Washington State Health Care Authority

Advisory Committee of Health Care Providers and Carriers

July 29, 2021

Washington State Health Care Authority

Advisory Committee of Health Care Providers and Carriers Meeting Materials Book

July 29, 2021
2:00 p.m. – 4:00 p.m.

(Zoom Attendance Only)

Washington State Health Care Authority

Agenda

TAB 1

Washington State Health Care Authority

Advisory Committee of the Health Care Providers and Carriers

June 29, 2021
2:00 p.m. – 4:00 p.m.
Zoom Meeting

AGENDA

Committee Members:					
☐	Patricia Auerbach	☐	Louise Kaplan	☐	Natalia Martinez-Kohler
☐	Mark Barnhart	☐	Stacy Kessel	☐	Megan McIntyre
☐	Bob Crittenden	☐	Ross Laursen	☐	Byron Okutsu
☐	Bill Ely	☐	Todd Lovshin	☐	Mika Sinanan
☐	Paul Fishman	☐	Vicki Lowe	☐	Dorothy Teeter
☐	Jodi Joyce	☐	Mike Marsh	☐	Wes Waters

Committee Facilitator:
AnnaLisa Gellermann

Time	Agenda Items	Tab	Lead
2:00-2:05 (5 min)	Welcome, roll call, and agenda review	1	AnnaLisa Gellerman, Board Manager Health Care Authority
2:05-2:08 (3 min)	Approval of meeting minutes	2	AnnaLisa Gellermann
2:08-2:10 (2 min)	Topics for today's discussion	3	AnnaLisa Gellermann
2:10-2:15 (5 min)	Recap of Board's June discussion and preliminary recommendations	4	AnnaLisa Gellermann
2:15-2:25 (10 min)	Board's July meeting: Review of Committee feedback on cost benchmark methodology	5	AnnaLisa Gellermann
2:25-2:30 (5 min)	Benchmark value: Board's July 19 recommendation	6	AnnaLisa Gellermann
2:30-3:15 (45 min)	Discussion of recommended benchmark value and Committee feedback	7	Advisory Committee Members
3:15-3:25 (10 min)	Public comment		AnnaLisa Gellermann
3:25-3:30 (5 min)	Benchmark trigger: Board's July 19 recommendation	8	AnnaLisa Gellermann

3:30-3:55 (25 min)	Discussion of recommended trigger and Committee feedback	9	Advisory Committee Members
3:55-4:00 (5 min)	Preview of August Board meeting: Decision on TCHE and TCE	10	AnnaLisa Gellermann
	Adjourn		AnnaLisa Gellerman

In accordance with Governor Inslee's Proclamation 20-28 et seq amending requirements of the Open Public Meeting Act (Chapter 42.30 RCW) during the COVID-19 public health emergency, and out of an abundance of caution for the health and welfare of the Board and the public, this meeting of the Advisory Committee of Providers and Carriers will be conducted virtually.

Washington State Health Care Authority

June Meeting Minutes

TAB 2

Advisory Committee of Health Care Providers and Carriers meeting minutes

June 29, 2021
Health Care Authority
Meeting held electronically (Zoom) and telephonically
10:00 a.m. -12:00 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

Patricia Auerbach
Bob Crittenden
Jodi Joyce
Louise Kaplan
Stacy Kessel
Ross Laursen
Todd Lovshin
Vicki Lowe
Mike Marsh
Natalia Martinez-Kohler
Megan McIntyre
Byron Okutsu
Mika Sinanan
Dorothy Teeter
Wes Waters

Agenda items

Welcome, Roll Call, Agenda Review

AnnaLisa Gellermann, committee facilitator, called the meeting to order at 10:01 a.m.

Approval of Minutes

Minutes of the May meeting were approved. Ms. Gellermann described the new approach for working with the Committee, which will be presented to them in the Board materials with very few edits (for clarity of feedback requested from the Committee).

Topics for Discussion

Topics considered at the June Board meeting and presented to the Committee and included the following:

- Review health care costs and cost growth in Washington.
- Continue discussion on economic indices to use for setting the benchmark, and on historical versus forecasted values.
- Discuss potential adjustments to the benchmark.

