Washington State Health Care Authority

Health Care Cost Transparency Board meeting minutes

July 19, 2021
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
Lois Cook
John Doyle
Bianca Frogner
Sonja Kellen
Jodi Joyce
Molly Nollette
Pam MacEwan
Mark Siegel
Margaret Stanley
Kim Wallace
Carol Wilmes
Edwin Wong
Laura Kate Zaichkin

Members absent

Call to order

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

Agenda items

Welcoming remarks

Ms. Birch shared that she had listened into meetings of the Advisory Committees and was very pleased with the membership and the vigorous conversations. She reminded the Board that Jodi Joyce could be called upon to supplement and clarify comments from the Advisory Committee of Health Care Providers and Carriers.

Adoption of Minutes

Two amendments were made to the draft June minutes: Board member Molly Nollette was listed as present for the meeting, and the last sentence in page 3, paragraph 1 was revised to read "The Board asked questions about the impact of the legislative and budget schedule on setting the benchmark, but the majority of the Board were in favor

of at least 3 years, with many supporting a longer period of 4 or 5 years in consideration of the impact of the benchmark setting on the carrier filing process."

The amended minutes were adopted unanimously, and consensus was put on the record.

Advisory Committee on Data Issues: Proposal and approval of additional member

J.D. Fischer, facilitator of the Advisory Committee on Data Issues, presented a recommendation from staff to add Jared Collings, Assistant Director - Actuarial, Regence Blue Shield, as an additional member of the Committee. The Board voted unanimously to approve Mr. Colling's appointment.

Presentation: Topics for today's discussion

Bailit Health presented the list of topics for the meeting, which are summarized in more detail below.

Presentation: Recap of discussion and preliminary recommendations from the last meeting

Bailit Health provided a summary of discussions and recommendations from the June Board meeting.

- The Board recommended setting the benchmark value using a 70/30 hybrid of historical median wage and potential gross state product (PGSP). This weighting yields a benchmark value of 3.2% (20-year historical median wage at 3.0%, PGSP forecast 2021-2025 at 3.8%).
- The Board recommended setting benchmark values for a period of 5 years.
- The Board indicated a desire to adjust the benchmark over the 5-year period but did not settle on how to do so.
- The Board wanted a trigger to allow the benchmark methodology to be revisited. It expressed interest in linking the trigger to change in inflation but did not adopt a recommendation.

Presentation: Review of the Advisory Committee of Health Care Providers and Carriers' feedback on Cost Benchmark Methodology

At the June 29 Advisory Committee meeting, AnnaLisa Gellermann presented materials on the cost benchmark methodology and the Board's discussion. She recapped the Board's previous discussion on the benchmark methodology (recapped above). Bailit Health then presented feedback from the Advisory Committee of Health Care Providers and Carriers.

The Committee members supported the selection of median wage and PGSP as elements of the benchmark but withheld comment on the recommended ratio until they can review the actual values. Some committee members preferred a greater emphasis on PGSP. One Committee member asked if any benchmark helped improve equitable access to health care.

The Committee also supported the Board's recommendation of a 4–5-year benchmark, with a value that is stable over that period. They further recommended incorporating a trigger to re-evaluate and potentially adjust the benchmark, which should be formalized. Suggested triggers include severe impact on one part of the health care ecosystem, if the benchmark fails to bend the cost curve, or if there are unintended consequences such as adverse impacts on treatment, services or health equity.

In considering this feedback, the Board questioned why a benchmark that stays the same over the initial period would be better than one that predictably adjusts, as both would provide certainty. A Board member acknowledged the importance of measuring adverse impacts, but questioned the need or feasibility to use such

events as a trigger for re-evaluating the benchmark. It was suggested that the Board revisit the issue of monitoring for adverse impacts when it discusses the data use strategy.

Presentation: Options for a phasedown of benchmark values

As requested by the Board in the June meeting, Bailit Health presented three options for phasing down a benchmark.

- Option 1 phases down over two years to the benchmark value, from 3.6% (2022) to 3.4% (2023) to 3.2% (2024-2026).
- Option 2 phases down the values such that the average benchmark value over 5 years is 3.2%, from 3.4% (2022-2023), to 3.2% (2024), to 3.0% (2025-2026).
- Option 3 phases down over a 5-year period, from 3.2% (2022-2023) to 3.0% (2024-2025), to 2.8% (2026).

For context, the Board was presented information showing that Washington's average health care cost increases were higher than other states, at 6.7% between 1994 and 2014. The Board requested additional comparative information from states of equal population size to Washington and for Colorado and Montana, all of which will be presented at a future meeting.

The Board's discussion focused on affirming their rationale for the chosen methodology (70/30 median wage/PGSP), and a strong intention to select a benchmark that would drive health care spending down and provide relief to consumers and employers. Board members did not feel Option 1 would achieve that goal. The Board weighed Options 2 and 3, and ultimately selected Option 3, which would phase down the benchmark 5-year period, from 3.2% (2022-2023) to 3.0% (2024-2025), to 2.8% (2026).

Presentation and Discussion: Trigger for revising the benchmark methodology. Design recommendation: Re-evaluating the benchmark methodology?

In response to the Board's desire for a trigger that would allow the benchmark methodology to be revisited, Bailit Health presented other states' criteria for revisiting and possibly changing the benchmark methodology and/or values. Specifically, Connecticut may revisit should there be a sharp rise in inflation between 2021 and 2025; Delaware annually reviews and may change if the PGSP forecast changes "in a material way"; Massachusetts can modify the benchmark subject to legislative review; Rhode Island can revisit if there are "highly significant" changes in the economy. The Board also reviewed options for a trigger related to inflation, by monitoring changes in Personal Consumption Expenditures (PCE).

In discussion, Board members were most drawn to the Oregon model, that calls for review of 20-year historic values of the state's per capita gross state product trend, median wage trend and health system performance against the benchmark during year 4 of Oregon's benchmark program. In discussing the Oregon model, the Board observed that it is important to balance a stable and predictable benchmark with the ability to intervene and adapt to extraordinary and unpredictable developments in the state and health care economy. The Board concluded that it would not recommend a trigger for review of the benchmark for the initial 5-year period but would be open to considering the option under extraordinary circumstances. The Board directed staff to develop language for their consideration.

Public Comment

Ms. Birch called for comments from the public. There was no public comment.

Presentation: Total Health Care Expenditures Methodology: Review of Advisory Committee feedback. Design Decision: Defining TCHE and TME

Bailit Health reviewed Committee feedback on the Board's recommendations for defining total health care expenditures (THCE) and total medical expense (TME). Feedback included a desire to include expenditures related to social determinants of health as TME, as well as provider expenses related to charity care and bad debt. The Board concluded that neither met the definition of TME, the former because it did not represent medical expenditure, and the latter because it did not involve payment.

In addition, one Committee member suggested inclusion of payments for non-covered services and by uninsured individuals. Bailit Health explained that other states did not include such payments because there was no available data source to capture the spending. There was also a suggestion to have a process to reflect on what is not being captured and periodically re-evaluate whether new data are available. The Board voiced interest in such periodic reexamination.

Presentation: Total Health Care Expenditures Sources of Coverage: Review of Staff Research. Design Decision: Sources of Coverage to include

The meeting ran out of time; this agenda item will be considered at a future meeting.

Adjournment

Next meeting

Tuesday, August 17, 2021
Meeting to be held on Zoom
2:00 p.m. – 4:00 p.m.

Meeting adjourned at 4:00 p.m.