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Healthcare Benchmark Initiative
Data Analytics Workgroup
March 26, 2025

Meeting Agenda

Time	Topic
2:00 p.m.	I. Welcome and Introductions
2:05 p.m.	II. Charter and By Laws
2:10 p.m.	III. Background on Connecticut's Healthcare Benchmark Initiative
2:40 p.m.	IV. OHS Data Use Strategy
2:50 p.m.	V. Public Comment
2:55 p.m.	VI. Wrap-Up and Next Steps
3:00 p.m.	VII. Adjourn

I. Welcome and Introductions

CT Data Analytics Workgroup (DAW)

Olga Armah, Office of Health Strategy
Sarah Carr, Esq. Office of the Healthcare Advocate
Mehal Dalal, MD, Department of Social Services
Michaela Dinan, PhD, Yale School of Public Health
Rick Hein, Hartford HealthCare – Healthcare Economics
Leann Miller, PharmD, Yale New Haven Health - Pharmacy
Roslyn Murray, PhD, Brown Univ., Center for Advancing Health Policy through Research
Stephanie de Abreu, United Healthcare, NE Regulatory Affordability Programs
Daniel Pumerantz, Yale New Haven Health – Revenue
Joseph Quaranta, MD, Privia Health
Katherine Villeda, Health Equity Solutions
Michelle Wilson, Minnesota Department of Health
Joshua Wojcik, **Chair,** Office of the State Comptroller

II. Charter and By Laws

Mission and Vision of the DAW

A. Vision

To advance cost growth benchmark attainment through improved understanding of healthcare spending, utilization, and price growth in the commercial, Medicare, and Medicaid markets in Connecticut.

B. Mission

To aid the Connecticut Office of Health Strategy's (OHS) Healthcare Benchmark Initiative by designing and reviewing standard and ad hoc cost and utilization reports and analyses, identifying opportunities to reduce spending growth, as well as providing advice on benchmark performance measurement methodologies, and offering recommendations for areas of focus to OHS' Healthcare Benchmark Initiative Team and Committees.

Objectives of the Data Analytics Workgroup

The DAW's activity shall include providing advice on:

- Implementing a data strategy including design and review of standard and ad hoc reports.
- Benchmarking of Connecticut spending to other states' benchmarks.
- Identifying contributors to high spending, spending variation and spending growth.
- Identifying opportunities for cost growth mitigation strategies to improve healthcare affordability.
- Using analytic findings in an illustrative manner to make a compelling case to support policy change to ensure equitable, high-quality healthcare and improved population health.
- Offering contextual insights when interpreting analytic findings.
- Offer support and alternatives in methodological adjustments used within cost growth target and performance reporting.

➢ Do you agree with these objectives?

III. Background on Connecticut's Healthcare Benchmark Initiative

Healthcare Benchmark Legislation

- The Office of Health Strategy (OHS) was established effective January 1, 2018 via June Special Session PA 17-2.
- Governor Lamont signed Executive Order #5 in January 2020, becoming law in 2022, charging OHS to:
  - set a benchmark for total healthcare expenditures growth in the state;
  - set benchmarks for healthcare quality in the state, and
  - set targets for increased primary care spending as a percentage of total health care expenditures.
- OHS has carried out the initial development and implementation of the Initiative and continues to report on the performance of the state with the support of oversight advisory bodies (Technical Team, Steering Committee, Quality Council, Data Analytics Workgroup)

Connecticut's Healthcare Benchmark Initiative

- The Healthcare Benchmark Initiative plays a key role in improving the health of Connecticut residents. It helps:
  - ensure access to affordable, high-quality healthcare;
  - support and sustain Connecticut's primary care infrastructure, and
  - lower healthcare spending growth.
- In addition, the Healthcare Benchmark Initiative:
  - involves people interested in the performance of Connecticut's healthcare system, and
  - provides data to legislators and policymakers to improve healthcare quality and spending in Connecticut.

