Connecticut's Cost and Quality Benchmarks Initiative: A Presentation to the Medical Assistance Program Oversight Council (MAPOC)

August 14, 2020

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Today's Discussion Topics

1. Governor Lamont's Charge
2. Healthcare Affordability and Disparities in Connecticut
3. Connecticut's Cost Growth Benchmark, Primary Care Target and Quality Benchmarks Initiative
4. Comments? Questions?

Governor Lamont's Executive Order #5 Directs Connecticut's Office of Health Strategy to:

1. Develop annual **healthcare cost growth benchmarks** by December 2020 for CY 2021-2025.
2. Set **targets for increased primary care spending** as a percentage of total healthcare spending to reach 10% by 2025.
3. Develop **quality benchmarks** across all public and private payers beginning in 2022, including clinical quality measures, over/under utilization measures, and patient safety measures.
4. Monitor and report annually on healthcare spending growth across public and private payers.
5. Monitor accountable care organizations and the adoption of alternative payment models.

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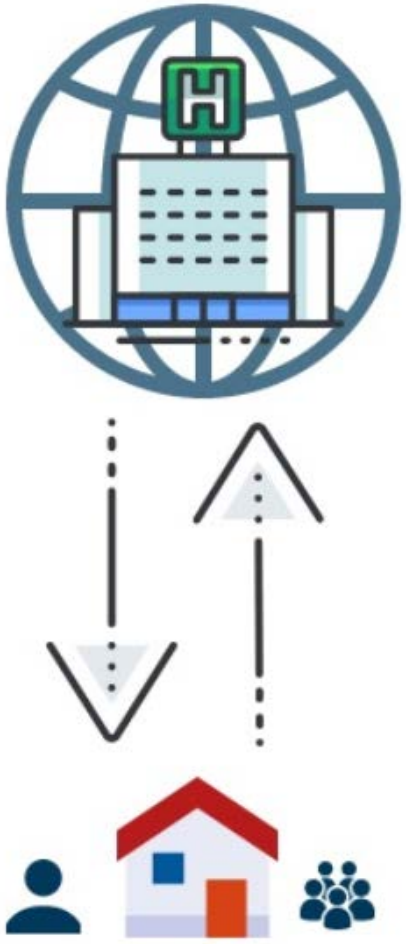
Addressing Healthcare Cost and Quality on the Systemic and Household Level



- **Cost Growth Benchmark**
  - A global, long-term strategy

- **Healthcare Affordability Index**
  - A tool to shape policies that help CT residents by estimating the effect of healthcare reforms/proposals on capacity of CT residents to maintain coverage and meet basic economic needs.

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Connecticut's Need for a Cost Growth Benchmark

1. For the last two decades healthcare spending has annually grown at a pace *more than double* growth in median household income (4.8% vs. 2.0%).*

2. Connecticut residents can't afford healthcare - not insurance premiums, and not the cost sharing.

   AccessHealth CT unsubsidized coverage for a family of four as of July 2020

   - "low cost" plan: $18,000 premium plus $13,000 annual deductible
   - high cost plan: $28,000 premium plus $9,000 annual deductible

*Office of Health Strategy. Cost Growth Benchmark Technical Team Meeting #5, June 16, 2020.

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Connecticut's Need for a Cost Growth Benchmark

3. High growth in healthcare costs have a harmful effect on consumers – especially on those with low and modest wages.
   - Employers offer less comprehensive coverage
   - Employers reduce workers' wage growth due to health coverage cost growth
   - Consumers have less money to spend on non-health care needs
   - Consumers delay or avoid necessary care – and suffer as a result
   - State government cuts spending everywhere else - human services, public health, housing, public works, public safety, etc.

- Continued high growth in healthcare spending is a terrible problem for Connecticut residents.

