CONNECTICUT

Healthcare Benchmark Initiative
Data Analytics Workgroup
May 21, 2025

I. Welcome and Approval of 3/26 Meeting Minutes

Meeting Agenda

Time	Topic
2:00 p.m.	I. Welcome and Approval of 3/26 Meeting Minutes
	and Charter and By Laws
2:05 p.m.	II. Cost Growth Benchmark Truncation Levels Analysis
2:15 p.m.	III. Diving Deeper into Spending Growth: A review and discussion of five-year trends for spending, payment, and utilization
2:40 p.m.	IV. Future Data Dashboard Priorities
2:50 p.m.	V. Public Comment
2:55 p.m.	VI. Wrap-Up
3:00 p.m.	Adjourn

Approval of 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.

II. Cost Growth Benchmark Truncation Levels Analysis

Truncation Points

- OHS annually truncates high-cost outlier spending for payer and Advanced Network-level reporting, by market.
- This practice is to prevent often-random annual changes in small numbers of high-cost members from significantly affecting trends in insurer and Advanced Network per capita expenditures.

Market	Truncation Point
Commercial	$150,000
Medicare (excluding “duals”)	$150,000
Medicaid (excluding “duals”)	$250,000
Medicare/Medicaid Dual Eligibles	$250,000

Adjusting Truncation Points

- Over the past three benchmark reporting cycles (2020–21, 2021–22, 2022–23), OHS has observed a decline in the effectiveness of truncation points, as both spending and the number of members exceeding these points have steadily increased.
  - In the commercial market, the amount of truncated spending has **doubled** since 2019 and is now nearly 10%.

Commercial Market Year (using latest submission)	Percentage of Spend Truncated	Percentage of Members with Spending Truncated
2019	5.1%	0.38%
2020	5.5%	0.38%
2021	7.5%	0.47%
2022	9.9%	0.55%
2023	9.8%	0.59%