Connecticut's Healthcare Benchmark Initiative Annual Timeline

- In **August** each year, payers are required to submit aggregate data to OHS for the Healthcare Benchmark Initiative.
  - OHS then validates and analyzes the data, meeting with payers during the process, as necessary, and sharing initial results with payers and Advanced Networks for review.
- OHS then reports its findings by the following **March** and hold a public hearing on the findings by the end of **June**.
- Finally, by mid-**October**, OHS must submit a report to the General Assembly with recommendations (legislative or otherwise).
  - Though not required, OHS typically consults with its stakeholder advisory bodies when developing such recommendations.

Connecticut's Healthcare Cost Growth Benchmark

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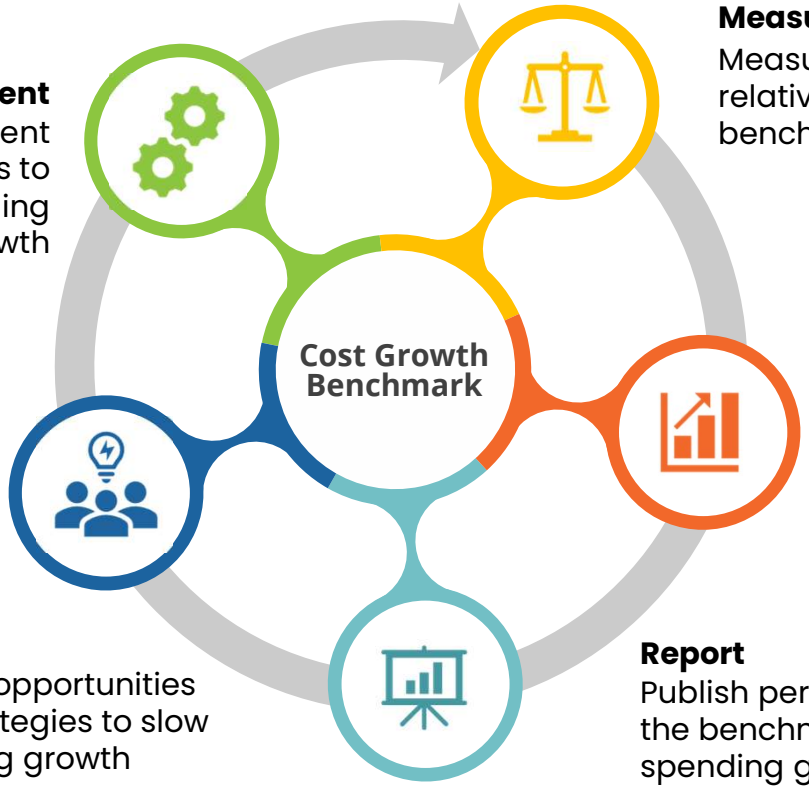
What is a Healthcare Cost Growth Benchmark?

- It is a goal for how much health care spending per capita should grow each year.
- Benchmarks are set to promote more affordable and sustainable healthcare.
- *Ideally*, state leaders, health insurers, healthcare providers, businesses, and consumer advocates agree to these benchmarks and commit to taking action to achieve them.
    - Connecticut is still working to obtain these commitments from all health insurers and provider organizations.

States may use target or benchmark terminology. It's a matter of preference. States also use "**cost**" and "**spending**" interchangeably.

Logic Model for a Cost Growth Benchmark



Measure
Measure performance relative to the benchmark

Analyze
Analyze spending to understand spending trends and drivers

Report
Publish performance against the benchmark and analysis of spending growth drivers

Identify
Identify opportunities and strategies to slow spending growth

Implement
Implement strategies to slow spending growth

- The benchmark is not an end, but a means to slow spending growth.
- Complementary actions are required to attain that goal.

Connecticut's Healthcare Cost Growth Benchmark

- The historical and current benchmark values are based on a blend of forecasted per capita potential gross state product (PGSP) and forecasted growth in median income.
- The 2026 to 2030 benchmark values were recently reviewed and recommended by a convened Technical Team.

