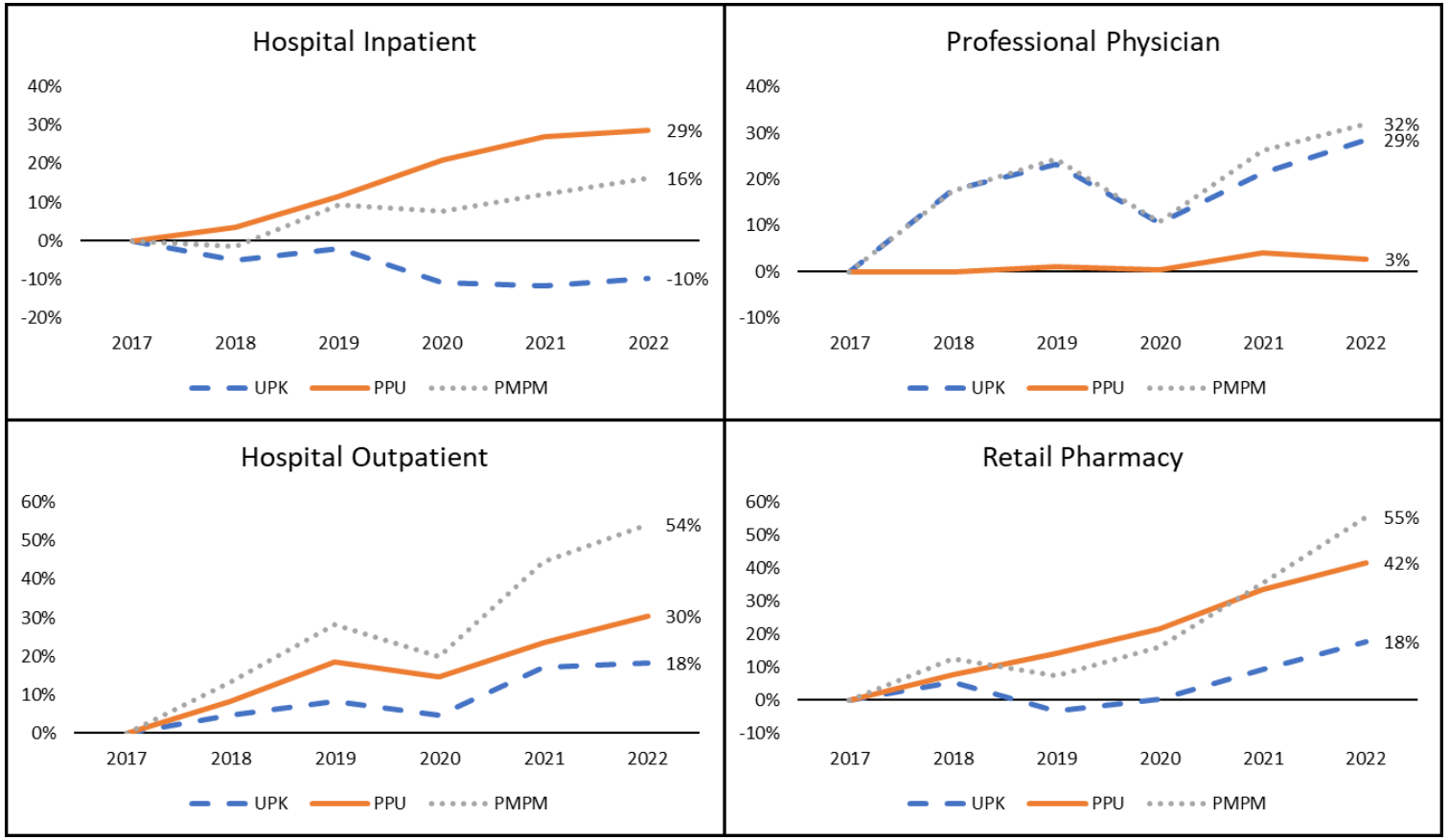
Appendix

Commercial Spending Growth by Service Category: Price vs Utilization



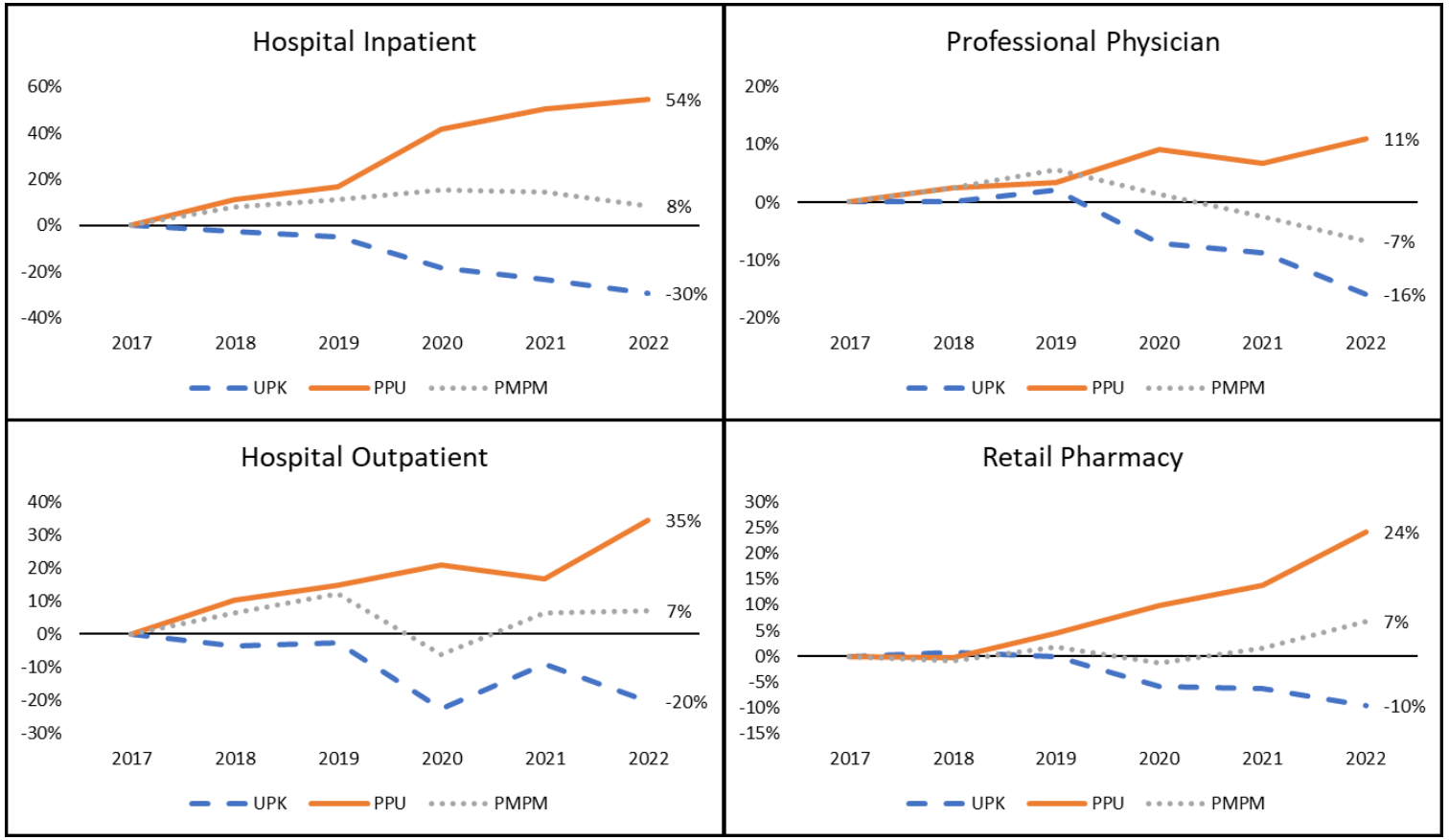
Source: Connecticut's All-Payer Claims Database 2017-2022.

Medicare Advantage Spending Growth by Service Category: Price vs Utilization



Source: Connecticut's All-Payer Claims Database 2017-2022.

Medicaid Spending Growth by Service Category: Price vs Utilization



Source: Connecticut's All-Payer Claims Database 2017-2022.