



Health Care Cost Transparency Board meeting minutes

September 21, 2022
Health Care Authority
Meeting held electronically (Zoom) and telephonically
2:00 p.m. – 4:00 p.m.

Note: this meeting was video recorded in its entirety. The recording and all materials provided to and considered by the board is available on the [Health Care Cost Transparency Board webpage](#).

Members present

Sue Birch, chair
Bianca Frogner
Carol Wilmes
Edwin Wong
Jodi Joyce
John Doyle
Kim Wallace
Lois Cook
Margaret Stanley
Molly Nollette
Pam MacEwan

Members absent

Sonja Kellen
Mark Siegel

Call to order

Sue Birch, Board Chair, called the meeting to order at 2:02 p.m.

Agenda items

Welcoming remarks

Approval of minutes

The minutes were approved.

Topics for today

The topics were listed as Advisory Committee on Primary Care, staff recommendation and vote; The Growing Pressure of Health Prices: Perspective from WA Consumers; Pharmacy Pricing, Purchasing and Access; and Influence of health workforce trends on health spending growth.



Advisory Committee on Primary Care: Staff Recommendations and Vote

Dr. Judy Zerzan-Thul

Medical Director, Health Care Authority

Dr. Zerzan-Thul, Chair of the Advisory Committee on Primary Care, presented the process she followed to determine committee membership, which began with members of the Primary Care Certification Workgroup, advisors for the multi-payer Primary Care Transformation Model who had current knowledge and represent a variety of stakeholders). She took the initial list to the Advisory Committee of Health Care Providers and Carriers meeting and transmitted their feedback to the Board on August 17, 2022. She then engaged in further stakeholdering with the committee via email, accepting feedback and additional nominations until September 17, 2022.

Dr. Zerzan-Thul expanded the committee based on recommendations for additional expertise by the Advisory Committee. Specifically, she added Federally Qualified Health Centers, primary care practitioners, additional expertise in state-based efforts, value-based purchasing and data, purchasers with experience in billing and coding, and consumer representation.

The list of nominees was presented to the Board for discussion and approval.

One Board member asked Dr. Zerzan-Thul to identify the consumer representative. Dr. Zerzan-Thul identified Dr. Nancy Connolly, who was recommended by consumer advocacy organization as a good representative.

One Board member suggested including a purchaser in addition to a carrier, as representing a different lens and an important advocate for the Board's legislative charge to reduce the state's cost trend. This was supported by another Board member. Dr. Zerzan-Thul responded that the work of the committee for the next year was largely to define primary care for measurement purposes, and that how to achieve the target would be a future focus. The Board member supported the current roster but suggested an addition to the committee charter on the issue would be appropriate. Director Birch directed staff to pursue appointment of a purchaser.

Director Birch asked about the urban-rural mix, to ensure good representation. Dr. Zerzan-Thul said there was representation from various regions.

Director Birch made a motion to approve the committee as presented, with the caveat that staff would seek a purchaser representative to begin as soon as possible. The motion was made, seconded, and the proposed committee list was approved.

The Growing Pressure of Health Prices: Perspective from WA Consumers


Emily Brice, Northwest Health Law Advocates

Sam Hatzenbeler, Economic Opportunity Institute

Jim Freeburg, Patient Coalition of Washington

Emily Brice introduced the presentation by stating that Washington resident continue to experience increasing health costs, that those higher costs contribute to uninsurance and under-insurance, and that price transparency alone has not addressed the issue. To illustrate, Ms. Brice pointed out that average benchmark premiums for unsubsidized individuals have increased 39% since 2014, and that premium rates in the Washington Health Benefits Exchange will increase by over 8% on average in 2023. Likewise, businesses and workers have seen a double-digit cost increase for employer-based coverage in the last decade. The impact is further illustrated by the increase in out-of-pocket costs for workers, and a large increase in consumer cost sharing. Finally, Ms. Brice noted that access to in-network providers has narrowed.

Ms. Hatzenbeler shared that an estimated 5-6% of Washington residents remain uninsured, and that uninsurance disproportionately affects communities of color. An estimated 5% have medical debt in collections. 41% of people with individual plans, and 26% of people with employer plans are considered "underinsured", defined as a



percentage of costs relative to income. Ms. Hatzenbeler stated that there was lack of state specific data on underinsurance, and that a forthcoming survey will offer information about the experience of 1000+ residents. Mr. Freeburg presented the Board with the challenge of price transparency, and that existing that offer transparency but that consumers' ability to act on the data is limited. He pointed out that consumers are often unable to predict the treatments they will need, rendering price comparison less useful. Using practical examples from price estimation tools, he pointed out that the information was often incomplete. He also pointed out that actual use was difficult due to glitches or inaccessible tools. He challenged the Board to consider what price variation in a transparency tool might signify to a consumer. Mr. Freeburg went on to inform the Board of what other states are doing to help consumers with rising cost. He cited other benchmark states who are exploring accountability mechanisms, including California, Massachusetts, and Oregon.

One Board member asked if there was additional information available on the drivers of health care premium increases, in contrast with other more general increases. He expressed that it was important to unravel those factors in order to determine how to address it. Ms. Brice responded that many different factors were driving increases, including the loss of cost-sharing reductions at the conclusion of the federal risk adjustment program, and expressed interest in diving more deeply into the increases at a granular level. Mr. Freeburg shared that the Office of the Insurance Commissioner had expressed the increase as driven by price rather than utilization. Molly Nollette, Board member from the OIC, responded by sharing that the OIC has noted that increased compensation by providers is a driver of insurance cost, but that in the most recent year utilization has played a role, which is a positive indication that people are using their services.

