Healthcare Benchmark Initiative Technical Team
Meeting Minutes

"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
November 1, 2024	2:00 pm – 4:00 pm	Microsoft Teams Meeting: TEAMS +1 860-840-2075, 238 778 610 367 Passcode: NxnuCT

Technical Team Member Name	Attendance	Technical Team Member Name	Attendance
Loren Adler	A	Paul Grady	A
Don Berwick	A	Jason Hockenberry	A
Sabrina Corlette	A	Chris Manzi	A
Francois de Brantes	A	Roslyn Murray	A
Stefan Gildemeister	A	Joshua Wojcik	A
OHS and Contractors	**Attendance**	**OHS and Contractors**	**Attendance**
Deidre Gifford, OHS	A	Patty Blodgett, OHS	A
Alex Reger, OHS	A	Michael Bailit, Bailit Health	A
Lisa Sementilli, OHS	A	Erin Taylor, Bailit Health	A
A = Attended; NA = Did not attend			

Agenda

	Topic	Responsible Party	Time
1.	**Welcome, Call to Order and Introductions**	**Deidre Gifford**	**2:00 pm**
	Deidre Gifford welcomed everyone to the first meeting of the Healthcare Benchmark Initiative (HCBI) Technical Team. Deidre introduced the Connecticut Office of Health Strategy (OHS) staff and the contractors supporting the HCBI. Deidre reviewed the meeting agenda and reminded attendees to review the conflict-of-interest statements and notify OHS of any questions or concerns. Deidre invited Technical Team members to introduce themselves and to ask questions throughout the meeting.		
2.	**Charter**	**Deidre Gifford**	**2:05 pm**
	Deidre Gifford reviewed the objectives and charge of the HCBI Technical Team and described the process established to achieve the objectives. Technical Team members did not have any questions.		
3.	**Overview of Meeting Plan**	**Michael Bailit**	**2:10 pm**
	Michael Bailit reviewed the meeting plan, noting that the first meeting was to ground members in the health care cost growth benchmark and primary care spending target work in Connecticut. Michael indicated that the Technical Team was scheduled to meet five times from November 2024 through January 2025. Michael reviewed the planned meeting topics and goals for each Technical Team meeting.		
4.	**Background and Orientation to Connecticut's Cost Growth Benchmark and Primary Care Target**	**Deidre Gifford, Alex Reger and Michael Bailit**	**2:15 pm**
	<u>4a. Connecticut's Healthcare Benchmark Legislation and Governance Structure</u> Deidre Gifford provided Technical Team members with a summary of the background of the Office of Health Strategy, including the mission and four primary workstreams. Deidre told Technical Team members that the HCBI was one of the first Executive Orders Governor Lamont issued when his administration took office. Governor Lamont directed OHS to set a benchmark for total healthcare expenditures growth in the state; set benchmarks for healthcare quality in the state; and set targets for increased primary care spending as a percentage of total health care expenditures. Deidre said many of the Executive Order requirements are now codified in statute. Deidre explained that transparency is the enforcement mechanism through which OHS holds entities accountable for not meeting the healthcare spending benchmark and / or primary care spending targets.		

- A member of the Technical Team asked if the aggregate data payers submit include plans covered by Employee Retirement Income Security Act (ERISA). Deidre responded, explaining that aggregate data to date have included ERISA plans, adding that one Connecticut insurer had recently notified OHS that it will no longer provide ERISA data in aggregate in the future. The Technical Team member who asked the question noted that this was a threat to the completeness of the data.
- A member of the Technical Team asked if OHS was able to see in the aggregate data per-unit prices. Deidre said the aggregate spending data payers submit do not enable OHS to do so, but parallel analytic work that assesses drivers of healthcare spending and spending growth using the State's all-payer claims database (APCD) allows for analyses of the role of prices and utilization across different service categories. Deidre said there are a good number of covered lives in the APCD, and the state is working to get more. Alex Reger added that OHS examined the percentage of total lives captured in the APCD and found that it is representative.
- A member of the Technical Team asked about the role of the Technical Team as technical advisors, and whether the Technical Team members should provide technically based guidance or keep strongly in mind the cost containment part of OHS's goal. The member asked if it was part of the Technical Team's job to advise on benchmark development such that cost containment is advanced or just get to a value. Deidre said the goal is to ensure the benchmark is grounded in a solid, technical base and considers achievability. She added that benchmarks are only going to be effective to the extent that those that are subject to them believe they are achievable. She said some stakeholders are questioning whether the current benchmarks are feasible to achieve or if there are extenuating circumstances that make it difficult.
- A Technical Team member said the state's hospital association and drug manufacturers view any benchmark as impossible to achieve, while consumers think they are achievable. Another Technical Team member continued with this point by saying the viewpoint of the public is that the benchmark is a directive to stakeholders about what they need to achieve and find a way to do so.