Presentation: Snapshot of Historic Health Care Cost Growth in Washington

Ms. Gellermann presented data prepared by Bailit Health on Washington specific data on historical health care cost growth. In 2014-2019, Washington's average annual growth in per-person spending on employer sponsored insurance (4.9 percent) was higher than the national average (4.3 percent). From 2007-2018, Washington's average annual growth in Medicare per capita cost was 2.4 percent, slightly higher than the national average of 2.1 percent. From 2015-2019, Washington's average annual growth in per capita Medicaid spending was 6.7 percent. Health care premium spending is outpacing income.

Committee Members commented as follows:

- One member requested information about the total costs tracked in per person spending growth and stressed the importance of understanding which categories may have been below the trend. Other members were interested in the impact of policy choices, regulation, improvement of benefits, increased enrollment and utilization on cost growth, pointing out that cost increase has many contributing factors, and it is important to understand them.

Presentation: Economic Indicators and the Use of Historical and Forecasted Growth to Derive the Benchmark

Ms. Gellermann presented Bailit Health's summary of the Board's previous discussions on benchmark methodology. Previously, the Board had not come to a consensus recommendation, but some members had expressed support for a hybrid measure of inflation and wages, using median wage rather than average wage. The Committee was presented with detailed information on the performance of the historical growth in health care expenditures in other states with cost growth benchmarks, and actual numbers for a potential Washington cost benchmark calculated based on the Board's May discussion. The Committee was informed that most Board members preferred a hybrid option of median wage and potential gross state product (PGSP) at a 70:30 ratio. Median wage was selected to link the measure to consumer affordability, and PGSP as a reflection of business cost and inflation.

Committee members commented as follows:

- The Committee supports the selection of median wage and PGSP as elements of the benchmark. However, the Committee withheld comment on a recommended ratio until they can review actual values that would create the benchmark.
- Some committee members preferred a greater emphasis on PGSP (as 60-65 percent of the ratio, for example), as better reflecting that the state will likely experience rapid economic growth.
- One Committee member asked if any benchmark helped improve or removed a barrier to equitable access for health care.

Presentation: Adjustments to the cost growth benchmark

Ms. Gellermann presented material on potential options for how long the selected benchmark should initially apply, and whether it would change over time. Other states have set the benchmark for between four and 20 years, and three out of four have adjusted the benchmark at predictable intervals. Only Rhode Island has set a flat benchmark.

Ms. Gellermann reported that most of the Board were in favor of at least three years, with many supporting a longer period of four or five years in consideration of the impact of the benchmark setting on the carrier filing process, members supporting a longer period to accommodate carriers filing process, and the development of data necessary to support the benchmark recalculation.

Committee Members commented as follows:

- The Committee supported the Board's recommendation of a four-to-five-year benchmark with a trigger for evaluation and adjustment, and formal steps for that evaluation.

- The Committee recommended that the Board consider a stable benchmark for the initial period selected by the Board (four-to-five-years) to better support implementation planning and negotiations.

- One Committee member shared that the longer period permitted planning and work with contracting partners on long-term and population strategies.

- Members of the Committee suggested possible triggers for the Board to consider, including severe impact on one part of the health care ecosystem (e.g., hospitals), if the benchmark does not begin to bend the cost curve, or if we observe unintended consequences such as adverse impact on treatment and services or other concerns including health equity.

Wrap Up and Adjournment

Next meeting

Thursday, July 29, 2021
Meeting to be held on Zoom
2:00 p.m. – 4:00 p.m.

Meeting adjourned at 12:00 p.m.

Washington State Health Care Authority

Topics for today's discussion

TAB 3

Washington State Health Care Authority

Topics we will discuss today:

1. Recap of Board's June discussion, including Committee feedback.
2. July board recommendation: Cost benchmark.
3. Committee discussion and feedback on cost benchmark recommendation.
4. July Board recommendation: Benchmark trigger.
5. Committee discussion and feedback on benchmark trigger recommendation.