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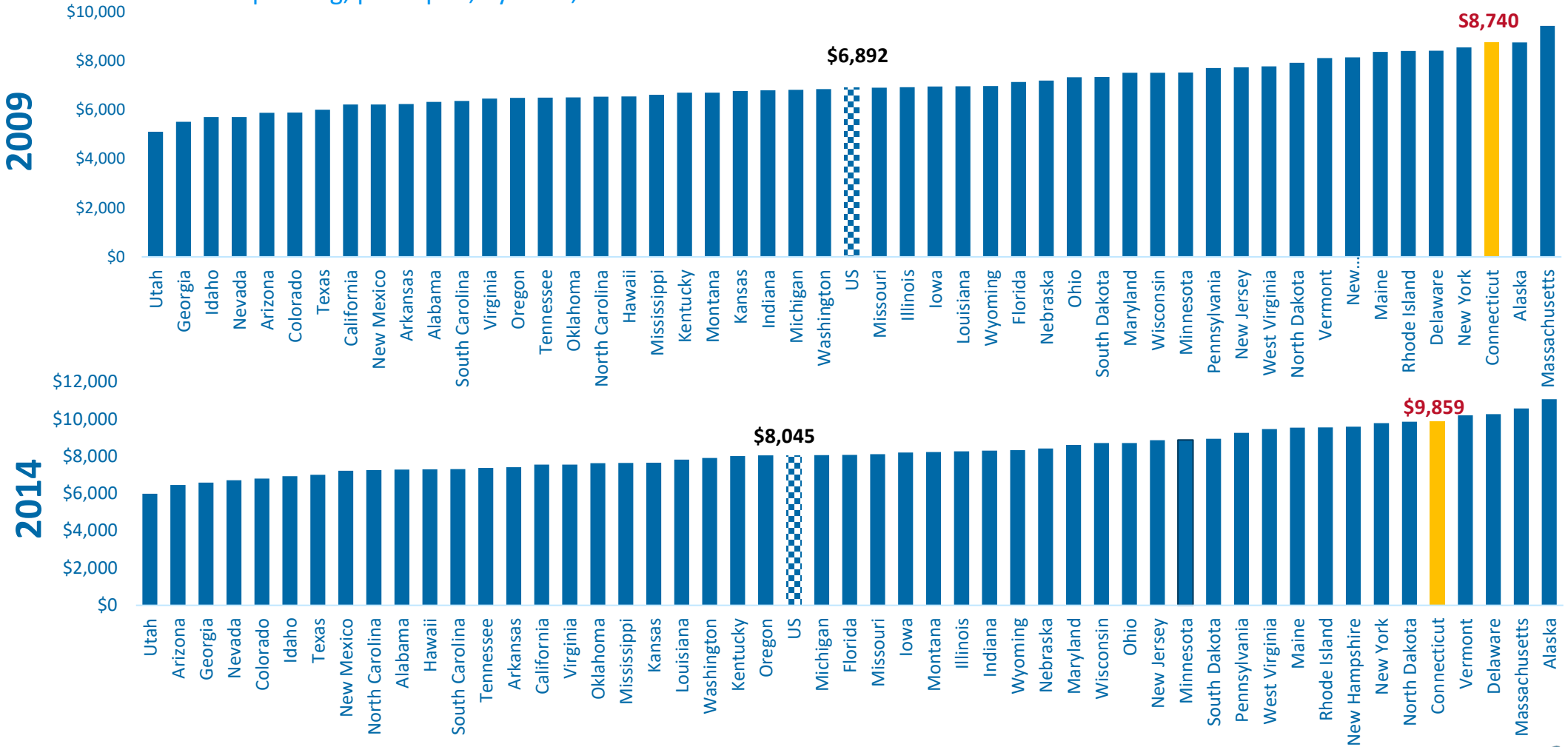
Connecticut is one of the states that spends the most on healthcare…

Personal healthcare spending, per capita, by state, 2009 and 2014



Source: Centers for Medicare and Medicaid Services, State Health Expenditure Accounts, 2009 and 2014

