

**COMMENTS OF  
YALE NEW HAVEN HEALTH SYSTEM**

**SUBMITTED TO THE  
OFFICE OF HEALTH STRATEGY**

**PRELIMINARY RECOMMENDATIONS OF  
THE COST GROWTH BENCHMARK TECHNICAL TEAM**

On behalf of Yale New Haven Health System (YNHHS), please accept the below comments to the Office of Health Strategy's (OHS) Preliminary Recommendations of the Healthcare Cost Growth Benchmark (CGB) Technical Team (Preliminary Recommendations). We appreciate the opportunity to comment on the Preliminary Recommendations and look forward to working with your office as it continues to implement the requirements of Executive Order No. 5 (EO 5).

While the Pandemic has dealt a significant financial blow to hospitals and health systems across the country, YNHHS remains committed to sustaining and improving access to high quality healthcare services for the people we care for across the State. We appreciate that affordability is central to that commitment, and we believe that statewide coalescence around a more sustainable growth rate for healthcare expenditures is an important opportunity.

Specific to the Preliminary Recommendations, we offer the following comments.

**Healthcare Cost Growth Benchmark**

**Annual Spending Target**

In setting the annual spending targets, it is imperative that they appropriately reflect and promote healthcare's important role in the state's economy. YNHHS, through our hospital affiliates and medical group, employs over 28,000 people, the vast majority of whom reside in Connecticut. YNHHS is also the State's largest provider of care to people insured by Medicaid and those who are uninsured.

As the nation and our state dig out of the economic downturn, the healthcare sector is going to be an essential part of that recovery. Unfortunately, the recommendation of the Technical Team undervalues this important role. The recommended benchmark ratio does not appear to appropriately value the healthcare sector's importance to the economy. It also diverges from our neighboring states, Massachusetts and Rhode Island, which have implemented targets successfully and pegged their target rates to potential gross state product (PGSP).

The target rate that results from the use of the benchmark ratio, 2.9 percent, is inappropriately low. Only after manual adjustment of the target rates in 2021 (3.4 percent) and 2022 (3.1 percent) do the rates come in closer alignment to an appropriate target rate. However, the rates recommended for 2023, 2024, and 2025 (2.9 percent) benefit from no such adjustment and fall short of being appropriate.

Together with hospitals across the State, we recommend that OHS reject the benchmark targets presented in the Preliminary Recommendation and instead adopt target rates derived from a ratio set at 90 percent PGSP and 10 percent median household income.

### COVID-19

The COVID-19 pandemic has changed the state's healthcare landscape and had a negative financial impact on hospitals. Yale New Haven Health hospital affiliates were, by far, the state's largest providers of inpatient care to those with COVID-19 disease. In April, our clinicians were caring for over 800 patients infected with COVID at Bridgeport, Greenwich, L&M and Yale New Haven Hospitals. We accepted transfers from hospitals that needed our help to meet the surge of those in need of inpatient care. Since March, we have discharged nearly 4000 patients who were hospitalized with COVID disease. While we benefitted from CARES funding, we are projecting a loss for this fiscal year of over \$100 million.

Given these circumstances, it is essential for OHS to outline specifically how it will address the consequences of COVID-19 in its implementation of the benchmark – a critical issue that has not been given consideration to this point.

As we have seen in other states, cost growth benchmarks are designed to be durable enough to accommodate unpredictable, one-time spending irregularities. However, that durability is built off a well-understood and data-backed cost and utilization base period. As Connecticut's process for building the benchmark continues, we must detail the steps that will be taken to account for the anomalous situation that COVID-19 has created.

### Implementation

We appreciate OHS's work to include stakeholders in the implementation of EO 5, including the inclusion of hospital and health system representatives on the Stakeholder Advisory Board. In keeping with an open and transparent process, we encourage OHS to take further steps to obtain additional public comment and feedback, most specifically as it develops implementation guidance.

There are a number of critical, outstanding questions that deserve public review, scrutiny and comment, including:

- Implementation of the assessment and evaluation process;
- Defining the parameters, including excepted spending, by which measurement of performance against the benchmark will be determined; and
- Ensuring appropriate protections for data and information submitted and used for benchmark purposes.

### Primary Care Spending Targets

EO 5 requires ten percent of total spending to be attributed to primary care by 2025. OHS sets forth a central aim of using the increased investment to promote **advanced primary care**. If the definition adopted for the purpose of meeting the target does not include the components of advanced primary care, payers will focus on investments that fall within a more narrow definition.

Unfortunately, the Preliminary Recommendations takes a narrow view of the types of providers and services that should be counted for purposes of meeting the target. At a minimum, the definition should include integrated behavioral health, which is widely viewed as an essential element of advanced primary care by the National Alliance of Healthcare Purchaser Coalitions, Patient Centered Primary Care Collaborative, and the OHS Practice Transformation Task Force.

The use of a definition consistent with the above recommendations will spur investments in advanced primary care that are aligned with this definition and enable better quality care, better healthcare outcomes, and reductions in avoidable use and associated costs.

Thank you for providing an opportunity to comment on the Preliminary Recommendation. We look forward to additional opportunities to provide comment on CGB implementation guidance.