Calendar Year	Benchmark Values
2021	3.4%
2022	3.2%
2023	2.9%
2024	*4.0%
2025	2.9%

**Modified from 2.9% to account for inflation in 2021 and 2022*

Total Healthcare Expenditures

Total Medical Expense (TME) + **Net Cost of Private Health Insurance (NCPHI)** = **Total Healthcare Expenditures (THCE)**

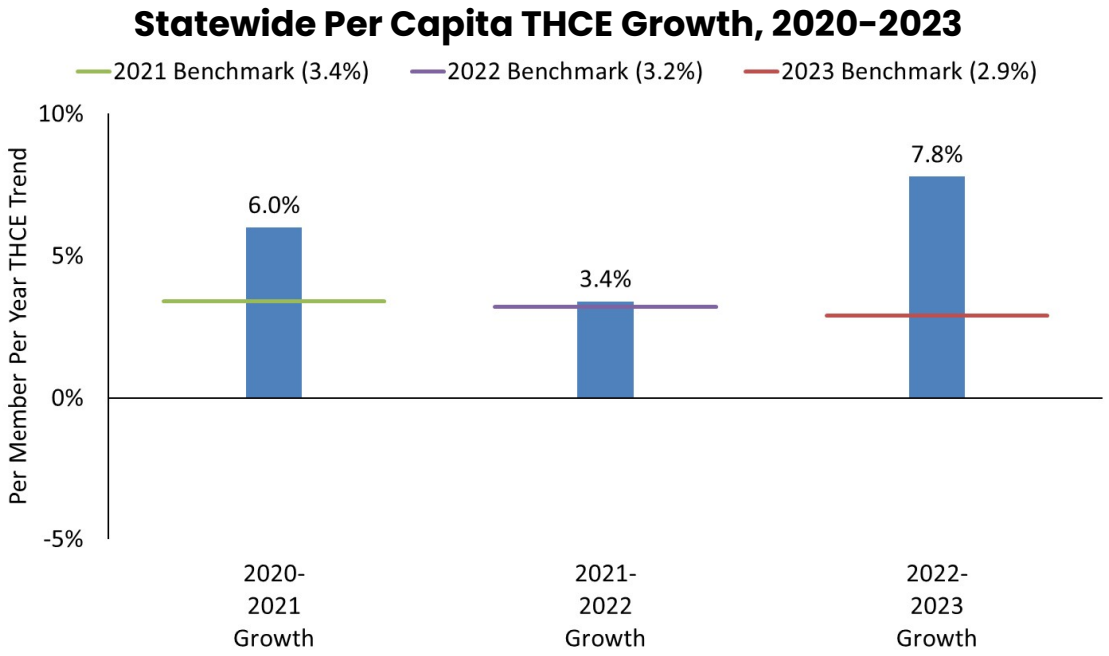
All incurred expenses for CT residents for all health care services, regardless of where the care was delivered and regardless of the situs of the member's health plan.

The **costs to CT residents associated with the administration of private health insurance.**

THCE is only reported at the overall State level. (TME is reported at the State, Market, Insurer, and Advanced Network Level.)