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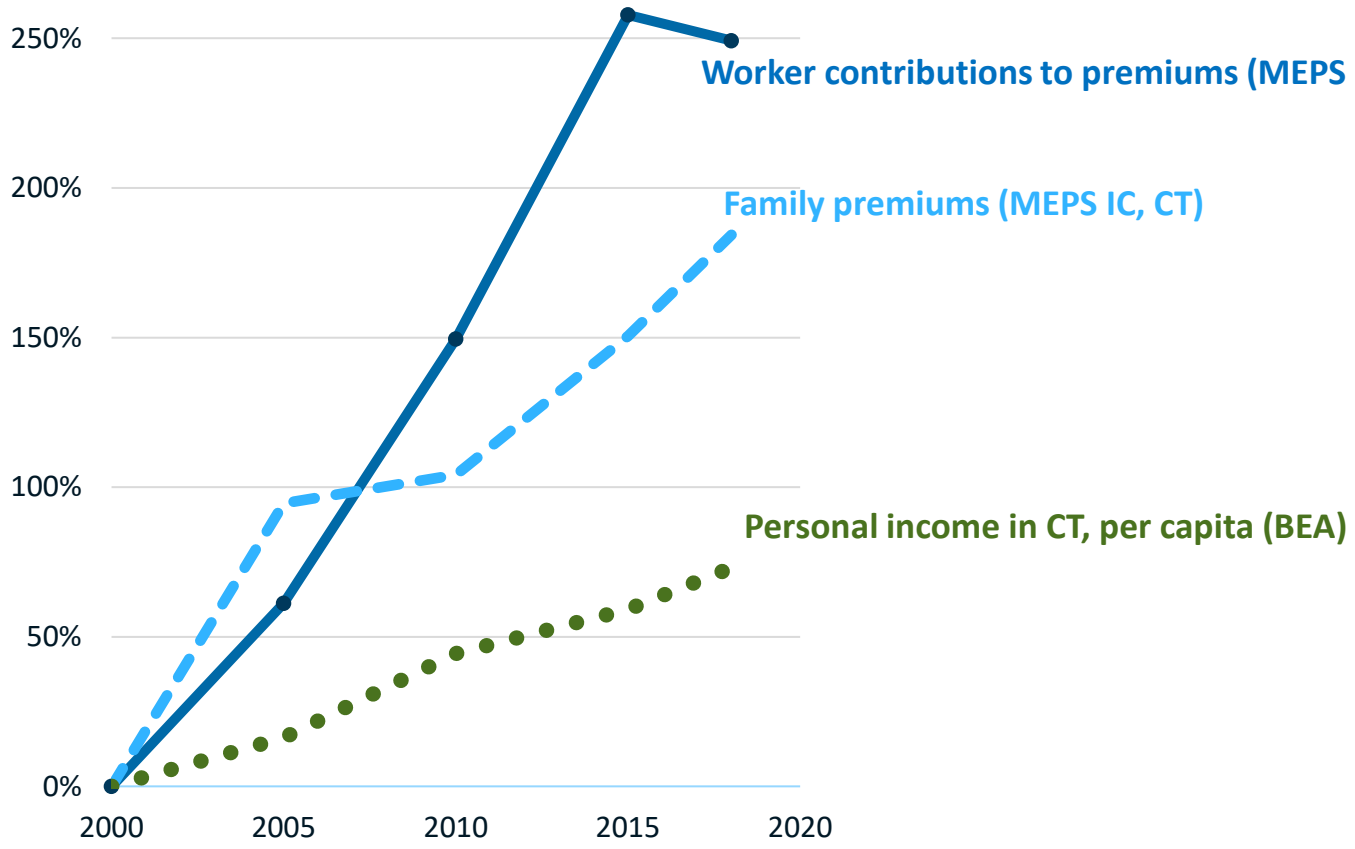
Healthcare remains unaffordable to many

Since 2000, Connecticut employer-sponsored insurance premiums have grown **two and half times** faster than personal income