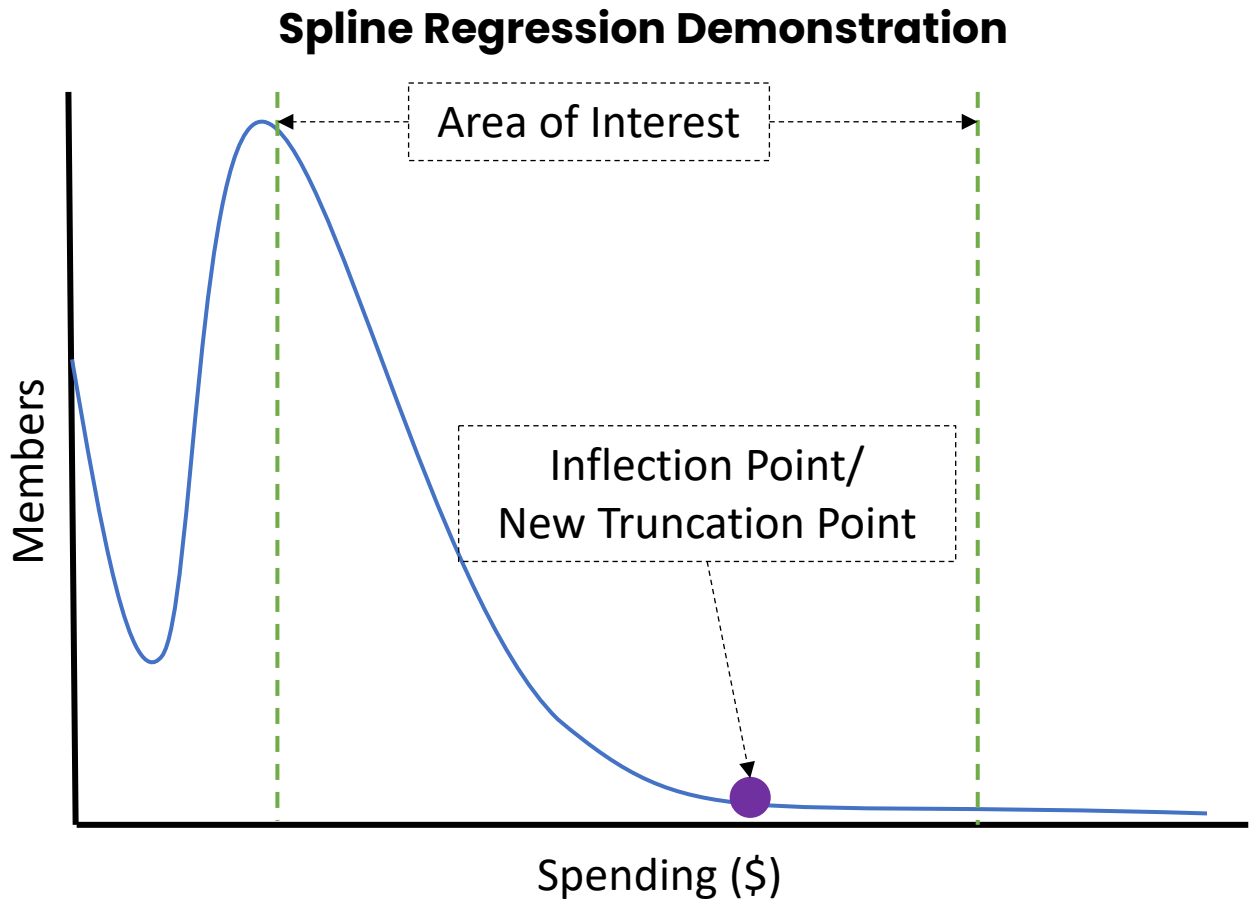
Adjusting Truncation Points

- Because the efficacy of truncation points has steadily decreased, OHS recommends adjusting the thresholds, which were set in 2020, to reflect spending growth since 2019 for each market.

Market	Initial Truncation Points	Cumulative Growth (2019-2023)	Revised Truncation Points (rounded)
Commercial	$150,000	24.9%	$190,000
Medicare (excluding duals)	$150,000	7.3%	$160,000
Medicaid (excluding duals)	$250,000	-0.8%	$250,000
Medicare/Medicaid Dual Eligibles	$250,000	--	$250,000

Potential Future Adjustments to Truncation Points

- OHS has explored an approach that uses “spline regression” to identify truncation points.
- This is a statistical method that can be used to detect inflection points in spending distributions.
- Work is continuing and may be considered for setting truncation points for future years.