2023 Cost Growth Benchmark Results: Over Time

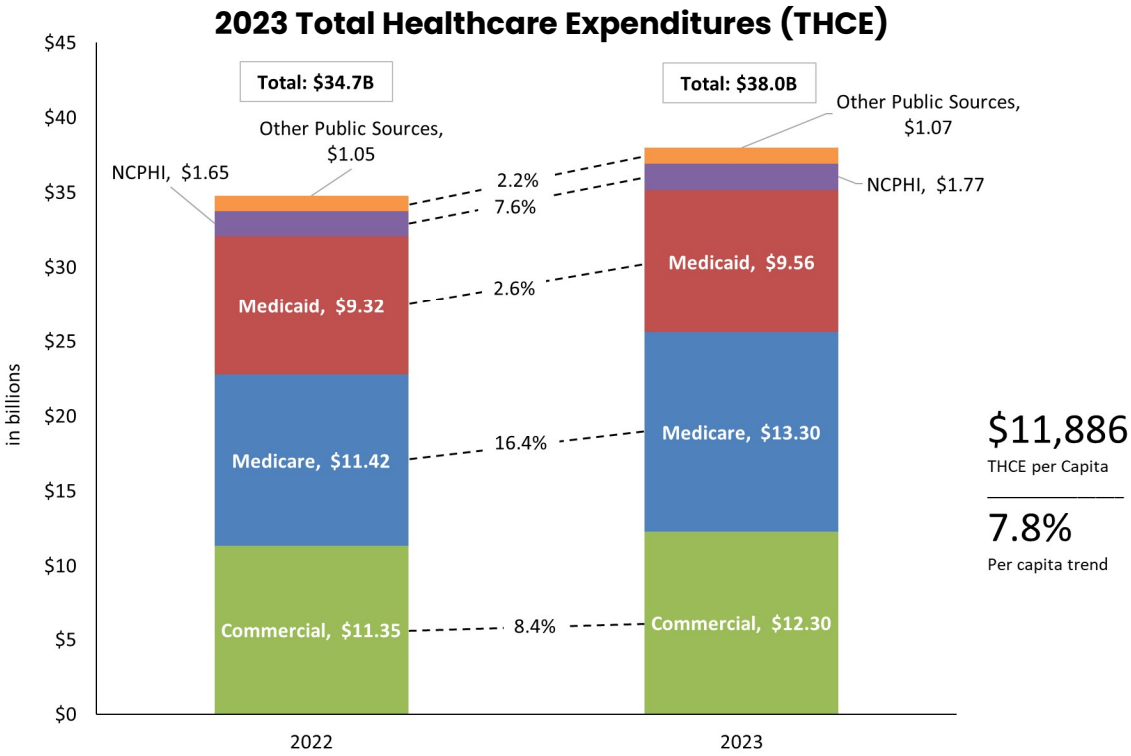
- Total statewide healthcare spending – *including insurer profit and margin* - exceeded the benchmark for the third consecutive year.
- In 2023, per capita spending growth reached its highest level yet, increasing 7.8% year-over-year.



Source: OHS collected data from insurance carriers, the Centers for Medicare and Medicaid Services (CMS), the Connecticut Department of Social Services (DSS), the Connecticut Department of Correction (DOC), and the Veterans Health Administration (VHA).
Notes: Data are not risk-adjusted and data are reported net of pharmacy rebates. Data include the net cost of private health insurance (NCPHI).

Change in Total Healthcare Expenditures, 2022–2023

- Statewide health care spending increased over $3 billion in one year from 2022 to 2023.
- Private insurer administrative expense and profit represented 4.6% of the total.