Source: Medical Expenditure Survey, Tables D.1 and D.2 for various years

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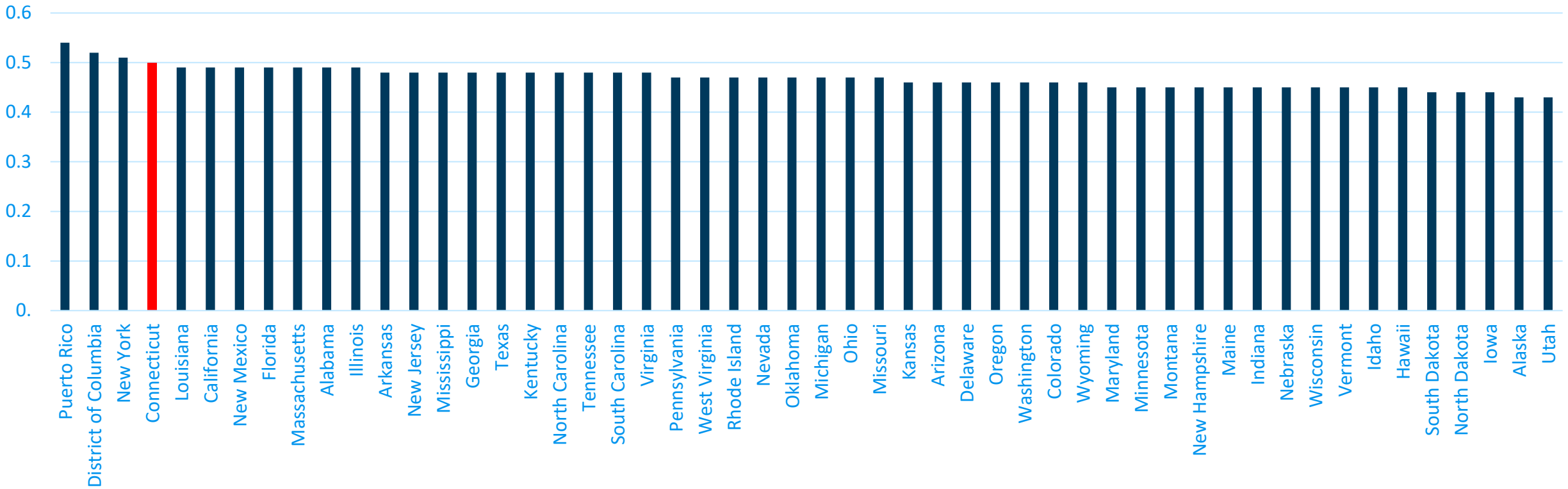
Connecticut has Higher Household Income Distribution Inequality Than Other States (Gini Index, 2018)



Gini coefficient measures income inequality by looking at average income rates. A score of 0 would reflect perfect income equality and a score of 1 indicates a society where one person would have all the money and all other people have nothing. Source: US Census Bureau, September 2019