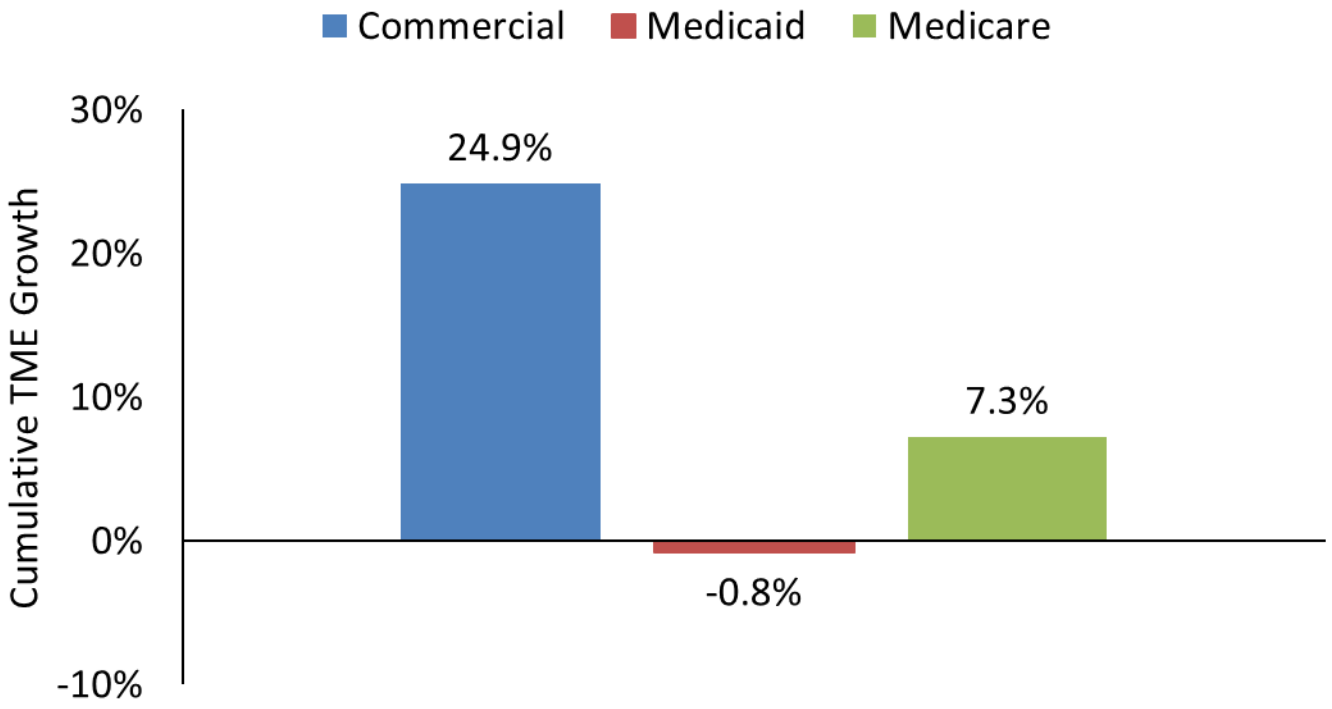


III. Diving Deeper into Spending Growth using APCD Data

Spending Growth by Market (2019-2023)

- Since 2019, commercial market spending has increased by *25%*.
- Using the All-Payer Claims Database (APCD), we can determine whether the contributions to this spending trend have been driven by increases in payment per service, utilization, or both.
- Today we'll dig into commercial spending growth.

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.

Payment Per Unit and Utilization in the APCD

- The APCD enables OHS to produce two key metrics that are useful for determining contributions to spending trends:
  - **Payment per Unit (PPU):** The average amount paid by insurers or payers for a single unit of healthcare service. This is calculated by dividing the total payments for a specific service by the total number of units of that service delivered.
  - **Utilization (units per thousand, UPK):** Utilization is expressed as the number of service units delivered per 1,000 covered members.
- What we do not capture here is whether the mix of services contributed to change in PPU (e.g., GLP-1's replacing less expensive diabetes medications).