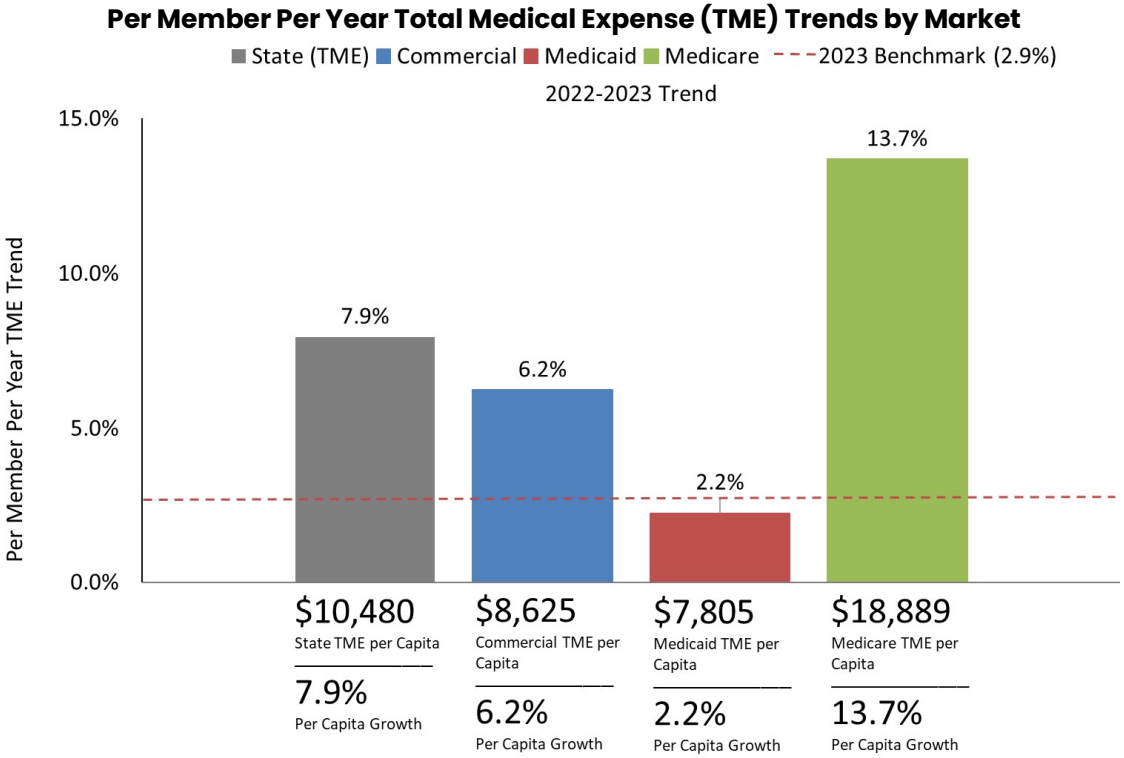


$11,886
THCE per Capita

7.8%
Per capita trend

Source: OHS collected data from insurance carriers, the Centers for Medicare and Medicaid Services (CMS), the Connecticut Department of Social Services (DSS), the Connecticut Department of Correction (DOC), and the Veterans Health Administration (VHA).
Notes: Data are not risk-adjusted and data are reported net of pharmacy rebates. "Other Public Sources" includes CT DOC and VHA spending. "NCPHI" is the net cost of private health insurance.

2023 Cost Growth Benchmark Results: By Market



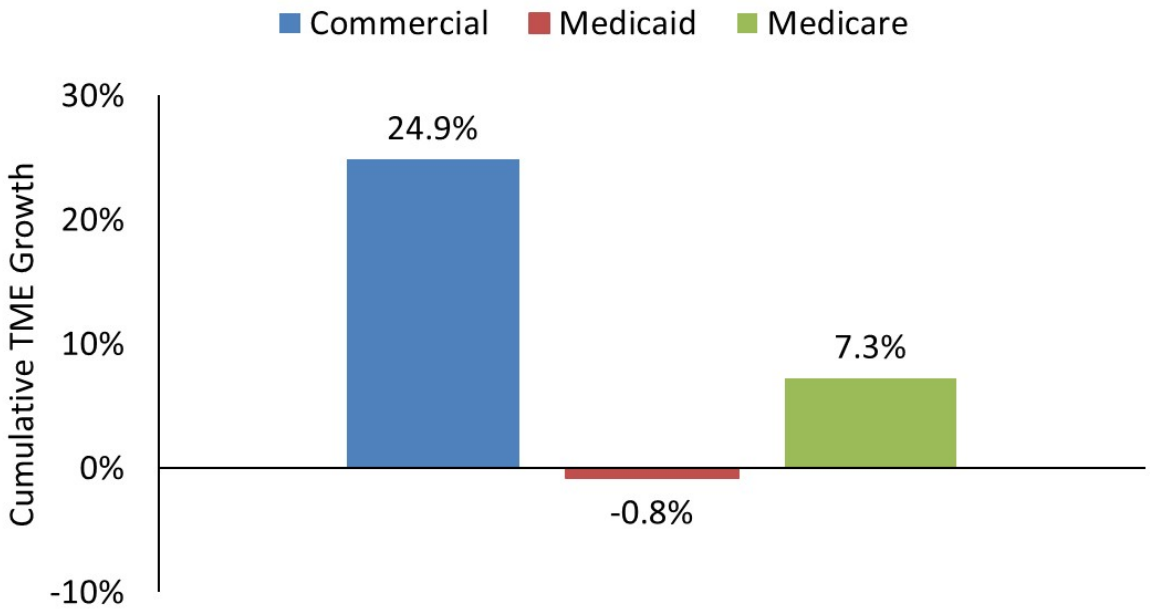
- 1 Year Growth
- In 2023, Medicare had the highest rate of per capita spending growth, largely driven by an increase in non-claims spending by a single payer.
- Only Medicaid met the cost growth benchmark.

