

Health Care Cost Transparency Board

Overview by Evan Klein

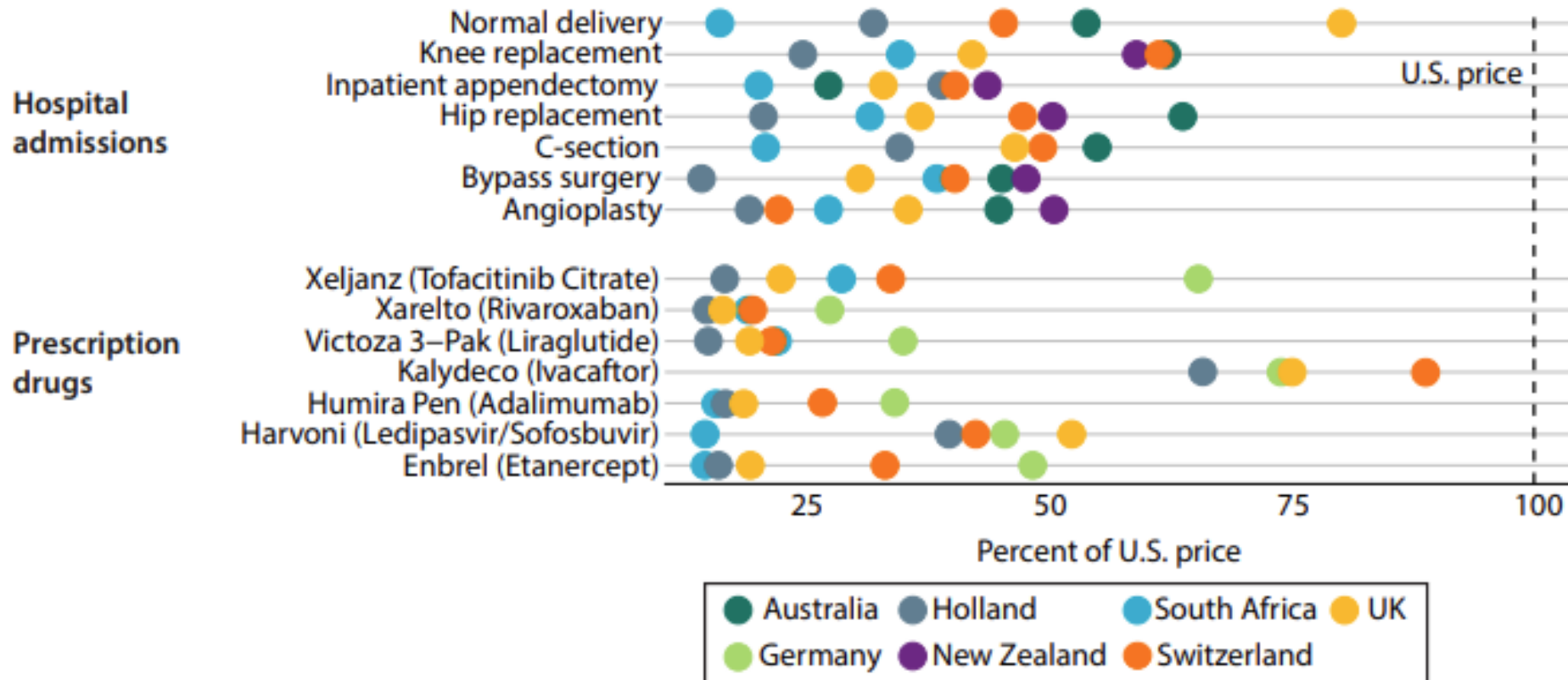
Overview of Today's Presentation

- ▶ Health Care Costs
- ▶ Enacting Legislation
- ▶ Washington activity
- ▶ Questions?