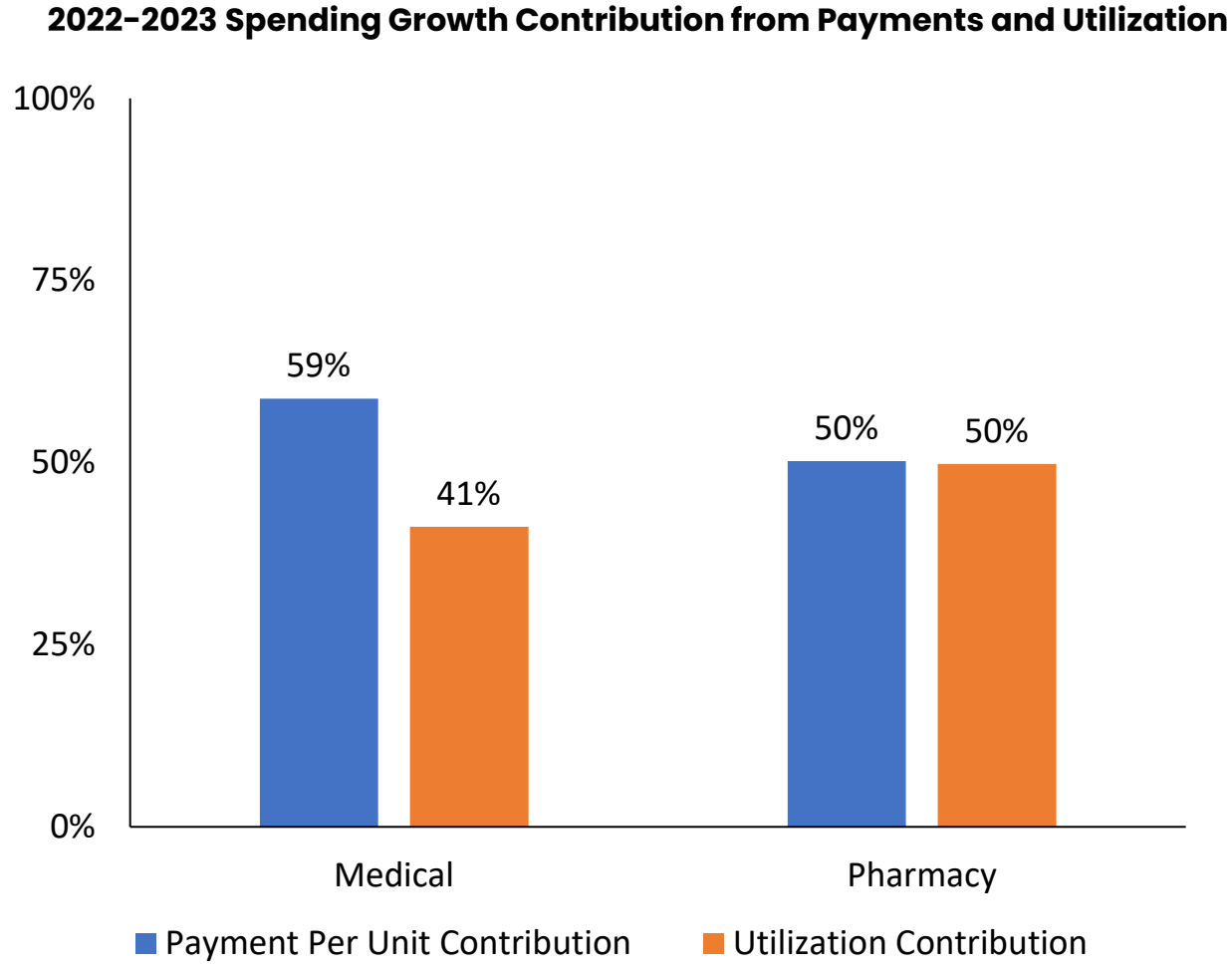
Before We Review the Analysis

As you consider the information on the slides that follow, please consider the following:

- Are the findings consistent with your own experience and analysis?
- What conclusions do you take away from the analysis?
- What additional “drill-down” analyses do you believe would yield valuable insight for OHS and the public?

Contributions to Commercial Market Spending Growth

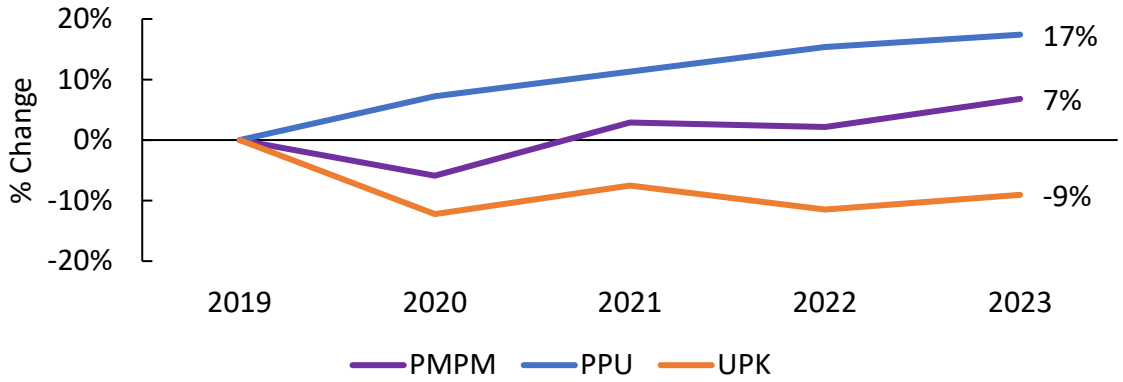
- Payment per unit was the primary driver of commercial market spending growth for medical services in 2023.
- It accounted for half of the increase observed in retail pharmacy spending.



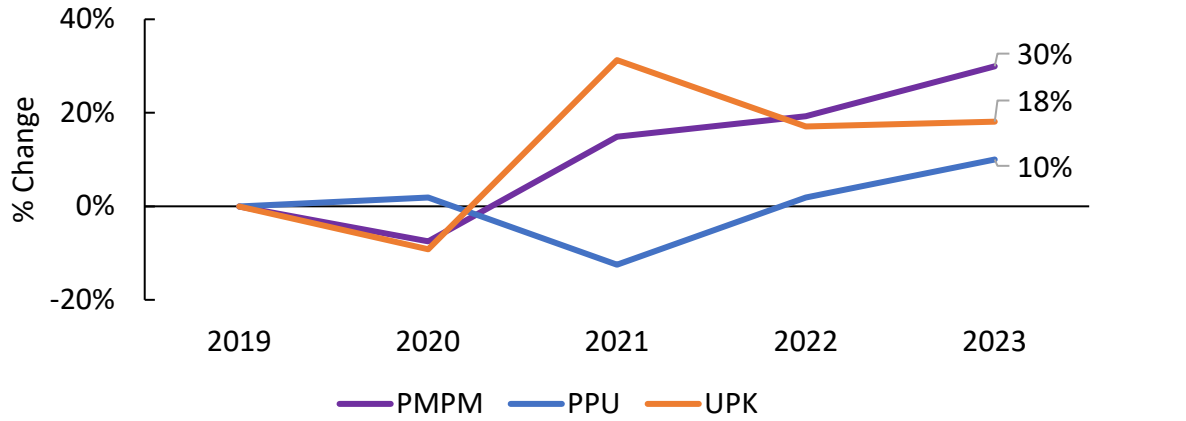
Contribution to Commercial Market Spending Growth by Service Category

- Since 2019, payment per unit for hospital inpatient and outpatient services has increased by 17% and 10%, respectively.
- Utilization has been a major contributor to the spending trend for hospital outpatient services.