Source: OHS collected data from insurance carriers, the Centers for Medicare and Medicaid Services (CMS), and the Connecticut Department of Social Services (DSS).
Notes: Data are not risk-adjusted and data are reported net of pharmacy rebates.

Cost Growth Benchmark Results: By Market

- 5 Year Growth
- Cumulatively, CT's commercial market per capita TME grew by **25%** from 2019 to 2023, far outpacing growth in Medicare and Medicaid.
  - Median CT household income grew only 15.9% over this same 5-year time period.

2019-2023 Cumulative Per Capita Total Medical Expense (TME) Growth by Market



Source: OHS collected data from insurance carriers, the Centers for Medicare and Medicaid Services (CMS), and the Connecticut Department of Social Services (DSS).
Notes: Data are not risk-adjusted and data are reported net of pharmacy rebates.

2023 Cost Growth Benchmark Results

- Commercial market per capita spending growth (25%) has far outpaced that of Medicare (7%) and Medicaid (-1%) since 2019.

- All commercial and Medicare Advantage payers exceeded the benchmark in 2023.

- Medicare spending growth in 2023 was primarily driven by increased spending from the largest Medicare Advantage payer, UnitedHealthcare. Medicaid had only a modest increase in spending growth.

Connecticut's Primary Care Spending Target and Quality Measures (time permitting)

Connecticut's Primary Care Spending Target

Calendar Year	Target Values
2021	5.0%
2022	5.3%
2023	6.9%
2024	8.5%
2025	10.0%

- Connecticut's original primary care spending targets aimed to **increase primary care spending** to 10 percent of total healthcare expenditures by 2025.
- The target is intended to rebalance and strengthen Connecticut's healthcare system by supporting improved primary care delivery.

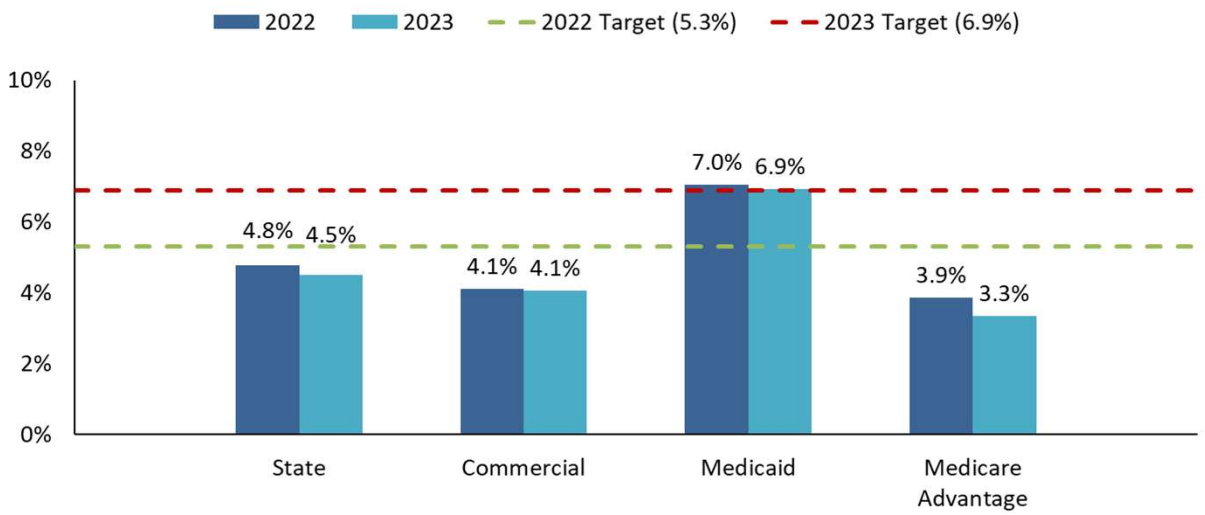
2023 Primary Care Spending Target Results

Primary care spending as a percentage of TME decreased in Medicaid and Medicare Advantage; it remained unchanged in the commercial market.