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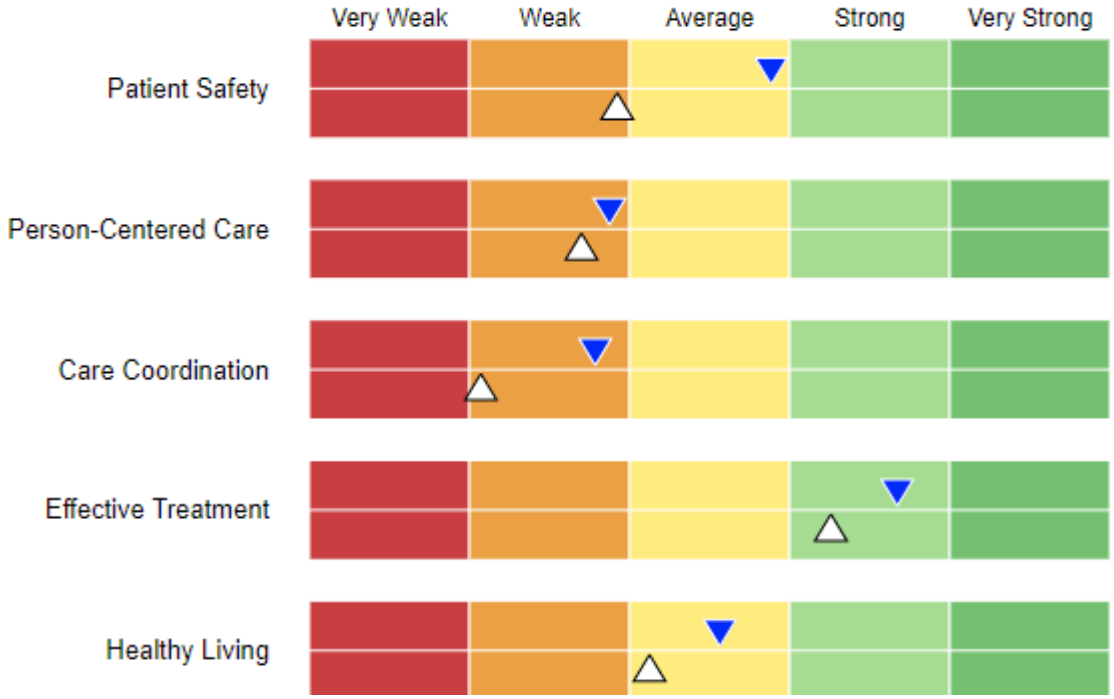
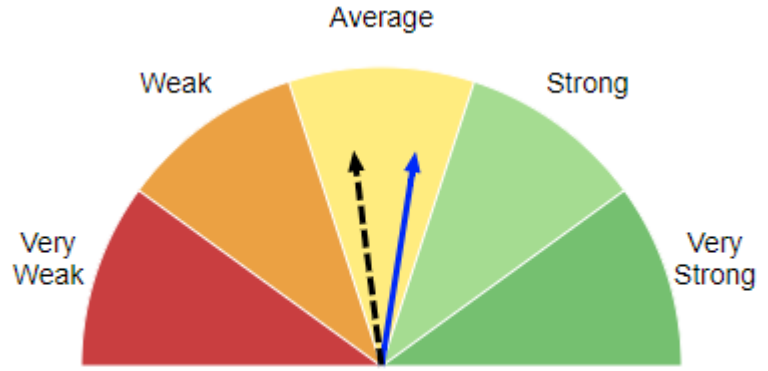
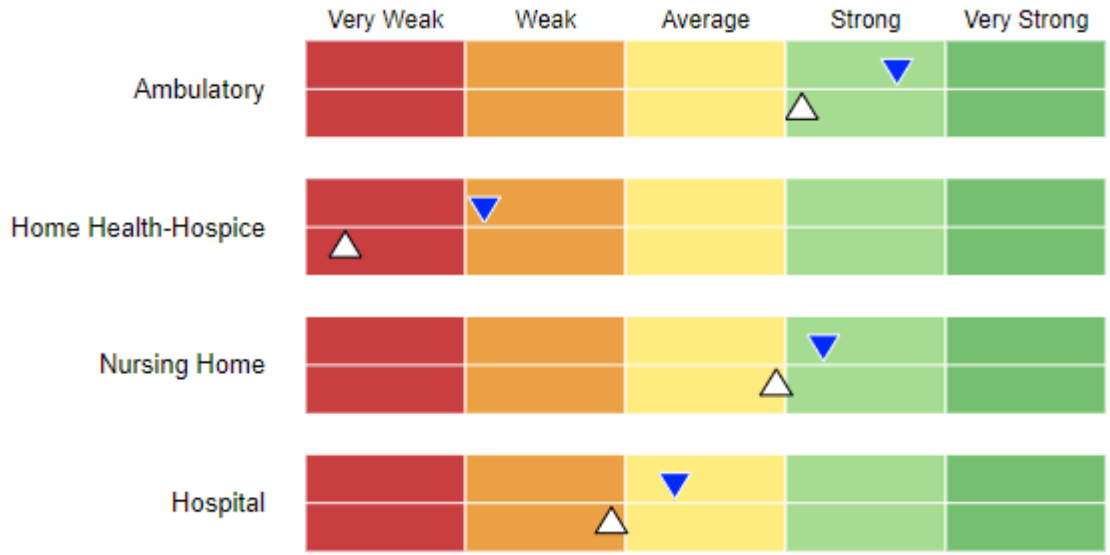
National Healthcare Quality and Disparities Report

Overall, Connecticut's quality is in the "average" range compared to other states and has opportunity for improvement in several key categories of quality measurement.