2019-2023 Hospital Inpatient Spending, Utilization, and Payment Per Unit



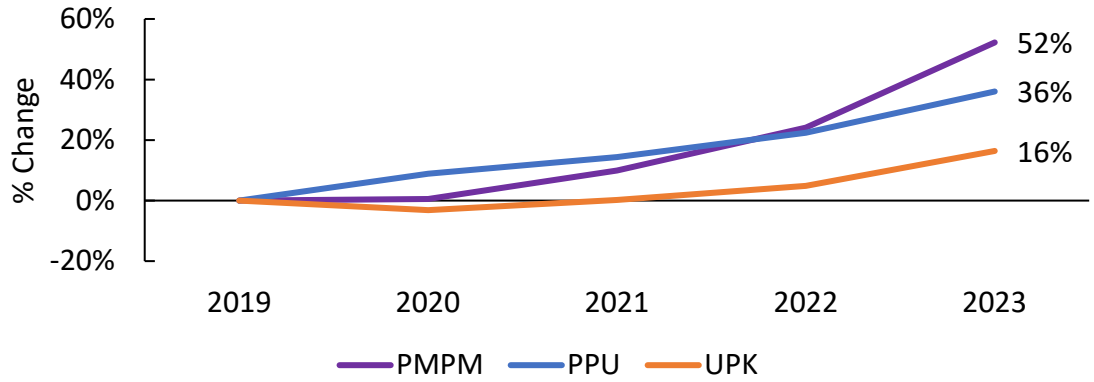
2019-2023 Hospital Outpatient Spending, Utilization, and Payment Per Unit



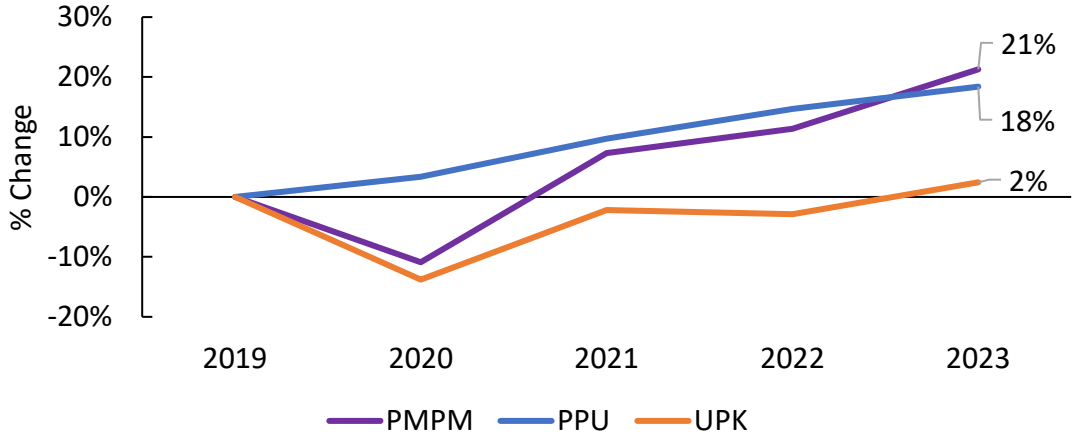
Contribution to Commercial Market Spending Growth by Service Category

- Spending on retail pharmacy services has increased by *52%* since 2019, largely driven by a *36%* rise in payment per unit.
- Similarly, spending growth for professional physician services has primarily been driven by increases in payments.

