

Health Care Cost Transparency Board meeting minutes

September 14, 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
Bianca Frogner
Carol Wilmes
Edwin Wong
Jodi Joyce
John Doyle
Kim Wallace
Laura Kate Zaichkin
Lois Cook
Margaret Stanley
Molly Nollette
Pam MacEwan
Sonja Kellen

Members absent

Mark Siegel

Call to order

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

Agenda items

Welcoming remarks

Ms. Birch welcomed the members and reminded them of a track record of making difficult decisions. She informed the members of the pending decision related to the cost benchmark and urged them to share perspectives.

Adoption of minutes

The minutes were adopted.

Presentation: Recap of last meeting and topics for today's discussion

AnnaLisa Gellermann, HCA staff, provided a very brief overview of the agenda, indicating that the first presentation would be a more detailed recap of the cost benchmark discussion.



Presentation: Finalizing the benchmark methodology and value

Michael Bailit of Bailit Health presented a summary of the Board's initial recommendation: 3.2% for 2022-23, 3.0% for 2024-25, and 2.8% for 2026. This was based on a 70/30 blend of historical median wage and potential gross state product. Mr. Bailit also recapped the feedback from the Advisory Committee of Health Care Providers and Carriers, which supported a 3.2% value but expressed desire for an unvarying benchmark that did not go below 3%.

Mr. Bailit recapped the Board's August discussion, in which the Board wanted to consider other potential benchmark values that would be responsive to the Advisory Committee's feedback without compromising the overall goal of leveraging the benchmark to make health care more affordable for consumers. Board members also wanted to understand the impact of moving away from the original proposal.

The Board reviewed the trigger language adopted at the August meeting that provided for annual review of performance of the benchmark, and the opportunity to revisit the benchmark value under extraordinary circumstances.

The Board also reviewed 3 scenarios, modeled to show potential inflation cost avoided over a 5-year period arising from 3 different options for benchmark values in the initial benchmark period of 2022-2026. The cost avoidance estimates were based upon projections derived from national data, Option 1, the original recommendation, was estimated to avoid 10.8 billion dollars overall. Option 2, 3.2% for 2022-2024 and 3.0 for 2025-2026, was estimated to avoid 10.4 billion dollars overall. Option 3, 3.0% for 2022-2024, and 2.8% for 2025-2026 was estimated to avoid 11.8 billion dollars overall.

The Board engaged in a lengthy discussion of the options presented. Several members acknowledged the efforts of providers to reduce cost, and the struggles they face to cut cost while maintaining quality and access. Some members focused on the desire for a number that varied less over time and acknowledged concerns about setting the benchmark below 2.8% as being too aggressive. Most of the Board focused on impact of increasing prices on consumers as the primary issue and supported an assertive benchmark. The Board agreed to reject Option 3 with the largest projected savings but were unable to reach consensus in choosing between Options 1 and 2. Ms. Birch called for a motion to approve Option 1, and in the subsequent vote the majority voted affirmatively to approve Option 1 as the benchmark value.

Presentation: Reporting performance against the cost growth benchmark

Michael Bailit of Bailit Health introduced the Board to the topic of the two data analyses that the Board will conduct: a cost benchmark data call that will reveal performance against the benchmark, and a cost driver analysis that is an analysis of existing claims-related data to determine the most significant drivers of increasing health care cost.

The Board reviewed material related to how other states report benchmark performance, including reporting at four levels: state, market, payer, and provider.

Presentation: Data call: Methods to ensure the accuracy and reliability of benchmark performance measurement including the Advisory Committee on Data Issues' feedback

Michael Bailit of Bailit Health presented the Board with information related to the anticipated cost benchmark data call, and various methods to ensure reliability of the measurement. These included discussion of the



problems of small numbers and random variation. Mr. Bailit instructed the Board on some common methods to reduce the impact of these problems, including statistical testing the use of confidence intervals in determining performance, and the use of truncation to address high-cost outliers.

The Board was asked to decide whether to use statistical testing and confidence intervals. They were provided feedback from the Advisory Committee on Data Issues supporting both techniques (so long as the interval construction was clearly documented). In discussion, Ms. Birch asked about experience in other states, and indicated that Washington should learn from that experience. One Board member commented that statistical testing and confidence intervals were a typical approach. One Board member mentioned the unique status of entities that might be both payers and providers as an issue for clarification. The Board unanimously approved the use of both statistical testing and confidence intervals.

The Board was asked to approve the use of truncation. They were provided feedback from The Advisory Committee on Data Issues generally supporting its use, with additional comments related to how to set truncation points. The Board approved use of truncation but did not address truncation points.

Public Comment

Ms. Birch called for comments from the public.

Jeb Shepherd, Director of Policy, Washington State Medical Association (WSMA) commented that as noted in prior comment and a letter submitted to the Board, WSMA did not support the benchmark selected by the Board as overly aggressive and not supported by the Board's rationale. He clarified that WSMA supported a 5-year stable benchmark.

Alicia Eyler, Policy Director, Health Access of the Washington State Hospital Association (WSHA) commented that her organization appreciated the thoughtful approach and attention to their prior comments, evident in the Board's discussion of the benchmark. WSHA does not support a 2.8% benchmark in 2026, as too aggressive and a lower value percentage than any other state, and is concerned the number was arrived at for policy reasons rather than based on methodology and rationale.

Adjournment

Meeting adjourned at 4:00 p.m.

Next meeting

Tuesday, October 14, 2021
Meeting to be held on Zoom
10:00 a.m. – 12:00 p.m.