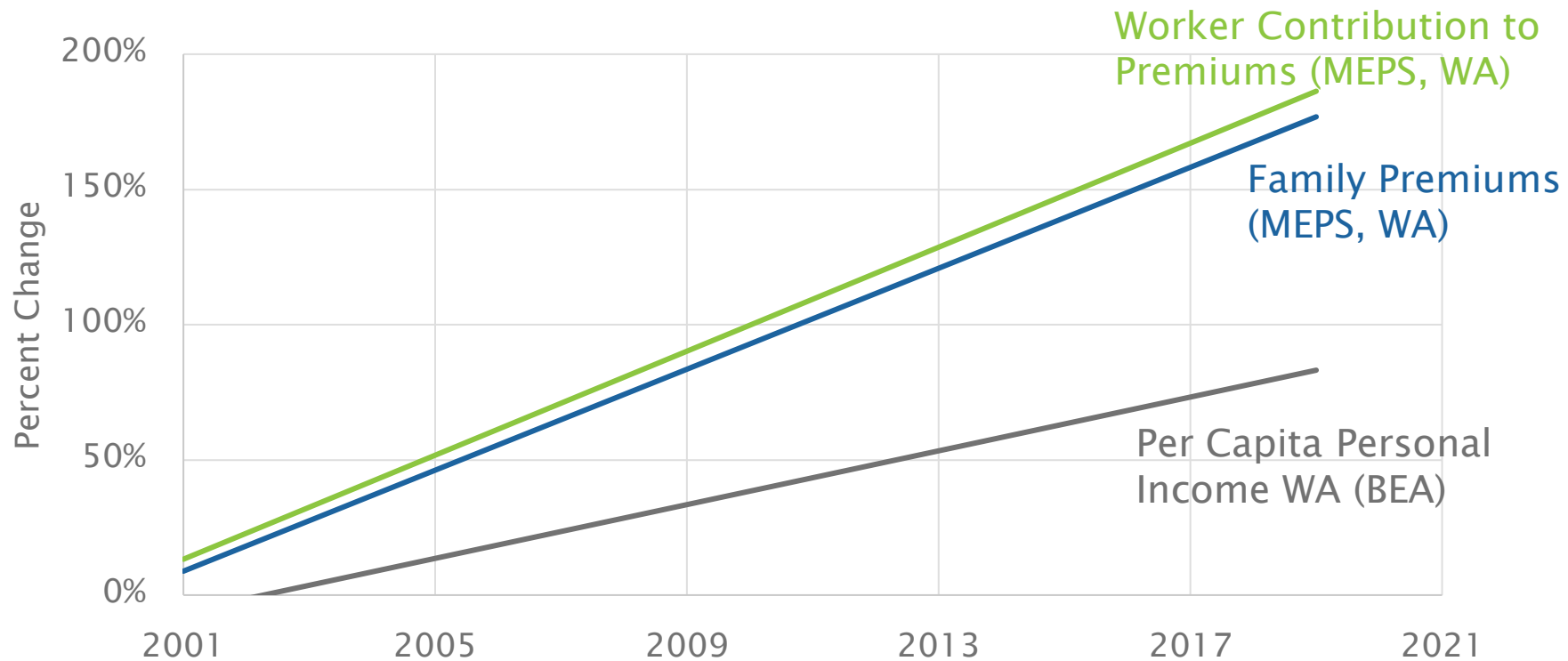
National Health Care Prices

FIGURE 8.

Prices of Services and Prescription Drugs, by Country



Health Care Costs Outpace Income



*Graphs are linear trendlines of the data

Sources: AHRG's Medical Expenditure Survey, Tables D.1 and D.2 for 2001-2019 and Bureau of Economic Analysis

National Cost Transparency Efforts

- All-Payer Claims Databases
- Cost Boards & Growth Benchmarks
- The No Surprises Act - *Consolidated Appropriations Act, 2021. Pub. L. 116-260, 134 Stat. 1182 (2020)*
- Inflation Reduction Act - *2022 Pub. L. 117-169, Public Law 117-169, 136 Stat. 1818 (2022)*
 - Medicare Prescription Drug Negotiation
 - <https://www.cms.gov/files/document/fact-sheet-medicare-selected-drug-negotiation-list-ipay-2026.pdf>
- Hospital and Payer price transparency
 - <https://www.cms.gov/priorities/key-initiatives/hospital-price-transparency#:~:text=Starting%20January%201%2C%202021%2C%20each,with%20all%20items%20and%20services.>
 - <https://www.cms.gov/priorities/key-initiatives/healthplan-price-transparency>

WA State Cost Transparency Efforts

- Rx Price Transparency (2019) - RCW 43.71C
 - Reporting on cost and utilization
 - Applies to Health Carriers, PBMs, Manufacturers, PSAOs
 - HCA submits annual report to Legislature
- DOH Hospital financial reports – RCW 43.70.052
- All Payer Claims Database – RCW 43.371
- Health Care Cost Transparency Board (2020) – RCW 70.390
- Prescription Drug Affordability Board (2022) – RCW 70.405

