

## Health Care Cost Transparency Board meeting minutes

March 16, 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  
John Doyle  
Bianca Frogner  
Jodi Joyce  
Molly Nollette  
Pam MacEwan  
Margaret Stanley  
Kim Wallace  
Carol Wilmes  
Edwin Wong

### Members absent

Lois Cook  
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

Ms. Birch welcomed the members.


#### Approval of minutes

The minutes were approved.

#### Recap of February board meeting

Michael Bailit and January Angeles, Bailit Health  
PowerPoint presentation

Ms. Angeles reminded the Board of the areas they had selected for deeper dives: market oversight (including consolidation and setting affordability standards), hospital-based pricing strategy (including global budgets and



labor cost impact), and value-based payments. Board members also wanted to hear more about innovative approaches that other states have *not* pursued and why.

Board members approved amended criteria for selecting strategies to support cost growth benchmark attainment. The approved criteria are:

- Implementation of the strategy is likely to have a substantive impact on cost growth benchmark attainment  
Evidence supports the strategy, or if not, there is a compelling logic model for the strategy.
- The strategy is actionable for the State, payers or provider organizations.  
Approval from federal partners is not required to implement the strategy, or there is a high likelihood of obtaining required approval.
- Relevant stakeholders have the capacity to design and execute the strategy thoughtfully and successfully.

### Advisory committee feedback on impacts to consider and cost growth driver analyses

AnnaLisa Gellermann, HCA  
January Angeles, Bailit Health

Ms. Gellermann presented a summary of feedback from the Advisory committee of Providers and Carriers on possible consequences of transparency and cost reduction efforts, and suggestions from the committee of areas for monitoring and counter-measurement. These included unintended negative impacts on vulnerable populations, fragile health delivery systems, small practices, and primary care utilization and reimbursement, and unwanted cost-cutting. The committee agreed that the effects of the pandemic would influence benchmark results with rising labor costs, changes in utilization and required benefit changes.


Ms. Angeles presented feedback from the Advisory Committee on Data issues on the cost growth driver analysis. The committee agreed that HCA's recommendation for initial analyses of cost drivers seemed reasonable. The initial analyses are proposed as the following: Spend and trend by geography, trends in price and utilization, spend and trend by health condition, spend and trend by demographics, and monitoring of potential unintended adverse consequences. One member suggested use of the CMS Chronic Condition Warehouse for identifying and grouping conditions to analyze. Some members were interested in independent analyses of pediatric conditions.

The Board engaged in discussion about the CCW, and the availability of other data sources related to conditions and demographics. One Board member suggested selection based on current use and ease of access, another suggested considering alignment with Oregon as advantageous for participants in both states. Another suggested caution about the impact of the pandemic as potentially undercounting impacted individuals. Mr. Bailit responded that they had created a guide for states but was not aware of an empirical basis for selecting one data source over another. Ms. Gellermann indicated that the specific data sources would be the topic of future discussion with the data committee and Board as staff continued design of the cost driver analysis.

### Data on spending and spending growth in Washington

Michael Bailit and January Angeles, Bailit Health  
PowerPoint presentation

Mr. Bailit presented an introduction to the discussion of Washington specific data, reminding Board members that data was tool used to identify opportunities and strategies to slow cost growth. He reminded the Board that it could take notice of multiple sources and stressed that reports would vary based on the data content and methodology. He encouraged the Board to ask questions and critical thinking to conclusions presented in data.



He asked the Board to consider what the data said about where costs were rising highest and fastest, what concerns should be considered when interpreting the data, and what further analyses should be considered to better understand what is driving spending and spending growth.

### Washington State Commercial Trends in Cost 2016-2019

Jane Beyer, Office of the Insurance Commissioner  
Amy Kinner, OnPoint  
PowerPoint presentation

Ms. Beyer introduced the OnPoint presentation by sharing the OIC's goal of having Washington specific information on trends in the commercial market that they regulate: full insured individual, large and small group health plans. The analysis requested of OnPoint was of price and utilization over a three-year period. Ms. Beyer shared that after viewing the dashboard, the office had determined that it might support their efforts to investigate and regulate mental health parity and consumer payments for ground ambulance services. Ms. Beyer also informed the Board that they would likely not be updating the tool to include data after 2019, as that work was substantially similar to the Board's legislative directive.