2019-2023 Retail Pharmacy Spending, Utilization, and Payment Per Unit

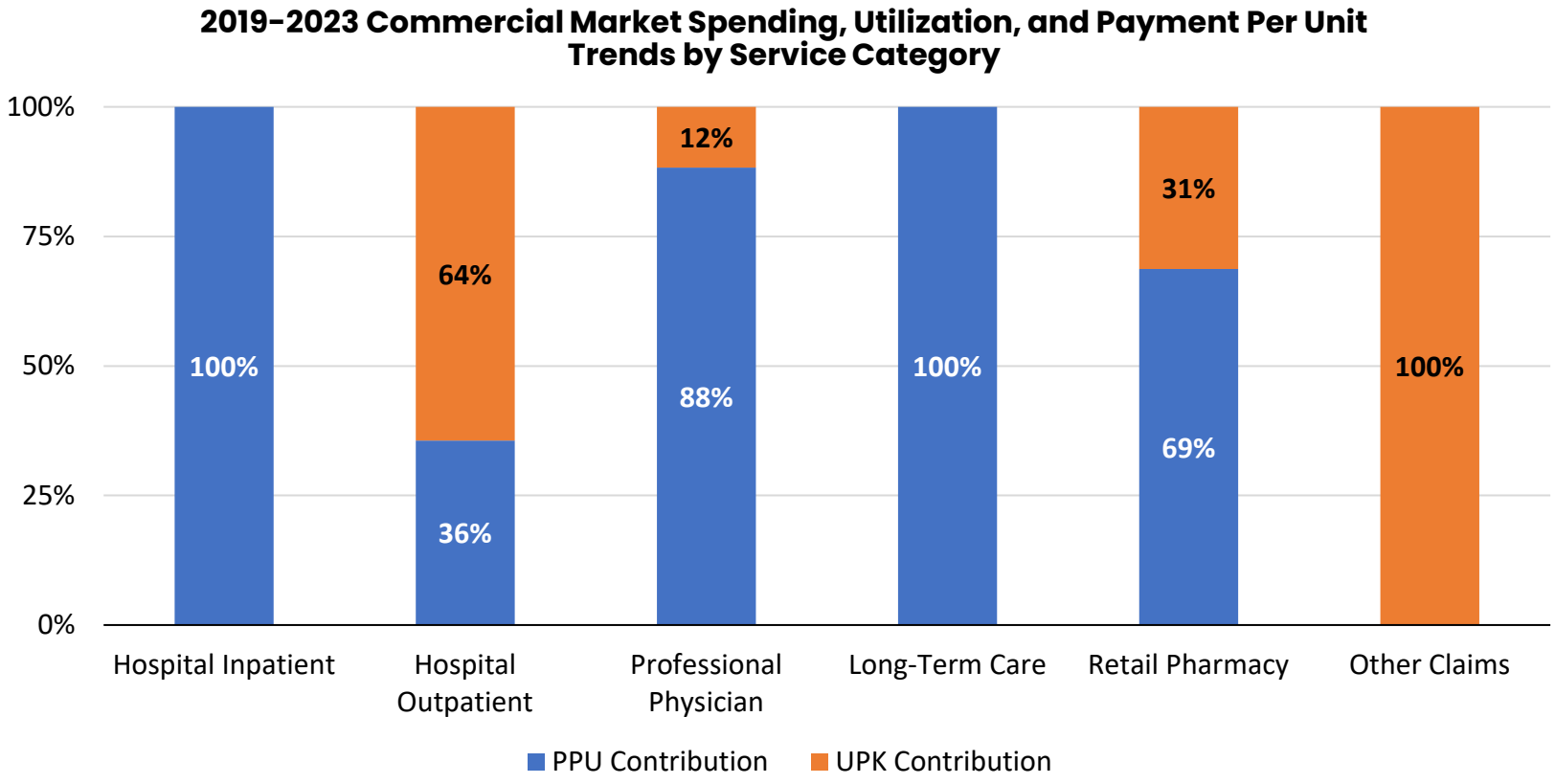


2019-2023 Professional Physician Spending, Utilization, and Payment Per Unit



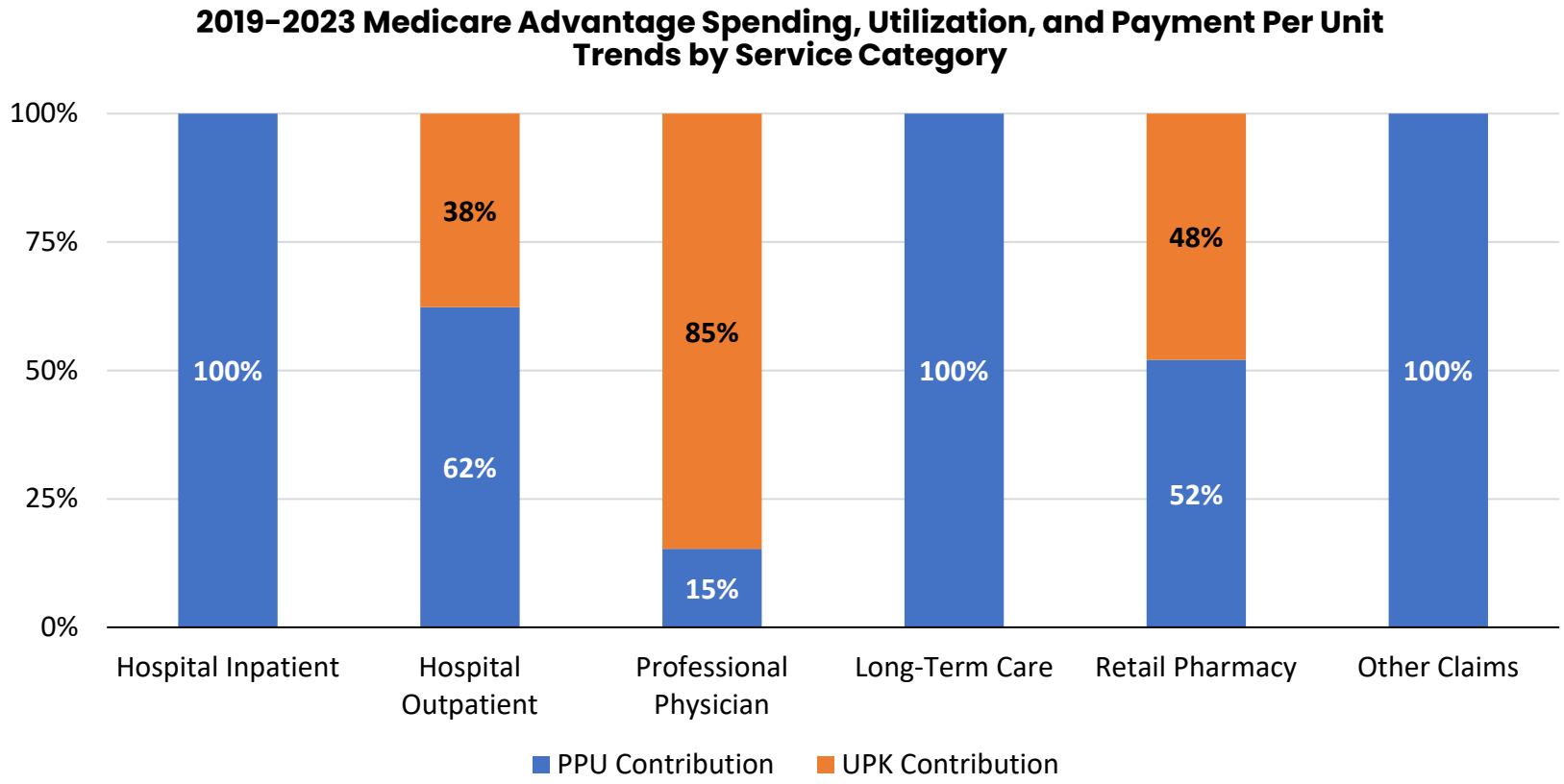
Commercial Market Payment Per Unit and Utilization Contribution by Service Category

- Hospital outpatient services have been a primary driver of spending growth in the commercial market, largely driven by increased utilization.
- Most other service categories have been primarily driven by, increases in payment per unit.



