OHS CONNECTICUT Office of Health Strategy

Stakeholder Advisory Board Meeting

Meeting Date	Meeting Time	Location
June 30, 2020	9:30 am – 11:00 am	Webinar/Zoom

Stakeholder Advisory Board Members Present		
Reggie Eadie	Nancy Yedlin	Kristen Whitney-Daniels
Tekisha Everette	Lori Pasqualini	Jonathan Gonzalez-Cruz
Rob Kosior	Sal Luciano	Janice Henry
Ken Lalime	Kathy Flaherty	Rick Melita
Karen Gee	Hector Glynn	
Marie Smith	Ted Doolittle	
Pareesa Charmchi Goodwin	Susan Millerick	
Howard Forman	Kathy Silard	
Members Absent		
Margaret Flinter	Fiona Mohring	
Richard Searles		
Others Present		
Olga Armah, OHS	Michael Bailit, Bailit Health	
Vicki Veltri, OHS	Deepti Kanneganti, Bailit Health	
Jason Prignoli, OHS	Margaret Trinity, Bailit Health	

Meeting Information is located at: https://portal.ct.gov/OHS/Pages/Cost-Growth-Benchmark-Stakeholder-Advisory-Board

	Agenda	Responsible Person(s)
1.	**Welcome and Introductions**	**Olga Armah**
	Olga Armah welcomed members of the Stakeholder Advisory Board.	
2.	**Public Comment**	**Olga Armah**
	Olga invited public comments and none were voiced.	
3.	**Approval of the Stakeholder Advisory Board Meeting Minutes**	**Olga Armah**
	Sal Luciano made a motion to approve the June 16th minutes of the Stakeholder Advisory Board meeting, which was seconded by Reggie Eadie. The minutes were approved by a roll call vote with the following members voting affirmatively: Vicki Veltri, Kristen Whitney-Daniels, Ted Doolittle, Reggie Eadie, Karen Gee, Jonathan Gonzalez, Ken Lalime, Pareesa Charmchi Goodwin, Howard Forman, Lori Pasqualini, Sal Luciano, Kathy Flaherty, Hector Glynn, Rick Melita, Susan Millerick, Kathy Silard, Marie Smith, and Nancy Yedlin.	
4.	**Recap of Previous Discussions on the Cost Growth Benchmark**	**Michael Bailit**
	Michael Bailit noted that at its last meeting on June 11th, the Stakeholder Advisory Board discussed the definition of Total Health Care Expenditures and the methodology for defining the cost growth benchmark. He said that members had expressed their interest in measuring Connecticut residents' out-of-pocket expenditure growth, which cannot be addressed through the cost growth benchmark, but which can be examined through the data use strategy. The Stakeholder Advisory Board had also expressed interest in collecting data on the cost burden associated with uninsured individuals, and had heard about some of the challenges in doing so. Michael noted that during the June 11th meeting, there was not consensus among Stakeholder Advisory Board members on which of the four economic indicators to use for benchmarking, and that there was support for all indicators except for the average wage indicator. Michael said that some Stakeholder Advisory Board members had expressed support for use of a composite measure that reflects both economic growth and personal income, although other Stakeholder Advisory Board members had indicated that they were fine with using an individual indicator. Due to time constraints, the Stakeholder Advisory Board had not had opportunity to weigh in on the value of the cost growth benchmark at its last meeting. Michael said that the Technical Team had met in the interim to discuss the value of the benchmark.	