Cost Board Legislative charge – HB 2457

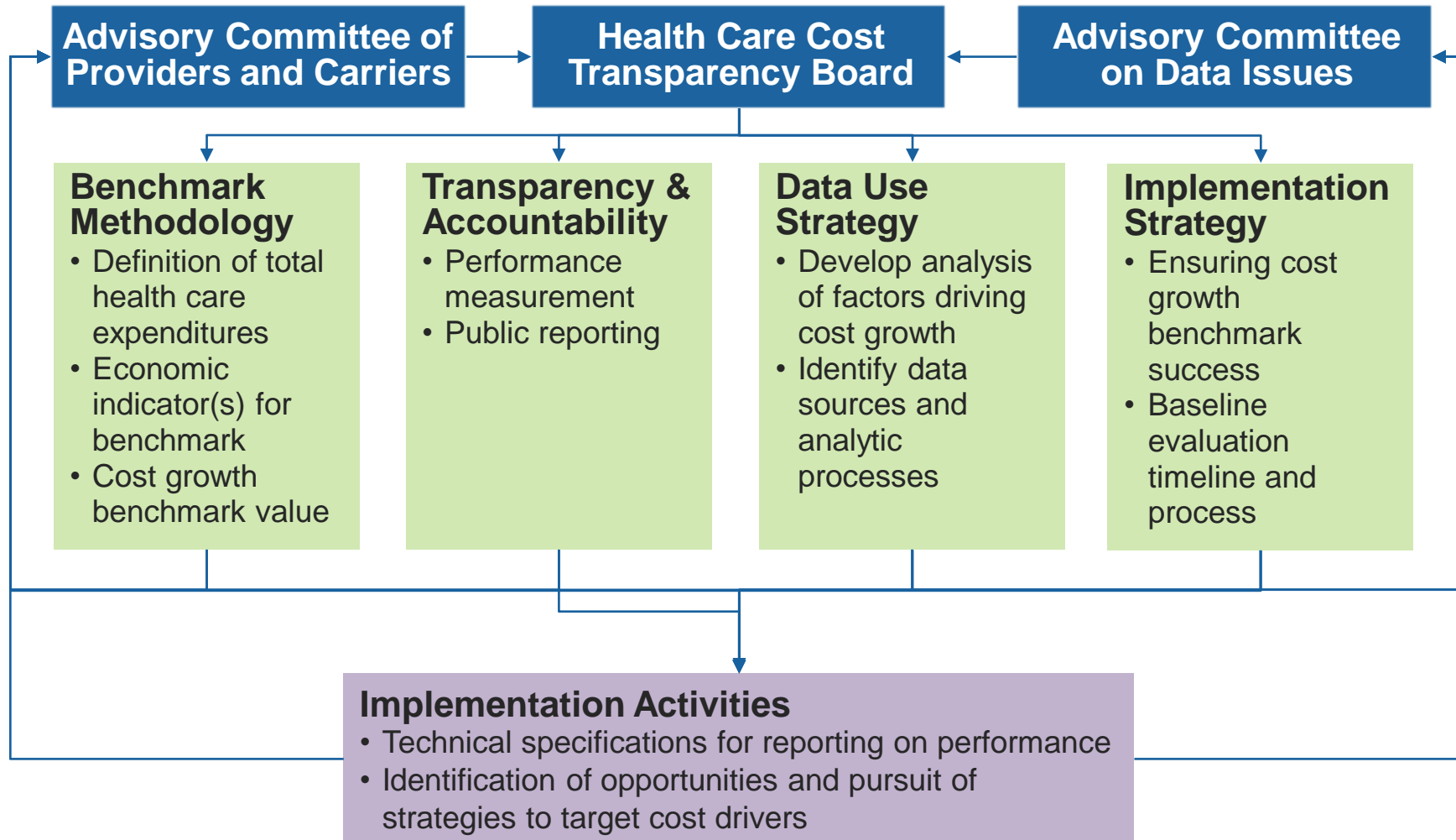
House Bill 2457 (2020) established the Health Care Cost Transparency Board (the Board) and charged it with the following tasks:

1. Establishing a health care cost growth **benchmark** or target percentage for growth
2. Analyzing total **health care expenditures**
3. Identifying **trends** in health care cost growth
4. Identifying **entities** that exceed the health care cost growth benchmark

Cost Board Legislative charge – HB 2457

In addition, the Board must:

- **Appoint** advisory committees to provide input on topics relevant to the work of the Board, including two required committees:
 - Advisory Committee of Health Care Providers and Carriers
 - Advisory Committee on Data Issues
- **Report** to the Governor and the Legislature on:
 - Progress in development of the health care cost growth benchmark (by August 1, 2021).
 - Beginning August 1, 2022, report annually on total health care expenditures and benchmark.





