Health Care Cost Transparency Board meeting minutes

August 17, 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
Lois Cook
Bianca Frogner
Leah Hole-Marshall
Jodi Joyce
Sonja Kellen
Molly Nollette
Margaret Stanley
Kim Wallace
Carol Wilmes
Edwin Wong

Members absent

Mark Seigel

Call to order

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

Agenda items

Welcoming remarks

Approval of minutes

Minutes were approved for both June and July.

Primary Care: Overview and Next Steps

Dr. Judy Zerzan-Thul introduced the Board to the topic primary care and provided an overview of the recommendations to be requested of the new Advisory Committee on Primary Care. There are four recommendations: definition of primary care, claims-based measurement, non-claims-based measurement, and reporting requirements, including barriers and how to overcome them.
Dr. Zerzan-Thul presented information on the Primary Care Transformation Model (PCTM), which began in 2019. Key components of PCTM include provider accountabilities, payer accountabilities, and centralized provider certification. Dr. Zerzan-Thul explained that PCTM defines primary care consistent with CMS guidelines, OFM and

the Bree collaborative. She also explained that primary care practitioners are defined fairly consistently by type, but that it can get "messy" for practitioners who practice in primary and specialty settings, for example behavioral health and pediatrics.

Moving on to claims-based measurement, she shared that it is typically defined by CPT code, to include office visits, preventive/wellness visits, developmental/behavioral health screenings, and may also include vaccine administrations, OB care, and basic laboratory services. Other services, including pharmacy claims, physician administered drugs and medical devices are not automatically included.

Dr. Zerzan-Thul described previous work in Washington on primary care spending, including Washington's Office of Financial Management measurement of claims-based spending beginning in 2018 based on the WA-APCD, and the Bree Collaborative's work on defining primary care. She presented the methodology and reports from OFM's WA-APCD measurement. According to those reports, primary care spending comprised 5.9% of total health care spending in 2019 and ranged between 5.2% and 5.9% between 2018 and 2020. Changes in primary care spending were primarily driven by a narrow definition, while a broader definition remained relatively stable.

Dr. Zerzan-Thul went on to discuss non-claims-based measurement, explaining that this type of measurement was intended to capture spending that may not appear on claims. Examples include services paid as part of an alternative payment mechanism, patient cost-sharing, care coordination, community health workers, and quality incentives.

She then shared her considerations for the composition of the Advisory Committee on Primary Care, explaining that she began with the certification workgroup from PCTM based on their current knowledge and familiarity with the topic of primary care, and the stakeholder representation in the group. She shared the list of PCTM certification workgroup members with the Board and shared the next steps to be taken in developing the final list of committee members for the Board's consideration. She shared that had received initial feedback from the Advisory Committee of Health Care Providers and Carriers, and was working to find members to meet those suggestions, including clinicians with expertise in value- based payment models and representatives of Federally Qualified Health Centers and Rural Health Centers,

Dr. Zerzan-Thul asked the Board for input as to their thoughts and considerations for the committee, and any feedback or guidance on the process for arriving at recommendations.

One Board member suggested that in keeping with the Board's intent to understand the consumer perspective and incorporate it into their decision-making, a consumer representative should be included on the committee. This suggestion was supported by several Board members.

One Board member suggested that the committee should include representation from south-west Washington.

One Board member stressed that the statute called for consideration of work that had previously been done in the state and emphasized the need to balance building on previous work including PCTM with the new charge to the Board to raise spending to a target of 12%. In support of this new goal, she suggested the addition of employers and/or payers to the committee, and that a committee charter would be helpful to clarify the goals of the committee.

One Board member expressed significant concern with the composition, balance, and lens of the proposed membership as being very hospital based, heavy on payers and light on organizations with substantial primary care footprint. She suggested adding a representative from SeaMar and Yakima Valley Farmworkers (large FQHCs in the state). She also suggested looking at the Bree Collaborative membership, which she considered well-balanced.

Presentation: Washington Hospital Costs, Price, and Profit Analysis

John Bartholomew and Tom Nash, Consultants

Mr. Bartholomew presented the results of the study he and Mr. Nash prepared comparing Washington hospital cost, price, and profit. Mr. Bartholomew explained the source (self-reported Medicare Cost Report data) and methodology for arriving at price per patient, cost per patient and profit per patient. His report compared hospitals across different types and peer groups, including health systems, independents, for-profit, not-for-profit, rural, urban, teaching and by bed size.

Mr. Bartholomew shared that based on 2020 data and compared to hospitals nation-wide, Washington ranked 13th highest in price, and 7th and 8th highest in cost. He concluded that overall, Washington hospitals in aggregate have higher prices and costs and are lower using profits as a measure.