Source: AHRQ. Measurement time period varies by measure. Blue arrows indicate performance most often between 2015-2017 and white arrows indicate performance from 2000-2012. https://nhqrnet.ahrq.gov/inhqrdr/Connecticut/dashboard

What Is a Cost Growth Benchmark?

- A healthcare cost growth benchmark is a per annum rate-of-growth target for health care costs for a given state
- Why pursue a cost growth target? To curb healthcare spending growth.

What is a Primary Care Spending Target and Why Set One?

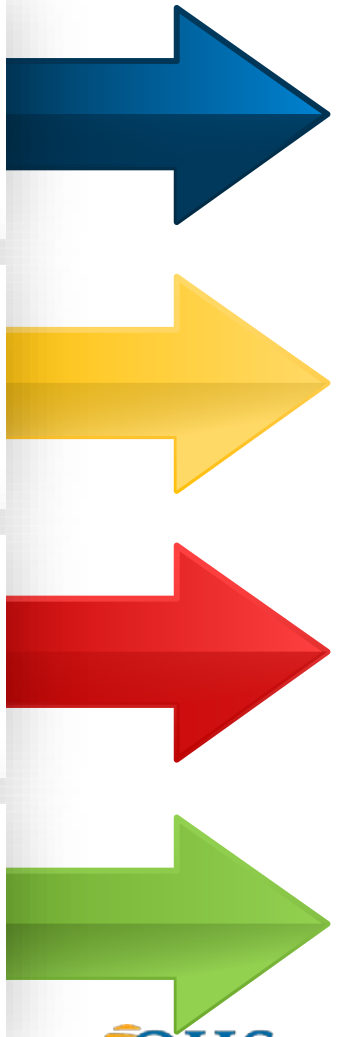
- A primary care target is an expectation for what percentage of healthcare spending should be devoted to primary care.
- The U.S. healthcare system is largely ***specialist-oriented***. Research has shown that ***primary care-oriented*** health systems produce better patient outcomes, lower costs, and improved patient experience of care.

What are Quality Benchmarks?

- Quality benchmarks are targets which all public and private payers, providers and the State must work to achieve to maintain *and improve* healthcare quality in the state.
- Quality benchmarks may include clinical quality measures, under- and over-utilization measures, and patient safety measures.
- Connecticut will be the second state to have statewide quality benchmarks. Delaware was the first.

Connecticut Benchmarks and Target Program

1	Cost Growth Benchmark	Recommendations for a cost growth benchmark that covers all payers and all populations for 2021-2025.
2	Primary Care Spend Target	Recommendations for getting to a 10% primary care target that applies to all payers and populations as a share of total health care expenditures for CY 2021-2025.
3	Data Use Strategy	This is a complementary strategy that leverages the state's APCD to analyze cost and cost growth drivers.
4	Quality Benchmarks	Beginning in CY 2022, quality benchmarks are to be applied to all public and private payers.



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Cost Growth Benchmark: Recommendation

- The Technical Team has tentatively recommended cost growth benchmarks for the five years, using a **20/80 weighting of projected CT Potential Gross State Product and CT Median Income**. The resulting value of the benchmark would be **2.9%**.
- The Technical Team recommended increasing the benchmark value for the first two years, before settling at 2.9% for the latter years.
  - 2021: 3.4% (Base Value **+ 0.5%**)
  - 2022: 3.2% (Base Value **+ 0.3%**)
  - 2023 – 2025: 2.9% (Base Value)

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Cost Growth Benchmark: Recommendation

- The Technical Team responded to Stakeholder Advisory Board concerns about potential future underutilization by suggesting the adoption DSS's underservice monitoring strategies.
- In addition, the Technical Team recommended convening an advisory group to revisit these benchmark values should there be a significant rise in inflation in the future.