5.	Review of Technical Team Recommendations	Michael Bailit
	Michael Bailit reported that on June 16th the Technical Team had met to discuss the cost growth benchmark methodology and value. He said that the Team considered historical and forecasted values of four economic indicators: potential gross state product, median income, average wage, and the consumer price index. The Team considered three potential composite measures with different weightings (80/20, 50/50, and 20/80): PGSP/median income, CPI, median income, and PGSP/average wage. Michael explained that the Technical Team had considered both the historical and forecasted values of the four indicators. He noted that historical lookback values take into consideration ups and downs in the economy that typically occur over time. He further noted that a longer look back captures more of the cyclical nature of the economy than would a short lookback period, which is why the Technical Team considered a 20-year lookback for the historical values of each of the four indicators. Michael stated that the forecasted values of the four indicators that were considered by the Technical Team examined years 5 through 10 in the future, in order to achieve a fairly stable figure. He noted that the forecasted values of the four indicators tended to be higher than the historical values for those same indicators. Michael explained that the forecasts came from an economic firm with which the State contracts. He further noted that the forecasted figures were made in May 2020 and so they were inclusive of the impact of COVID-19 through this date, and that the impact of the pandemic were not dramatic on the forecasted values for years 5-10 in the future. Michael said this information was being shared with the Stakeholder Advisory Board in order to solicit its feedback. He said that the feedback would be shared with the Technical Team for its consideration when it next met on July 2nd. Ted Doolittle expressed surprise that the average wage and median household income appeared to be increasing significantly faster than CPI. Michael noted that in general median wages in the U.S. have not grown much faster than inflation, if at all. Kathy Flaherty asked if the historical and forecasted values were national figures or Connecticut-specific figures. Michael stated that the historical and forecasted values of the four potential indicators were all Connecticut specific figures, with the exception of some of the components of the PGSP forecast. Rick Melita noted that health care costs for workers compensation will continue to grow, and asked if health care costs associated with workers compensation are included in the indicators. Michael replied that the four indicators are indicators of economic growth, income and inflation, and so workers compensation would only be reflected as a source of income in the median household income indicator. He noted that the goal is to evaluate the four indicators in order to develop a basis for establishing the healthcare cost growth benchmark. Vicki Veltri commented that unfortunately workers' compensation funds are not classified as healthcare expenditures. She said that OHS is exploring the possibility of collecting healthcare costs associated with workers' compensation for inclusion in the state's APCD. She agreed that capturing workers' compensation data would provide a more complete picture of state healthcare expenditures. Rick Melita commented on the lack of transparency around the amounts that different payers are paying for similar services provided by different providers. Michael replied that this strategy does not aim to provide information to consumers to help them make decisions when facing choices with providers, although he noted that the HealthscoreCT website has a price comparison tool that provides some of this information. Ted Doolittle said he understood that the healthcare cost growth benchmark is not a tool to help consumers select services based on prices, but asked how the State intends to secure price data from payers. Michael replied that the data use strategy, which is developing a standardized set of analytics to provide insight into what are the health care cost drivers within the state, will address this topic. He noted that this is a complementary work stream that should	

help efforts to attain the cost growth benchmark by providing insight into what is driving spending, and by identifying opportunities for reduced costs, including in the area of price growth.

Susan Millerick asked if the State could benchmark healthcare costs against healthcare costs, i.e., look at average growth year over year, and then work to suppress that curve over time. Michael stated that through the cost growth benchmark the State will look at healthcare spending cost growth year over year, but noted that historically healthcare spending cost growth has been higher than most economic and other indicators for years. He said that the goal is to set a benchmark target for that figure being lower so that healthcare costs are not growing faster than the economy or wages, for example.

Kathy Silard noted that the rates of growth in commercial payments, Medicaid, and Medicare suggest the benchmark value being proposed appears reasonable, but that these rates of growth are likely the result of regulation and restrictions on access. She expressed concern that setting a benchmark that is lower than the historical rate of growth for commercial, Medicaid and Medicare spending will result in restrictions in access.

Michael replied that a benchmark is intended to establish a goal above which spending should not grow. He noted that the Medicaid spending growth in Connecticut has been flat, and said this was a result of the State's effort to manage Medicaid spending.

Howard Forman noted that the State needs to balance access with affordability, and expressed concern that the benchmark would reduce payment rates to providers and constrict access for consumers. Michael Bailit expressed agreement that very low rates can impact access, but noted that the Medicaid budget is a separate issue from setting the benchmark.

Kathy Flaherty said that costs cannot be controlled unless access and/or reimbursement are manipulated, particularly in the absence of baseline transparency about prices. She expressed concern with development of the healthcare cost growth benchmark in and of itself. She noted that she and others on the Board represent vulnerable populations that need the most care.

Michael acknowledged concerns about potential adverse impact on consumers that the benchmark could create, such as impacting access to services for people who most need them. He recommended that when the benchmark strategy is implemented, that there be a measurement plan for potential undesired consequences from this strategy, particularly for those populations.

Ted Doolittle said he hoped that the initiative would not end up focusing on utilization review.

Loris Pasqualini said that one of the Board's goals is to encourage growth in the State's economy. She said that if we allow the health care costs to continue to rise, then more people will have less care.

Michael Bailit noted that high health care cost growth depresses wages.

Michael Bailit reviewed the values for the three composites that were shared with the Technical Team. He noted that ultimately the Technical Team arrived at a compromise recommendation of a composite measure of PGSP and median income, with median income weighted more highly at 80 percent and PGSP weighted at 20 percent. He said that using this measure, the value of the benchmark would be set at an average of 2.9 percent over five years. Michael reported that the Technical Team recommended that there be a mechanism to reconvene an advisory group to revisit the benchmark value should there be a significant rise in inflation.

