Washington State Health Care Authority

Frequently asked questions (FAQ)

Health Care Cost Transparency Board

Each year, Washington residents are paying more and more for their health care. Rising health care prices impact:

- Employers who provide health benefits to their employees.
- Washington State, which purchases health care for almost three million Washington residents through Apple Health (Medicaid), the Public Employees Benefits Board (PEBB) and School Employees Benefits Board (SEBB) programs, and COFA Islander Health Care Program.
- How much people need to pay out of pocket to receive care.

The cost of health care in Washington has grown and is projected to grow faster than both the state's economy and Washingtonians' wages. The Health Care Cost Transparency Board (Cost Board) and its Cost Growth Benchmark program were established in 2020 (**House Bill 2457**) as a vital tool to monitor and contain rising health care costs across the state.

About the Cost Board

What does the board do?

The board is responsible for reducing Washington State's health care cost growth by:

- Determining the state's total health care expenditures through an annual data call.
- Setting a health care cost growth benchmark for providers and payers.
- Identifying cost trends and cost drivers in the health care system.
- Reporting annually to the Legislature, including providing recommendations for lowering health care costs.

Can Washington State really lower health care costs?

Health care costs are rising like everything else—and they are rising at a much faster rate, compared to wages or inflation. Lowering health care cost growth means future savings. It's a big challenge, and there is not one simple solution.

Washington is a leader in reducing health care costs. We are embracing innovative programs, including:

- The nation's first public option plan for health care insurance.
- The Drug Price Transparency program.
- New ways of payment that incentive providers to provide whole-person health to their patients. (Whole-person health is care for the mind, body, and substance use disorder within one integrated health care system.)
- Capping spending for certain drugs and creating a pharmacy affordability board to lower drug costs (via the Legislature during the 2022 legislative session).

Other states, including Massachusetts and Connecticut, set a cost benchmark a few years before Washington. Evidence from those states show positive results in lowering the upward trend of cost.

Transparency—making sure we understand what we're paying for and how much we're paying—is an important tool in controlling costs. A big focus of the board is to shine a light on spending so we can better understand where the biggest problems lie.

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Who makes up the board?

Fourteen members are part of the board. Nine of them, including consumer and business and labor representatives, are appointed by the Governor. The other members include the Washington State insurance commissioner, administrator of the Health Care Authority, director of Labor and Industries, the chief executive officer of the Washington Health Benefit Exchange, and a representative from a local government who purchases health care. Visit our **board members page** for a full roster.

In addition, the board receives support from four advisory committees:

- **Advisory Committee on Data Issues**
- **Advisory Committee on Primary Care**
- **Health Care Stakeholder Advisory Committee**
- Nominating Committee

The Cost Board's Nominating Committee recruits and selects members of the advisory committees. The Nominating Committee is comprised of at least three members of the board. Their job is to ensure an effective and appropriate mix of representation and diversity (including gender, geography, expertise, background, and qualifications) when selecting advisory committee members who adhere to the strategic vision of the board.

What's the board up to now?

The board set a health care cost growth benchmark for 2022-2026. Every year, the board will ask health insurance carriers for specific data, which the board will use to determine how Washington State is performing compared to the benchmark. The board will also identify carriers and health care providers who are exceeding (going over) the benchmark.

What do the advisory committees do?

Data Issues: provides expert advice on data calls and in the analysis of existing data sources to determine cost drivers and assist with the Board's various data sets

Health Care Stakeholders: provides expert advice from the provider and carrier perspective and supports the creation of the benchmark and data calls.

Primary Care: provides expert advice related to the state's 12 percent primary care spending target for the board's review.

About the Cost Growth Benchmark Program

What's the benchmark?

The first step in containing health care costs is establishing an expectation and common goal that costs grow at a sustainable rate which does not outpace the economy or wages. This is a specific rate that carriers and providers should try to **stay under** to make health care more affordable for people. The benchmark is set using economic data, such as historic and projected gross state product, wages, and income.

The purpose of the benchmark is to:

- Make health care costs more transparent to the public and policymakers.
- Encourage carriers and providers to keep costs at or below the benchmark.
- Reduce the overall trend of health care cost growth in Washington State.

The board will compare the annual rate of growth of total health care spending in Washington State against this benchmark:

Table 1: benchmark for 2022–2026

Calendar year	Cost growth benchmark values
2022	3.2%
2023	3.2%
2024	3.0%
2025	3.0%
2026	2.8%

The benchmark is monitored at four different levels:

- Statewide
- Statewide, by market (Medicaid, Medicare, Commercial)
- Payers (health insurance carriers)
- Large provider organizations

What's a data call?

The board is collecting data to establish a baseline for measuring future cost growth. In 2022, we called on carriers to provide "pre-benchmark" performance data on total health care spending for 2017, 2018, and 2019. In 2024, the board will collect cost growth information for the first benchmark year, 2022.

The reports collected from the data calls will be released in this timeline:

Table 2: Cost growth benchmark implementation timeline

Year of release	Includes data from specified years	Data included
Late fall 2023	2017 – 2019	State and market data only. The board will not publicly report insurance carrier or provider cost growth for this period
Late fall 2024	2020 – 2022	For large provider entities and carriers with cost growth target of 3.2%
Late fall 2025	2022 – 2023	For large provider entities and carriers with cost growth target of 3.2%
Late fall 2026	2023 – 2024	For large provider entities and carriers with cost growth target of 3.0%
Late fall 2027	2024 – 2025	For large provider entities and carriers with cost growth target of 3.0%
Late fall 2028	2025 – 2026	For large provider entities and carriers with cost growth target of 2.8%

Who is included in the data call?

For information on provider reporting, including how providers were identified, please refer to our **Provider FAQ**.

How are the state, carriers, and providers held accountable?

From our first benchmark data call, we can see what's happening in cost growth for the entire state and in the different health insurance markets. In 2024, the public can compare spending between different carriers and providers. Because of this, we'll be able to see who has effectively stayed below the benchmark and who has

not. This kind of consumer understanding is a way for the state, carriers, and providers to do their best to lower costs.

Some states have put other measures into law, including a requirement for improvement plans or the ability to fine entities that exceed their benchmark. However, the main focus is transparency, along with understanding cost drivers and best practices more deeply.

What happens if an insurance carrier or provider goes over the benchmark?

The board is working with its advisory committees to develop the process for this. Before data is publicly released (in late 2024), the board and staff will work closely with carriers and providers to understand the factors that have impacted performance.