Deidre reviewed the annual HCBI timeline and key deliberating bodies. She said OHS does not have a statutorily required governing or voting body.

<u>4b. Connecticut's Healthcare Cost Growth Benchmark</u>

Michael Bailit provided a brief introduction to healthcare cost growth benchmarks generally. Michael said Connecticut's commercial insurers are all national insurers and not local health plans. Michael indicated that a healthcare cost growth benchmark is not sufficient to slow spending growth, and that additional, complementary actions are needed to attain that goal.

- Regarding measuring total healthcare expenditures (THCE), a Technical Team member asked how the program measures payments that are not on a provider's claim. Michael responded that payers report non-claims-based payments by certain State-specified categories. He said when the State validates the data, it looks at annual spending changes to see if they appear reasonable relative to other insurers and the prior year. Michael said the data do not show who is receiving non-claims payments. Deidre added that OHS is seeking to have non-claims spending added to the APCD to see which providers are receiving non-claims payments. Michael said OHS has a separate reporting process for understanding payer use of alternative payment models.
- Michael reviewed the levels at which OHS reports on healthcare spending growth and performance relative to the benchmark. A Technical Team member asked for clarification on what "Advanced Network" meant. Michael replied that in Connecticut, Advanced Networks are larger provider organizations with employed or otherwise affiliated primary care clinicians. They may include health systems, medical groups, federally quality health centers (FQHCs), and independent practice associations (IPAs).
- Michael described approaches other states have taken to incorporate equity into their healthcare cost growth benchmark programs, including using consumer-centric economic indicators to inform the value of the benchmark. A Technical Team member asked for clarification about the indicator to which states are trying their benchmarks, specifically if the benchmarks are tied to growth or trends in income and wages. Michael said some states use projected state economic growth rates, other states

set their benchmarks based on household income or wages as the state economy may grow at a more robust level than the incomes of residents, and some states use a combination.

- A Technical Team member asked how Connecticut and other states are considering evidence that current levels of healthcare spending incorporate a certain amount of waste and inefficiency for which a state may not want to encourage future growth. The member asked how states are incorporating those assumptions of growth. Michael said that no state has explicitly factored in consideration of wasteful spending into benchmark setting, but this can be a discussion point for a future meeting when the Technical Team begins discussing the benchmark methodology. Deidre invited Technical Team members to share thoughts and data sources to consider this question, acknowledging that a challenge is identifying waste in a way that is measurable and defensible.

Alex Reger reviewed Connecticut's healthcare cost growth benchmark values for 2021-2025, the statewide and market spending performance, and performance relative to other states with healthcare cost growth benchmarks.

- Deidre Gifford called attention to the variation of spending growth by market and invited the Technical Team to consider the variation in future discussions of the methodology. Michael Bailit observed that the high growth in the commercial market is consistent with findings in other states. He said annual growth in Medicaid spending per person has been low in Connecticut, even relative to other states, adding that this has served to pull down the overall spending growth rate. A Technical Team member said that Connecticut does not have Medicaid managed care and fee-for-service rates are not regularly updated, which could contribute to the low spending growth rate.
- A Technical Team member asked if spending results were adjusted for clinical severity, coding or changes in disease burden. Alex replied that the State's methodology adjusts for age and sex factors only, and then only at the insurer and provider levels. Michael Bailit said Massachusetts is the only state with a healthcare cost growth benchmark that uses clinical risk adjustment in its methodology for measuring and reporting spending growth.
- Deidre Gifford said total spending levels in Connecticut are much higher than Rhode Island and slightly higher than Massachusetts. Michael Bailit said that hospital prices in Hartford, New Haven, and Bridgeport are higher than in Boston and Providence.
- A Technical Team member asked for clarification about what is reported in the commercial TME spending. Michael Bailit replied that it does not include net cost of private health insurance (NCPHI) - insurer administration costs and profit. He said only spending on services and non-claims payments are included.
- A Technical Team member asked about the states that have enforcement authority. Michael Bailit replied that during the time period that was shown (through 2022 performance results), only Massachusetts had authority to require performance improvement plans (PIPs) of entities that exceeded the benchmark. Oregon and Delaware are other states with enforcement mechanisms, effective summer 2024. California will implement enforcement in the future.
- A Technical Team member said it would be helpful to see comparative state cost growth rates arrayed against per capita cost.
- A Technical Team member asked if OHS is considering other policy strategies and options that could help achieve the benchmark. Deidre Gifford said OHS will forward to the group the October report with legislative recommendations.