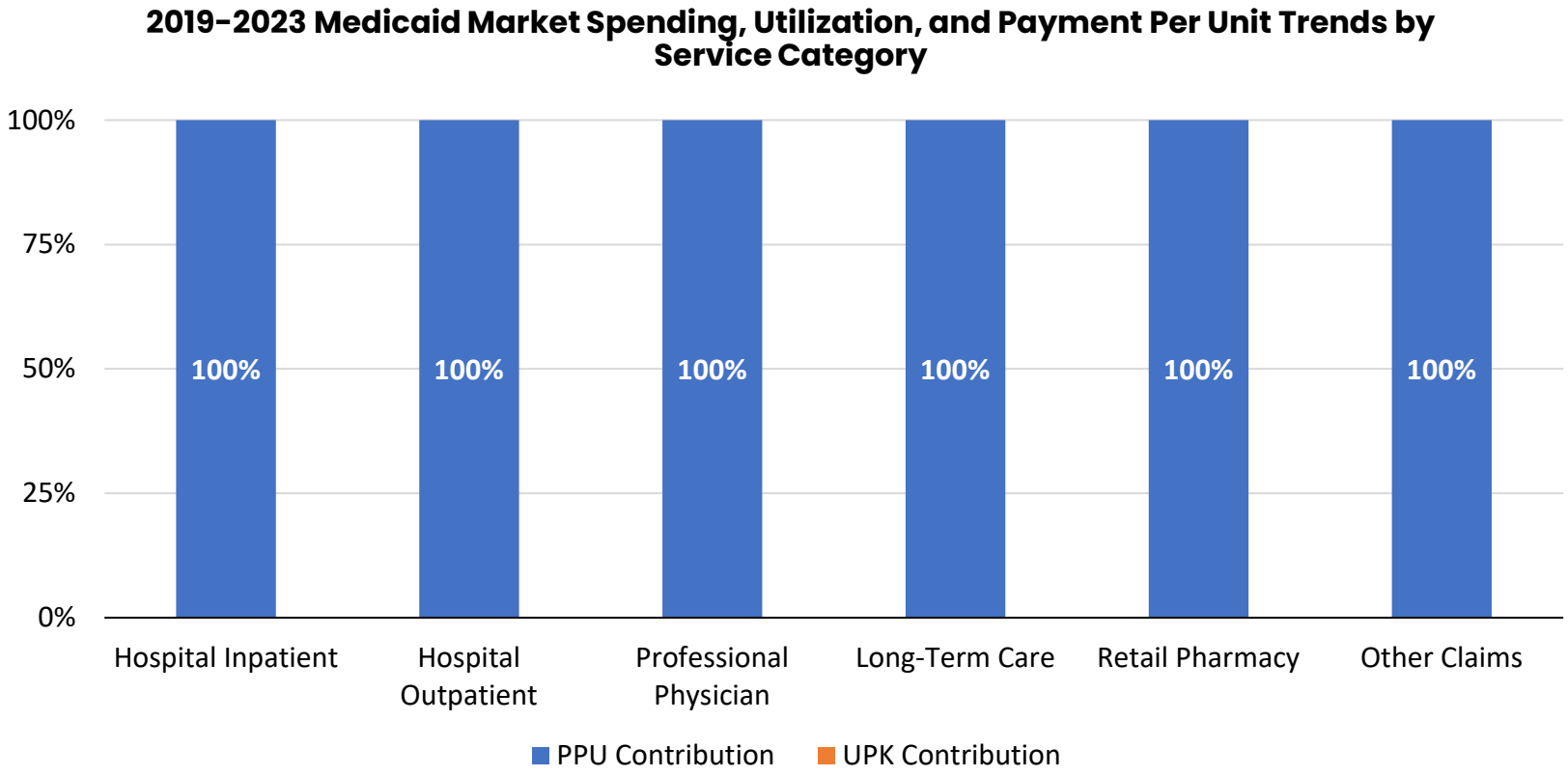
Medicare Advantage Payment Per Unit and Utilization Contribution by Service Category

- For Medicare Advantage, payment per unit was the primary driver of spending growth, except for professional physician services.



Medicaid Market Payment Per Unit and Utilization Contribution by Service Category

- For Medicaid, utilization has decreased across all service categories, leaving payment per unit as the sole contributor to spending growth.
  - OHS suspects this is due to continuous enrollment during the Public Health Emergency declared in response to the COVID-19 pandemic.



IV. Future Data Dashboard Priorities

Current OHS Data Dashboards

In December, OHS released a Data Transparency webpage and three public APCD dashboards: **Healthcare Benchmark Data Transparency**. We updated the page in May to include information on Data Validation and Quality Control. The dashboards are refreshed annually.

- 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 (DRG and Procedure Code Family)
- Retail Pharmacy Dashboard – prescription drug spending and utilization by market, year, therapeutic category, and National Drug Code (NDC)
- Behaviorial Health Dashboard – NEW – Comprehensive APCD dashboard providing diagnosis and claim costs by type of service, provider, location, gender, age, and social vulnerability index (SVI).

➢ Any modification suggestions? How can OHS improve usage?

Potential Future Data Dashboards

- Primary Care – APCD data including counts of providers and claim costs, by provider type, setting, service category and procedure code. Keep distinct from Peterson Millbank Primary Care Scorecard dashboard.
- Medical Pharmacy – APCD data including claim costs, PPU, and UPK data for administration of drugs and administered drugs by setting, service category and procedure family/code. We currently have this for the OP Hospital setting only.
- Other Ideas – Episodes of care, Low value care services/avoidable care/readmissions, ….

➢Worthwhile? What other data questions should we investigate?

V. Public Comment

VI. Wrap-Up

Wrap-Up

The next meeting is scheduled for **August 6** from **2-3 pm**.

During the next meeting we plan to discuss hospital price growth analysis and potential hospital target reporting. Additionally, we would like to discuss data brief ideas.

- Are there specific topics you would like to see on future agendas?

Thank you for your advice and engagement!