Michael shared the Technical Team's rationale for using a composite, noting that it would reflect growth in both the economy and consumer finances. He stated that the Team felt it important to weight income more heavily for two reasons: 1) the high level of income inequality that exists in Connecticut, and 2) the expectation that income is expected to grow slowest for individuals and families at the lower end of the income scale.

Michael stated that the Technical Team's rationale for the recommended benchmark values reflects the following objectives:

- Recognize that economic and income growth has been lower in Connecticut than in the other states with cost growth benchmarks.
- Recognize that Connecticut has nearly the highest income disparity of any state.
- Set a value that is perceived to be achievable so that payers and providers commit themselves to achieving the benchmark.

Michael noted that the value the Technical Team arrived at is a little lower than that used by other states, but that it is consistent with the benchmark value used by other states.

Ted Doolittle asked if the State needed to have the benchmark established for 2021 or if the State could delay implementation. He also expressed agreement with previous concerns over income disparities and inequality, and suggested the Technical Team use the 25th percentile for wages rather than the median wage.

Nancy Yedlin said she would like to define a set of triggers that would result in revisiting the benchmark value, and that a significant increase in inflation should be one such trigger.

Kathy Flaherty asked if the Technical Team would identify additional conditions for re-visiting the benchmark. Michael Bailit replied that the Technical Team had only defined a significant increase in inflation as the only variable to trigger a revisiting of the benchmark value.

Kathy Silard stated that she felt that a significant increase in inflation represented too narrow a list of triggers for bringing about a reexamination of the benchmark value.

Michael Bailit noted that the proposed benchmark values are for five years and would need to be reexamined in year four. He reviewed the intervals by which other states reexamine benchmark value, noting that approaches have varied across the states. He said that Oregon was scheduled to start its benchmark in 2021 and recently reaffirmed that it will move forward. He noted that most other states have not been aggressive about revisiting their benchmark value because the value takes into consideration that unusual events occur.

Rob Kosior asked if the Technical Team was considering a dynamic or a static benchmark. Michael Bailit clarified that the current recommendation by the Technical Team is to set benchmark values that decline over five years and that average 2.9 percent, and not to change these values unless there is a spike in inflation.

Rick Melita commented that there needs to be an understanding of employment coverage and how that might impact the state's performance against the benchmark.

Lori Pasqualini said that she is in favor of examining and explaining changes in economic and other conditions, but not in defining triggers for changing the value, as this will lead to instability.

Nancy Yedlin said that her view is that the benchmark creates a way to examine health care costs in Connecticut, and what the State does with that information and how the benchmark is used may change over time.

Rob Kosior said that the benefit of the benchmark is to analyze actual spending increases versus the benchmark, and then understand the key drivers of those increases. He noted that in order for the benchmark to be meaningful, the infrastructure for this analysis needs to be in place.

Kathy Flaherty reminded the Board that the implementation of the health care cost growth benchmark will impact people's access to care.

Tekisha Everette said that the challenge she was experiencing was in not knowing how the benchmark will be utilized and what the value of it is. She noted that when benchmarks are published, typically they are used later to

	make decisions that impact people. She said that she still did not know why the State was doing this and to what end. Kathy Flaherty and Reggie Eadie both expressed their agreement with Tekisha Everette's comment. Kathy Silard reiterated concern that the healthcare cost growth benchmark will result in restricting access to care, and in lowering investments in healthcare in the community. Michael Bailit noted that in Massachusetts, where a cost growth benchmark has been in place since 2013, there is no evidence of reduced service use as a result of the benchmark. Kathy Silard recommended that the Technical Team consider flipping the ratio from 20/80 to 90/10 because if it is left at the Technical Team's suggested rate (2.9%) it will force healthcare organizations to limit investments. She also encouraged the Technical Team to consider additional triggers for reexamining the benchmark. Robert Kosior stated that he was okay with the way the benchmark was proposed to be set and the weightings, and wanted to make sure we establish the right glide path for getting there. Margaret Trinity provided an update on stakeholder engagement activities, noting that two virtual stakeholder events were in early planning stages. She reported on some of the early learnings from conversations with consumer stakeholders, including the need for the data use strategy to highlight issues around disparities for people of color, and other marginalized populations. Kathy Flaherty expressed her strong objection that OHS had not provided opportunity earlier in the process so that stakeholder input would be more meaningful. She stated that the stakeholder engagement opportunities envisioned by OHS would not provide authentic opportunities for engagement as many preliminary recommendations have already been made. Margaret Trinity noted that stakeholder engagement activities were ongoing and she appreciated Kathy's input to the process. Michael acknowledged Kathy Flaherty's concerns. Susan Millerick offered assistance in communicating the initiative to consumer stakeholder groups.	
6.	**Adjourn**	**Olga Armah**
	The Board adjourned at 11:00am.	