Cost growth benchmark

The ceiling/ goal for the growth of spending on health care year over year.



Performance against benchmark

Assessment of cost growth against the benchmark target. Focused on payers and *large* providers.



Cost driver analysis/cost experience

Assessment of key drivers of cost growth.



Primary care spend measurement

Measurement of expenditure on primary care in relation to overall health care expenditure.



Hospital cost, profit, and price analysis

How to assist hospitals in controlling rising health care costs.



Analytic support initiative

Analysis of the drivers of WA health care cost growth by University of Washington's IHME. IHME will use its deep analytic capacity as well as expertise in data integration.



Consumer and affordability

Including HCA request for funding in 2024 for consumer affordability, underinsurance, and medical debt report.

Cost Growth Benchmark



What is a cost growth benchmark?

- A health care cost growth benchmark is a per annum rate-of-growth benchmark for health care costs for a given state.

Why pursue a cost growth benchmark?

- To establish a common goal to curb health care spending growth.
- The benchmark is a specific rate that carriers and providers should try to stay under to make health care more affordable.

Cost Growth Benchmark



- The benchmark target is a specific rate that carriers' and providers' expenditure performance will be measured against.
- This benchmark is based on a hybrid of median wage and potential gross state product (PGSP) at a 70:30 ratio.
 - Median wage was selected to link the measure to consumer affordability, and PGSP as a reflection of business cost and inflation.

Calendar Year	Cost Growth Benchmark Value
2022	3.2%
2023	3.2%
2024	3.0%
2025	3.0%
2026	2.8%

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Performance Against the Benchmark

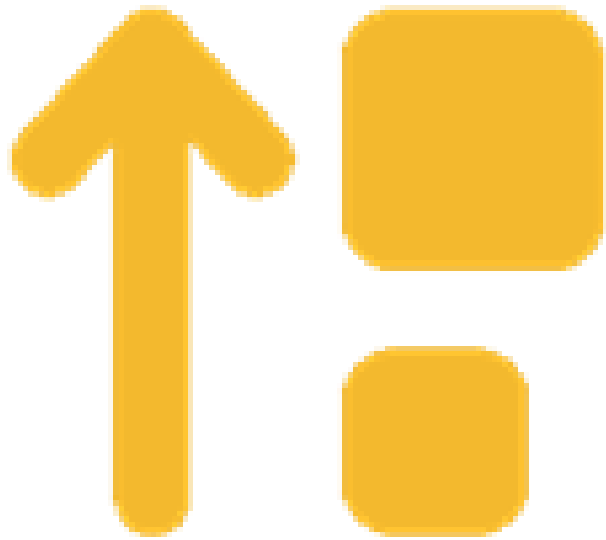
- ▶ RCW 70.390.050(2)(c)(ii)
- ▶ Establishing the baseline is currently underway
- ▶ In 2024, Board will begin measurement of payer and provider performance against the 2022 benchmark



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Cost Driver Analysis



- ▶ RCW 70.390.050(2)(d)
- ▶ Assessment of key drivers of health care cost growth.
- ▶ Cost drivers may include:
 - ▶ Labor, wages, benefits, and salaries
 - ▶ Capital costs
 - ▶ Supply costs
 - ▶ Uncompensated care
 - ▶ Administrative and compliance costs
 - ▶ Taxes
 - ▶ Post-acute care, long-term services, housing
 - ▶ Regional differences

Prescription drug affordability boards

- ▶ Independent bodies empowered to analyze the high cost of drugs and suggest effective ways to lower costs
 - ▶ Maine, New Hampshire, Oregon, Ohio, Colorado, Washington, and Minnesota
- ▶ Certain state Boards are permitted to set upper payment limits (UPLs)
- ▶ Focused on cost transparency and containment
- ▶ Variation in price thresholds across states

WA Prescription Drug Affordability Board

▶ History

- ▶ SB 5532 assed during the 2022 Legislative Session
- ▶ Based on NASHP model legislation
- ▶ Codified in Chapter 70.405 RCW
- ▶ First Board meeting October 20th, 2023

▶ Board

- ▶ Five member board appointed by Governor
- ▶ Conflicts of interest prohibited

▶ Purview

- ▶ Affordability Reviews RCW 70.405.030-.040
- ▶ Upper Payment Limits RCW 70.405.050

Questions?

Thank You!

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Board Website:

<https://www.hca.wa.gov/about-hca/health-care-cost-transparency-board>