Ms. Kinner walked the Board through the dashboard created by the OIC. One Board member asked for clarification of the number of covered lives in the commercial market, and Ms. Beyer estimated the number at between 1.2 and 1.5 million lives. One Board member asked if there had been an attempt to determine if self-insured costs were similar. Ms. Beyer shared that the OIC did not conduct that analysis, which might require exploration of the Fair Health database or coordination with the Washington Health Alliance.

### Public comment

Ms. Birch called for comments from the public.


Eric Lewis, CFO, Washington State Hospital Association

Mr. Lewis stated that the Board had important work and a big challenge to ingest data to determine and slow cost growth. He emphasized that the impact of significant changes to due Covid, inflation, labor costs and energy costs presented a challenge, and urged the Board to consider an adjustment to the benchmark to a higher number or using 2022 as a base year rather than 2021. He stated that half of hospital expenditures are spent on wages, that hospitals have been paying wage increases of over 10%. He also urged the board to consider these challenges with ad hoc reporting and attention to the context when reporting on providers who exceed the benchmark. He offered partnership in determining future cost mitigation strategies. In response to a question from the Board about accounting for federal relief money, Mr. Lewis shared that the majority of those funds were used to replace lost revenue from halting non-emergency procedures as directed by federal and state directives, and to support increase cost of procedures, with the result of stabilizing hospitals and supporting continued services.

### Other data on health care cost trends in Washington

Michael Bailit and January Angeles, Bailit Health  
PowerPoint presentation

Mr. Bailit presented a survey of various measures tracking spending growth from varied sources including the OIC, the Washington Health Alliance, and the Health Care Cost Institute. These showed increasing cost trends in various markets including Medicaid, PEBB, and Washington vs. national growth in service category spending. He indicated



that these types of data reports are the types that should be reviewed by the Board on a regular basis to determine cost mitigation strategies.

The Board engaged in discussion about several aspects of the presentation, asking clarifying questions about the data sources and methodology. The Board generally expressed interest in pharmacy cost generally, with correlation between new drug development and mandates to understand their impact. One member expressed an interest in understanding impacts in both cost shifting and utilization shifting (from acute inpatient to outpatient). One Board member urged the consideration of consolidation, especially acquisition of physician practices, as a significant area to understand. One Board member requested data on comparable with other states related to trend changes, and a breakdown of price utilization. Mr. Bailit shared that only limited data was available for 2020, but that a comparison could be shared in the future. He also shared that understanding the impact of price vs. volume would be important and required a measure of service mix (which would need to be based on a tool such as one developed by Milliman or HCCI). The Board also identified a priority for a deeper dive into hospital costs.

### Impact of COVID 19 and rising inflation on the Cost Growth Benchmark program

Michael Bailit and January Angeles, Bailit Health  
PowerPoint presentation

Ms. Angeles informed the Board about the impact of Covid on spending trends in 2019 and 2020. Minnesota and Massachusetts have both reported a decline in health care spending for that period. The trend for 2020 and 2021 is expected to be higher. She also shared information about rising costs, affected by supply chain issues, labor shortages and elevated labor costs. All these factors raise concerns about near term prospects for meeting the benchmark.

Ms. Angeles also discussed some economic indicators including a trend chart of personal consumption expenditures from 1996-2021 showing that 2019 and 2021 were very different than historic trends. Inflation and real gross domestic product are strong predictors of health care spending growth, but the impact is often delayed due to the contracting cycle.

The board was reminded of the criteria it had adopted to revisiting the cost growth benchmark and invited to engage in a discussion. Ms. Angeles shared other states have retained their benchmark values and interpret 2020 and 2021 results (at least) in the context of the pandemic and its economic impact.

The board engaged in discussion.

In general, the Board supported increased communication and feedback with stakeholders, including their advisory boards. One member suggested the Board acknowledge the comments of both WSHA and WSMA to the Board describing the challenges they are currently facing. Another member stressed the importance of continued dialog with stakeholders in the face of long-lasting stresses to the health care system.

Members generally agreed not to adjust the benchmark because that they lacked sufficient information and clarity to consider a change. Several members stressed that the challenges described by stakeholders should and would be considered when considering benchmark results. The Board determined not to adjust the benchmark, but to monitor the situation closely. Ms. Birch directed staff to work with her on acknowledgement strategies.

### Adjournment

Meeting adjourned at 3:56 p.m.

### Next meeting

Wednesday, March 16, 2022


Meeting to be held on Zoom

DRAFT

Health Care Cost Transparency Board meeting summary

02/16/2022





2:00 p.m. – 4:00 p.m.