Washington State Health Care Authority

Recap of Board's June discussion and preliminary recommendations

TAB 4

Washington State Health Care Authority

Recap of Board's June discussion and preliminary recommendations

Recap of Board's June discussion and preliminary recommendations

- The Board recommended setting the benchmark value using a **70/30 hybrid** of **historical median wage** and **PGSP**.
- The 70/30 weighting of historical median wage and PGSP yields a benchmark value of **3.2%**.
  - The 20-year historical median wage (2000-2019) is 3.0%.
  - The PGSP forecast (2021-2025) is 3.8%.

Recap of Board's June discussion and preliminary recommendations

- The Board proposed setting benchmark values for a period of 5 years.
- The Board indicated a desire to adjust the benchmark value over the 5-year period.
- Board members also wanted a trigger that would allow the benchmark methodology to be revisited.

Washington State Health Care Authority

Board's July meeting: Review of the Committee feedback on cost benchmark methodology

TAB 5

Washington State Health Care Authority

Board's July Meeting: Review of Committee feedback on the cost benchmark methodology

Feedback on the benchmark methodology*

- The Committee supports the selection of median wage and PGSP as elements of the benchmark. However, the Committee withheld comment on a recommended ratio until they can review actual values that would create the benchmark.
- Some Committee members preferred a greater emphasis on PGSP (as 60-65% of the ratio, for example), as better reflecting that the state will likely experience rapid economic growth.
- One Committee member asked if any benchmark helped improve or removed a barrier to equitable access for healthcare.

*Slide presented to the Board on July 19, 2021

Feedback on the benchmark duration, change over time, and triggers*

- Supported the Board's recommendation of a 4–5-year benchmark with a trigger for evaluation and adjustment, and formal steps for that evaluation.
- Recommended that the Board consider a stable benchmark for the initial period selected by the Board (4-5 years).
- Suggested triggers included severe impact on one part of the health care ecosystem (e.g., hospitals), if the benchmark does not begin to bend the cost curve, or if we observe unintended consequences such as adverse impact on treatment and services or other concerns including health equity.

*Slide presented to the Board on July 19, 2021

Washington State Health Care Authority

Benchmark value: Board's July 19 recommendation

TAB 6

Washington State Health Care Authority

Benchmark value: Board's July 19 recommendation (and review of Board presentation for context)

Board's recommendation on cost benchmark

- 2022-2023: 3.2%
- 2024-2025: 3.0%
- 2026: 2.8%

Design recommendation: Adjustments to the benchmark value*

- How does the Board wish to make adjustments to the benchmark value?
  - Option 1?
    - 2022: **3.6%**
    - 2023: **3.4%**
    - 2024-2026: **3.2%**
  - Option 2?
    - 2022-2023: **3.4%**
    - 2024: **3.2%**
    - 2025-2026: **3.0%**
  - Option 3?
    - 2022-2023: **3.2%**
    - 2024-2025: **3.0%**
    - 2026: **2.8%**
  - Another approach?

*Slide presented to the Board on July 19, 2021

Option 1: Phase down over 2 years to benchmark value*

- Option 1 phases down in the first 2 years.
  - 2022: **3.6%**
  - 2023: **3.4%**
  - 2024-2026: **3.2%**

- This phasedown was calculated as follows:
  - Year 1: 30/70 blend of median wage/PGSP.
  - Year 2: 50/50 blend of median wage/PGSP.
  - Years 3-5: 70/30 blend of median wage/PGSP.

*Slide presented to the Board on July 19, 2021

Option 2: Five-year average equivalent to the benchmark value*

- Option 2 phases over the 5-year period as follows:
  - 2022-2023: **3.4%**
  - 2024: **3.2%**
  - 2025-2026: **3.0%**

- This option phases down the values such that the average benchmark value over 5 years is 3.2%.

*Slide presented to the Board on July 19, 2021

Option 3: Phase down from the benchmark value*

- Option 3 phases down over the 5-year period as follows:
  - 2022-2023: **3.2%**
  - 2024-2025: **3.0%**
  - 2026: **2.8%**

- This option uses the benchmark value of 3.2% as a starting point and phases down to 2.8% by 2026.