Primary Spending Care Target

- It's unclear what Connecticut has historically spent on primary care: three separate analyses have yielded different results, and a fourth is under way.
- The Technical Team has been weighing several policy questions that will inform the target methodology, including for example:
  - Who are "primary care providers"?
  - What services are considered "primary care services"?
  - What constitute primary care payments?
  - Which payers and populations should be measured?

Data Use Strategy

- Using APCD data, OHS will examine cost drivers and cost variability to help identify opportunities for achieving the cost growth benchmark.
- A contractor – Mathematica – will perform the initial analysis, to be completed by the end of 2020.
- Supplemental analyses will include out-of-pocket spending, and stratification of spending by demographic data, chronic conditions, and zip code.
- The strategy will incorporate many of the recommendations made in 2019 by the Healthcare Cabinet's Cost Containment Data Workgroup.
  - https://portal.ct.gov/-/media/OHS/Healthcare-Cabinet/2019-Meetings/March-11-2019/HCC_Cost_Containment_Workgroup_Recommendations_20190312-FINAL.pdf
- OHS will conduct ongoing and additional analyses that are in the data use strategy but not part of Mathematica's scope of work.

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Quality Benchmarks

- Work to develop the quality benchmarks will begin this fall.
- Unlike the cost growth benchmark and the primary care spend target, quality benchmark development will be the responsibility of the Quality Council.
- As a reminder, the quality benchmarks, per the Executive Order #5, don't become effective until January 2022.

Stakeholder Engagement

Supplementing the Stakeholder Advisory Board, engagement activities have thus far included:

- **Webinar presentations**
  - OHS Consumer Advisory Council
  - Ministerial Health Fellowship
  - SHIP Coalition's Maternal, Infant and Child Health Action Team Consumer stakeholder webinar planned for late August
- **Meetings**
  - Monthly calls with legislators
  - Healthcare Cabinet
  - Connecticut Hospital Association
- **Outreach conversations**
  - CONECT
  - Keep the Promise Coalition
  - Connecticut Council on Developmental Services

Technical Team Members

• Vicki Veltri	Office of Health Strategy *(Chair)*
• Paul Grady	Connecticut Business Group on Health *(Vice Chair)*
• Rebecca Andrews	American College of Physicians, Connecticut Chapter
• Angela Harris	Phillips Metropolitan CME Church
• Luis Pérez	Mental Health Connecticut, Inc.
• Patricia Baker	Connecticut Health Foundation
• Zack Cooper	Yale University
• Melissa McCaw	Office of Policy and Management
• Deidre Gifford	Department of Social Services
• Paul Lombardo	Connecticut Insurance Department
• Rae-Ellen Roy	Office of the State Comptroller

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Stakeholder Advisory Board Members

- **Vicki Veltri,** Office of Health Strategy *(Chair)*
- **Reginald Eadie,** Trinity Health of New England
- **Kathy Silard,** Stamford Health
- **Janice Henry,** Anthem Blue Cross and Blue Shield of CT
- **Rob Kosior,** ConnectiCare
- **Richard Searles,** Merritt Healthcare Solutions
- **Ken Lalime,** Community Health Center Association of Connecticut
- **Margaret Flinter,** Community Health Center, Inc.
- **Karen Gee,** OptumCare Network of Connecticut
- **Marie Smith,** UConn School of Pharmacy
- **Tekisha Everette,** Health Equity Solutions
- **Pareesa Charmchi Goodwin,** Connecticut Oral Health Initiative
- **Howard Forman,** Yale University
- **Nancy Yedlin,** Donaghue Foundation
- **Fiona Mohring,** Stanley Black & Decker
- **Lori Pasqualini,** Ability Beyond
- **Sal Luciano,** Connecticut AFL-CIO
- **Hector Glynn,** The Village for Families and Children
- **Rick Melita,** SEIU Connecticut State Council
- **Ted Doolittle,** Healthcare Advocate, Office of the Healthcare Advocate
- **Jonathan Gonzalez-Cruz,** Patient representative
- **Susan Millerick,** Patient representative
- **Kristen Whitney-Daniels,** Patient representative
- **Jill Zorn,** Universal Health Care Foundation