Mr. Bartholomew then went on to compare price vs. hospital-only cost between Washington and national hospitals in several categories, including various bed sizes, teaching hospitals and children's hospitals. He also identified Washington hospitals that were cost/price outliers, both above and below median price/cost, in those categories. He concluded his presentation by advising the Board that more work needs to be done to understand hospital cost, and that in order to arrive at a fair and accurate comparison other measures must be considered such as case mix, service intensity measures, operating environment, payer mix and other financial measures.

One Board member asked how Mr. Bartholomew defined a price/cost outlier for purposes of the slides. Mr. Bartholomew responded that he defined an outlier as any entity 10% or more above the national median after cost-of-living adjustment, which was represented by the horizontal line on the chart.

One Board member said it would be helpful to come up with a list of risk adjustment factors with the goal of distinguishing between what costs are "explainable" based on those factors and those costs that could not be explained.

One Board member indicated interest in understanding how educational and children's hospitals in Washington compare to similar entities in Oregon.

One Board member stated that looking at wage differences would be important in assessing comparative cost but questioned the usefulness of looking at CPI for differences in hospital wages.

Public Comment

Ms. Birch called for comments from the public.

Jeb Shepherd, Washington State Medical Association. Mr. Shepherd suggested that in its consideration of primary care, the Board should reach out to some specialty societies in primary care work, as they would be involved and have important perspective. He also requested that materials and agenda for the Board be posted at least one week in advance of the meeting, to allow interested stakeholders time to consider and prepare comments on the materials. He stated this was both a requirement of the Open Public Meetings Act, and an important element of public dialog.

Albert Froling, Washington State Hospital Association. Mr. Froling thanked the Board for inviting WSHA to present at the July meeting but acknowledged that the presentation was not competed due to running out of time. On behalf of WSHA, he requested an additional opportunity to finish its presentation. He recommended an interesting recent Health Affairs article on hospital cost prepared by the University of Washington, that found that Washington hospital spending is one of ten lowest states in overall spend (*this article will be included in September materials at the direction of the Board chair*). He encouraged the Board to factor in intensity of services input pricing when comparing costs, and to consider a wage index as well in order to get an accurate understanding of

hospital cost. He reminded the Board that they were required by their statute to consider several adjustment factors when reporting on cost and spend.

Renee Rassilye-Bomers, Chief Nursing Officer for the Providence Swedish Central Service Area, and CNO for the Cherry Hill campus. Ms. Rassilye-Bomers testified that working in a large complex hospital network allows better service to a community of patients, and specialization of services which resulted in improved quality outcomes, operational efficiencies and maximized training opportunities for staff. She shared that Cherry Hill and First Hill patients are intentionally very different, and that the difference is very apparent in the CMI case mix index for the two facilities, with Cherry Hill's index being twice that of First Hill's. She shared that CMI also recognizes Seattle as one of the most expensive places in the country for hiring nurses and other employees. She supported Mr. Froling's request to consider these variables and others to achieve an accurate and fair understanding hospital cost.

Consuelo Echavarria, Washington Health Care for All. Ms. Echavarria requested that the Board pursue an analysis of how insurance and billing-related costs impact the total cost of care in Washington state. She stated that these costs result in making health care less affordable and less accessible to the people of the state.

Presentation: The influence of health workforce trends on health spending growth

Bianca K. Frogner, PhD, University of Washington

Dr. Frogner's objectives for the presentation were to define the health workforce, understand its connection to health spending, identify COVID effect on heath workforce, and educate the Board on workforce shortage and support strategies. She presented information on various sectors within the health care industry and how much employment they represent, occupations within the health care industry, average education in each sector, and racial and ethnic distribution. She went on to describe the relationship between labor and health care spending, emphasizing that health care labor and wage rates have generally grown fairly smoothly, but that the contribution of labor to health care spending is not well understood, especially at the state level.

Dr. Frogner then turned to the impact of COVID on employment, wages, and competition. She shared that overall, 1.4 million health care jobs were lost at the first peak of the pandemic in April 2020. She shared the methods used for tracking turnover among health care workers during the pandemic, and various analyses of turnover rates per COVID phase by sector, occupation, race/ethnicity, and gender/parenthood.

Dr. Frogner then shared information contrasting median hourly wages across health care occupations, for both permanent and temporary positions. Dr. Frogner presented her key takeaways from this information; that COVID has had the largest effect on long-term care employment, that wage rates have increased since the start of COVID and are increasing faster in WA, and that how may work as travelers and what they are paid is hard to identify.

Due to time, Dr. Frogner was requested to delay the remainder of her presentation until the September Board meeting, and she graciously agreed.

Adjournment

Meeting adjourned at 4:00p.m.

Next meeting

Wednesday September 21, 2022

Meeting to be held on Zoom
2:00 p.m. – 4:00 p.m.