*Slide presented to the Board on July 19, 2021

Washington State Health Care Authority

Reminder: Historical growth in health care spending in other cost growth benchmark states*

	5-Year Average (2010-2014)	10-Year Average (2005-2014)	20-Year Average (1995-2014)	Cost Growth Benchmark
Massachusetts	3.0%	4.7%	5.1%	3.6% for 2013-2017 3.1% for 2018-2022
Delaware	5.1%	5.7%	5.6%	3.8% for 2019 3.5% for 2020 3.25% for 2021 3.0% for 2022-2023
Rhode Island	2.6%	3.7%	5.3%	3.2% for 2019-2022
Oregon	5.3%	5.9%	5.7%	3.4% for 2021-2025 3.0% for 2026-2030
Connecticut	2.4%	3.9%	4.8%	3.4% for 2021 3.2% for 2020 2.9% for 2023-2025
Washington	**4.1%**	**5.8%**	**6.7%**	**3.2%**

- States started with benchmark values that were **59-70%** of their 20-year growth, and dropped those values over time to **52-60%**, except for RI which kept a steady benchmark at **60%** of the state's 20-year growth.
- Averages reflect data not available to MA when it set its benchmarks.

SOURCE: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group. National Health Expenditure Data: National Health Expenditures by State of Residence, June 2017.

*Slide presented to the Board on July 19, 2021

Washington State Health Care Authority

Discussion of recommended benchmark value and Committee feedback

TAB 7

Washington State Health Care Authority

Discussion of recommended benchmark value and Committee Feedback

Discussion questions

- What impact do you anticipate this benchmark will have on the health care system. Consider the public, providers, carriers, spending, contracting, etc.
- Do you support the recommendation?
- If yes, why?
- If no, what factors or considerations should the Board be aware of?
- Is there an alternative you would recommend?
- Other questions? Other considerations?

Washington State Health Care Authority

Benchmark trigger: Board's July 19 recommendation

TAB 8

Washington State Health Care Authority

Benchmark trigger: Board's July 19 recommendation (and review of board presentation for context)

Board's recommendation benchmark trigger

- No trigger for review in initial 5-year period.
- Open to considering the option in extraordinary circumstances.
- Staff requested to draft language.

Design recommendation: Re-evaluating the benchmark methodology?*

- Does the Board wish to use change in PCE as a trigger for re-evaluating the benchmark value?
  - If so, does the Board wish to use 0.8 percentage points as a criterion?
  - When should the adjustment be applied, given what the research shows about the lagged impact on health care spending?

*Slide presented to the Board on July 19, 2021

Other states' criteria for changing the benchmark methodology*

- **Connecticut**: May revisit the methodology and calculation should there be a sharp rise in inflation between 2021 and 2025.
- **Delaware**: The State's Finance Committee annually reviews the target methodology and can change the target if the PGSP forecast changes in a "material way".
- **Massachusetts**: The Health Policy Commission can modify the legislatively set benchmark, subject to legislative review.

*Slide presented to the Board on July 19, 2021

Other states' criteria for changing the benchmark methodology*

- **Oregon:**
  - The State's benchmark will be reconsidered prior to 2024 to understand the impact of COVID-19 and any potential implications for the benchmark program.
  - In 2024 a future governance committee will review 20-year historic values of the state's per capita GSP trend, median wage trend and health system performance against the benchmark to determine whether the 2026-2030 target is set appropriately.
- **Rhode Island**:
  - "Highly significant" changes in the economy can trigger re-visiting of the target methodology.

*Slide presented to the Board on July 19, 2021

Washington State Health Care Authority

Discussion of recommended trigger and Committee feedback

TAB 9

Washington State Health Care Authority

Discussion of recommended trigger and committee feedback

Discussion questions

- What impact do you anticipate this trigger will have on the health care system? Consider the public, providers, carriers, spending, contracting, etc.
- Do you support the recommendation?
- If yes, why?
- If no, what factors or considerations should the Board be aware of?
- Is there an alternative you would recommend?
- Other questions? Considerations?

Washington State Health Care Authority

Preview of August Board meeting: Decision on TCHE and TCE

TAB 10

Washington State Health Care Authority

Preview of August Board meeting: Decision on TCHE and TCE