New Jersey Health Care Affordability Advisory Group

August 25, 2021 Meeting Summary

This summary presents highlights from the August 25, 2021 virtual meeting of New Jersey's Health Care Affordability Advisory Group, which was created pursuant to Executive Order #217 to provide expertise, input and guidance around development and implementation of a health care cost benchmark. At its fifth meeting, the Advisory Group took a critical step forward in setting New Jersey's cost growth benchmark, with a robust discussion of proposed benchmark target values and timing for achieving them. The group reviewed the option of having 2022 serve as a transition year focused on data collection and strategies for hitting a series of annual targets (based on a PGSP/median income blend) set to begin in 2023. While some felt, due to the unprecedented timing of launching the program, that a transition made sense, others argued for a more ambitious proposal. Though the majority of the meeting focused on considerations around the proposed targets and path for achieving them, the group also began discussing assessing performance against the target, focusing on reporting efforts among other benchmarking states. Below are highlights from the discussion.

Welcome and Review of Progress Since June 2021 Meeting

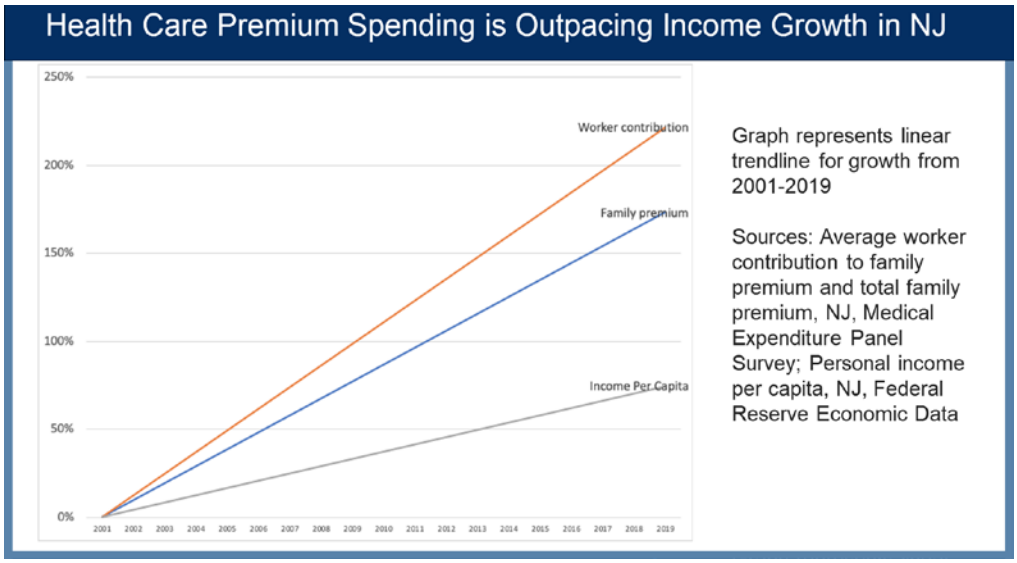
Shabnam Salih (Director of the New Jersey Governor's Office of Health Care Affordability and Transparency) opened the meeting by thanking the group members for their continued commitment, with special recognition of the work of hospital and provider members as they were working through New Jersey's recent surge due to the Delta variant. Shabnam then turned the meeting over to Justin Zimmerman (DOBI) who reviewed progress since the June meeting, including a series of "Benchmarking 101" webinars with stakeholders throughout the state, development of a program website and mailing list, as well as a SharePoint folder for Advisory Group members to exchange information and access documents.

Reviewing the Context for Benchmark Development and Progress To-Date

Joel Cantor (Director, Rutgers Center for State Health Policy) then shared data to provide additional context relating to establishing a benchmark, including the burden of increased costs on New Jersey families over time, with growth in family premiums and worker contributions outpacing per capita incomes within the state over the past two decades (see chart on page 2). Joel also reminded the Advisory Group members of the criteria they had established for the economic indicator underlying the Benchmark value.

Benchmark Economic Indicator Criteria

1. Provide a stable and predictable target;
2. Rely on independent, objective data sources;
3. Reflect the real world "pocketbooks" of New Jerseyans (not the outliers); and
4. Result in lower spending growth for the State.



Without action, New Jersey's spending growth would likely (as it has historically done) continue to track national average per capita spending--projected to grow by 4.75% from 2019-2028. Joel described the proposed benchmark values and path as aimed at balancing being "ambitious" and "attainable," especially given the "unusual and unprecedented" timing of the program's launch. Shabnam agreed, noting that the pressures of COVID "weighed heavily" on considerations. Many agreed that a Potential Gross State Product/Median Income blend, with a transition period, struck a "pretty good balance," with some calling it a "good place to start," and appreciating the collaborative, market-driven approach to addressing health care cost growth. Others argued for an even more ambitious proposal, worrying that health care would continue to consume a sizeable share of income increases. Others underlined importance of the "follow through" stemming from whatever benchmark path New Jersey landed on--changing the way care is provided and paid for—with an eye on ensuring that quality is maintained or improved, even amidst the focus on reducing cost growth. Shabnam promised this would be the focus of the discussions moving forward. She also underscored wanting to hear from the entire group, requesting additional feedback by mid-September.

Reviewing State Experiences in Reporting on Benchmark Performance

The discussion then turned to reviewing how other states report on benchmark performance. Ann Hwang (Bailit Health) noted the two components of reporting, focused on: first, "what happened" (How did the state perform against the target?); and second, "why" (What drove the changes in spending and how did these contribute to the state's overall performance?). The benchmark data analysis helps to address the first question, while the cost driver analysis, to be discussed at a future meeting, helps to address the second question. All states collect benchmark data at the state, market, payer and large provider level, with every state reporting on overall state performance and some variation in reporting on the more detailed levels. Ann showed examples from other benchmarking states, noting that New Jersey can benefit from their experiences in overall reporting and related technical considerations such as, risk-adjustment and addressing high-cost outliers. Some members noted "transparency is key" in making benchmarking work, arguing for more details. Others agreed, but reminded that the "devil is in the details," noting the importance of comparing "apples to apples." The group will continue to review benchmark plans and reporting options at its next meeting.