Michael Bailit discussed how other states have set their healthcare cost growth benchmarks. Michael indicated that all states have tied their benchmark values to a single economic indicator or blend of indicators, signaling that healthcare spending should not grow faster than the indicator(s).

- Deidre observed that Connecticut's 2021-2025 benchmark methodology places the highest weight on household income (80%) compared to the other states with blended indicator methodologies. Deidre said this could be a point to discuss in future meetings of the Technical Team. Deidre also stated that OHS is required to perform an annual review for the impact of inflation on the benchmark rate and will seek input from the Technical Team on this aspect of the program during future meetings. Deidre said there is a balance between setting a predictable benchmark that the system can be working toward

	and addressing unexpected spikes in inflation during the benchmark period, as was the case due to the pandemic. • Michael Bailit said some states use median household income and some use median wage. In addition, Michael said states may use projected or historical trends. Michael explained that the group would discuss these nuances in future meetings to set the 2026-2030 benchmark for Connecticut. • A Technical Team member asked if there were any particular methodologies that do the best job of centering health equity. Michael responded that a focus on median wage or median income comes the closest, but those indicators are not focused on people with low wages. A Technical Team member said the healthcare spending data from payers are not able to be stratified by race, ethnicity, language or other demographic variables and acknowledged that some individuals with the highest needs might be in the market where there is the least amount of growth. Another Technical Team member said that by definition, a cost growth benchmark is a global measure and healthcare spending is more of an individual / group experience. The Technical Team member said groups experience healthcare spending growth differently and wondered if there is a component, like the primary care spending target, that could redistribute spending across groups. • A Technical Team member asked if the group could look at some of the findings from OHS's analysis of APCD data to inform the Technical Team's discussions about whether certain healthcare providers or types that are driving trend. The member said such findings could support nuanced and targeted policy proposals and solutions. Another Technical Team member said that there is extremely high variation in prices in Massachusetts and that inequity can be aggravated through enforcement of a single target. Michael Bailit said these points would be explored in future meetings. • Deidre Gifford said the benchmark is one tool to promote affordable, high-quality and equitable healthcare but the benchmark does not reflect the out-of-pocket costs for consumers. Deidre said it will be important to understand how lower costs achieved by the benchmark are being experienced by employers, the state, and consumers. Alex Reger and Michael Bailit provided background on primary care spending targets in Connecticut and other states. • Technical Team members engaged in a discussion about primary care spending and the site of care. A Technical Team member stated that primary care spending in urgent care centers and emergency departments for needs that could have been managed in the primary care setting is something that should be explored. That Technical Team member said that increasing the dollars for primary care may not change the site of care people are accessing for primary care. Another Technical Team member observed that a lot of physician practices may be owned by systems. • Deidre Gifford told the Technical Team that OHS will share reports and data on primary care spending. Technical Team members continued to discuss the primary care spending target. One member said that the charge should be to both a establish the percentage for primary care but also for the different components of primary care investment, including for example, the settings in which people access primary care.		
5.	**Public Comment**	**Members of the Public**	**3:50 pm**
	Deidre Gifford offered the opportunity for public comment. There were no comments.		
6.	**Wrap-up and Next Steps**	**Deidre Gifford**	**3:55 pm**
	Alex Reger invited any final questions or closing remarks from the group. There were none. Deidre Gifford shared that the next meeting was scheduled for Monday, November 26, 2024 from 2-4 pm.		
7.	**Adjourn**	**All**	**4:00 pm**

All meeting information and materials are published on the OHS website located at:
https://portal.ct.gov/ohs/programs-and-initiatives/healthcare-benchmark-initiative/hcbi-technical-team?language=en_US