2023 Primary Care Spending by Market

Market	2023 Aggregate Primary Care Spending	2023 Per Capita Primary Care Spending
Commercial	$494 M	$29
Medicaid	$392 M	$27
Medicare Advantage	$240 M	$54

State and Market Primary Care Spending as a Percentage of Total Medical Expense (TME)



Source: OHS collected data from insurance carriers and from the Connecticut Department of Social Services (DSS).
Notes: Data are not risk adjusted. Data are net of pharmacy rebates. Data include commercial, Medicare Advantage and Medicaid FFS spending. TME includes all of the spending categories captured for the cost growth benchmark, less long-term care.

2023 Primary Care Spending Target Results

- Connecticut did not meet the primary care target in 2023.
- Since the implementation of the primary care target in 2021, primary care spending as a percentage of TME has *declined*.
- Additional action will be needed if Connecticut is to increase the proportion of spending allocated to primary care.

Quality Benchmark Measures: 2022-2025

In 2021, OHS selected seven Quality Benchmark measures and values for implementation in two phases. OHS set separate benchmark values for the commercial, Medicaid and Medicare Advantage markets per the recommendation of the Quality Council, an advisory body to OHS on quality measurement

2023 Quality Benchmark Results by Market

Market	Asthma Medication Ratio (ages 5-18)	Asthma Medication Ratio (ages 19-64)	Controlling High Blood Pressure	HbA1c Poor Control
Commercial	Did not meet	Met benchmark	Met benchmark	Met benchmark
Medicare Advantage	NA	NA	Met benchmark	Met benchmark
Medicaid	Did not meet	Met benchmark	Met benchmark	Met benchmark

2023 Quality Benchmark Results

- Across markets and payers, performance against the 2023 Quality Benchmarks was generally good, with the exception of the ages 5-18 rate of *Asthma Medication Ratio.*

- While OHS was able to address some of the issues identified last year, this year's process again underscored the **need for insurers and Advanced Networks to integrate Quality Benchmark measures into value-based contracts** and **establish processes for sharing the requisite clinical data** to accurately report performance against the Quality Benchmark values.
  - Advanced Networks have reported that some insurers will not accept electronic files with clinical data for measures.

IV. Data Use Strategy

Healthcare Benchmark Initiative Data Use Strategy

Within the November 2020 report about the Healthcare Benchmark Initiative, OHS adopted a plan to purposefully leverage state data, including the APCD and other sources to make sure the aims of Executive Order #5 were achieved.

The original strategy identified three types of analyses:

1. Identify the leading factors contributing to year-over-year healthcare cost growth.

2. Examine which cost drivers most contribute to total cost of care.

3. Analyze the effects of the cost growth benchmark, including any unintended consequences as a result of its implementation.

Current OHS Data Analysis Tools

In December, OHS released a Data Transparency webpage and three public dashboards: **Healthcare Benchmark Data Transparency**

- The webpage provides a high-level comparison between cost growth benchmark data and the APCD. It also provides detailed descriptions around adjustments for outlier claims and age and sex differences.
- Cost Drivers Dashboard – health care utilization and spending by market, year, gender, age, location, and service category
- Hospital Dashboard – IP and OP hospital spending and utilization by market, year, hospital, and service category
- Retail Pharmacy Dashboard – prescription drug spending and utilization by market, year, category, and National Drug Code (NDC)

Healthcare Benchmark Initiative Data Use Strategy

OHS has revisited the strategy to refocus priorities for leveraging state data to achieve Healthcare Benchmark Initiative aims.

Proposed new priorities are as follows:

1. Leverage OHS' dashboards
2. Examine variation in payment rates
3. Better understand primary care spending and utilization
4. Explain data insights to executive branch leaders, legislators, and the public.
5. Develop a market census report.

➢ Are these appropriate priorities?

V. Public Comment

VI. Wrap-Up and Next Steps

Wrap-Up and Next Steps

The next meeting is scheduled for **May 21, 2025** from **2–3 pm**.

During the next meeting we plan to discuss modifications for the next cycle of the cost growth and primary care reporting as well as longitudinal data on the commercial market cost drivers of spending.

- What specific topics should we add to our future agendas?

Thank you for your advice and engagement!