One Board member asked about the definition of "single race other" in the slide related to disparate impact of increasing cost. Ms. Hatzenbeler suggested it was people who selected it because they did not identify with one of the offered options on the survey.

Public comment

Ms. Birch called for comments from the public,

Katerina LaMarche, Washington State Hospital Association (WSHA)

Ms. LaMarche commented on information contained in the draft legislative report provided to the Board. Ms. LaMarche pointed out that there was a very short time for review, as Board materials were not provided early enough. She noted that data information from the Bartholomew and Nash hospital cost report was included in the report showing that Washington hospital prices and costs and operating costs per patient were higher than the national average. Ms. LaMarche questioned why this data was included, and indicated they found it misleading. WSHA's July Board presentation indicated that Washington's performance was near the national average with adjustments for regions and case mix.


Consuela Echeverria, Washington Health Care for All

Ms. Echeverria pointed out that the Zoom link and materials for the meeting were not on the website as of the day prior and thanked the Board's administrative assistant for providing the information promptly upon request.

During the comment period, **Board member Margaret Stanley** requested that WSHA provide a one to two paragraph statement summarizing the Institute for Health Metrics article placed in the Board materials at WSHA's request. Director Birch directed staff to take the request forward.

Pharmacy Pricing, Purchase and Access

Ryan Pistori, Assistant Chief Pharmacy Officer, Health Care Authority



Mr. Pistoresi presented a comprehensive overview of HCA's role in pharmacy, an overview of the US healthcare system, and drug pricing dynamics and benchmarks. He educated the Board on the impact of the Medicaid Best price, which was typically more than 23% less than the average manufacturer's prices paid by wholesalers. He demonstrated for the Board the increase of drug prices over time, with the cost of brand Drugs Net Rebate being the highest and rising the fastest. He then illustrated the pharmacy distribution and purchasing overview, and the flow of pharmaceutical funds, products, and services, both very complex and involving many independent entities. He shared that patient cost is dependent on insurance plan types, using as an example the cost of a one-month supply of a common diabetic drug. He reviewed common strategies used by payers to manage pharmacy cost, including cost sharing, and utilization management. He introduced the Board to Array RX, the interstate agreement between Oregon and Washington to oversee the needs of public and private entities. Array RX services include PBM services, voucher programs, Medicaid programs, discount card, and ASO rebate services. He also reviewed challenges to managing the pharmacy benefit, including patent expirations and purchase, price increases by manufacturers, and methods to circumvent the preferred drug list including coupons, advertising, and partnering with advocacy groups to apply political pressure. Mr. Pistoresi concluded that Washington state has limited levers to lower drug costs.

One Board member pointed out how the unnecessary complexity of the supply chain impacted cost and posed that meaningful change would have to come from Congress, citing the Inflation Reduction Act as some progress. She asked if there was more that could be done in conjunction with other states (e.g., Oregon, Washington, and California). Mr. Pistoresi reported that HCA routinely worked with other states, and also cited the creation of Washington's Pharmacy Affordability Board which could evaluate drug prices and set upper price limits, and the Price Transparency Report which had recently released its second annual report.

[Influence of Health Workforce Trends on Health Spending Growth \(continued from 8/17\)](#)


Dr. Bianca K. Frogner, PhD, Professor, Dept. of Family Medicine, Director, Health Workforce Studies
University of Washington

Dr. Frogner resumed her presentation to the Board by briefly reviewing her earlier topics. She shared with the Board that the health care economy is complex and contains many employees, and that her presentation focuses on three major segments of the health care industry: hospitals, ambulatory care, and long-term care, which are largely defined by the Bureau of Labor Statistics. She stressed the diversity in educational requirements in the profession, and that labor is only one of the "inputs" into health care cost, which includes both people and everything they interact with including equipment. Dr. Frogner shared information about racial and ethnic distribution by sector, pointing out that the highest levels of diversity were found in residential care facilities, nursing care facilities, and home health care services sectors. She pointed out that national health spending relative to employment and wage growth continues to increase, with long-term care lagging significantly behind in hourly wages.

Dr. Frogner then turned to the impact of the Covid pandemic on workforce trends, sharing that 1.4 million health care jobs were lost at the 1st peak of the pandemic (April 2020), but that employment quickly recovered to exceed pre-pandemic levels in most sectors, with nursing and residential care facilities a notable exception. Dr. Frogner also shared the methodology of tracking turnover among health care workers during the pandemic, and turnover rates by occupation during the pandemic. This demonstrated increased turnover during post-Period 1, which then returned to slightly elevated levels in post-Period 2. She also reviewed wages of select occupations.

Key takeaways were that Covid had the largest effect on long-term care employment, with a burden on low wage workers, women with young children and workers of color. Wage rates have increased since the start of Covid, and faster in Washington, and it is hard to identify how many work as "travelers". Dr. Frogner stressed that this is a relatively small number of workers, and that the "pain" of increased traveler salaries might be temporary.

Dr. Frogner discussed the issue of workplace shortages, acknowledging that there is a current low labor supply. Some reasons she shared included that the labor pool is not available to work due to Covid and caregiving



responsibilities, or not willing to work due to safety concerns or burnout. She also shared that there is a lack of qualified applicants because training is unavailable, slow, and expensive to complete. In conclusion, Dr. Frogner shared that availability of health care workers has significantly fluctuated over the pandemic and has not yet returned to pre-pandemic levels. She predicted that as the economy recovers, competition will rise from other industries, and within the health care sector. Finally, she suggested that strategies to retain health care workers exist, including raising wages and addressing disparity in wage, and that if deployed effectively could prevent severe shortage.

Adjournment

Meeting adjourned at 4:00 p.m.

Next meeting

October 19, 2022

Meeting to be held on Zoom

2:00 p.m. – 4:00 p.m.