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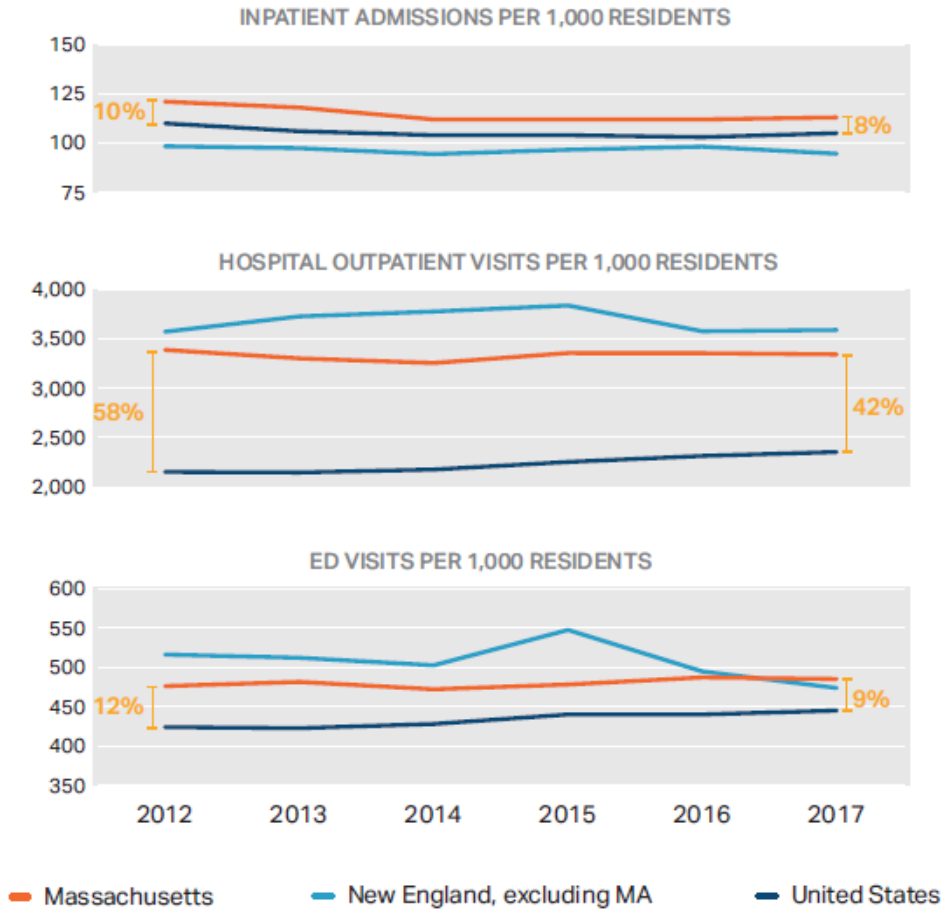
MAPOC's questions and perspectives

- What questions do you have about this initiative?
- What concerns do you wish to share today?

Appendix Slides

Will the Cost Growth Benchmark Reduce Service Use?

- A few stakeholders have raised concerns that the Cost Growth Benchmark will cause an unintended consequence of reduced service use.
- In MA, 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.
- Since the benchmark has been in place in MA, inpatient admissions, hospital outpatient visits and ED visits have been largely unchanged.



SOURCES: Data are from the Kaiser Family Foundation State Health Facts, accessed Nov. 2019; Graphic is from the Massachusetts Health Policy Commission, 2019.

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