



Using Data to Advance Affordability for Consumers in New Jersey



STATE OF NEW JERSEY
DEPARTMENT OF BANKING & INSURANCE

Public Webinar

December 19, 2023

Agenda

- Welcome and Introductions
- State Action Overview and the HART Benchmark Program
- Cost Growth Trends and Implications
- Panel Discussion on the Impact of Cost Growth on Consumers

Speakers



Shabnam Salih
Director
Governor's Office of
Health Care
Affordability and
Transparency



Justin Zimmerman
Acting Commissioner
New Jersey
Department of Banking
and Insurance

Panelists



Maura Collinsgru
Director of Policy and
Advocacy
New Jersey Citizen
Action



Heather Howard
Professor of the Practice
and Director,
State Health and Value
Strategies and
Co-Director of the Center for
Health and Wellbeing's
Global Health Program,
Princeton University

State Action Overview and the HART Benchmark Program

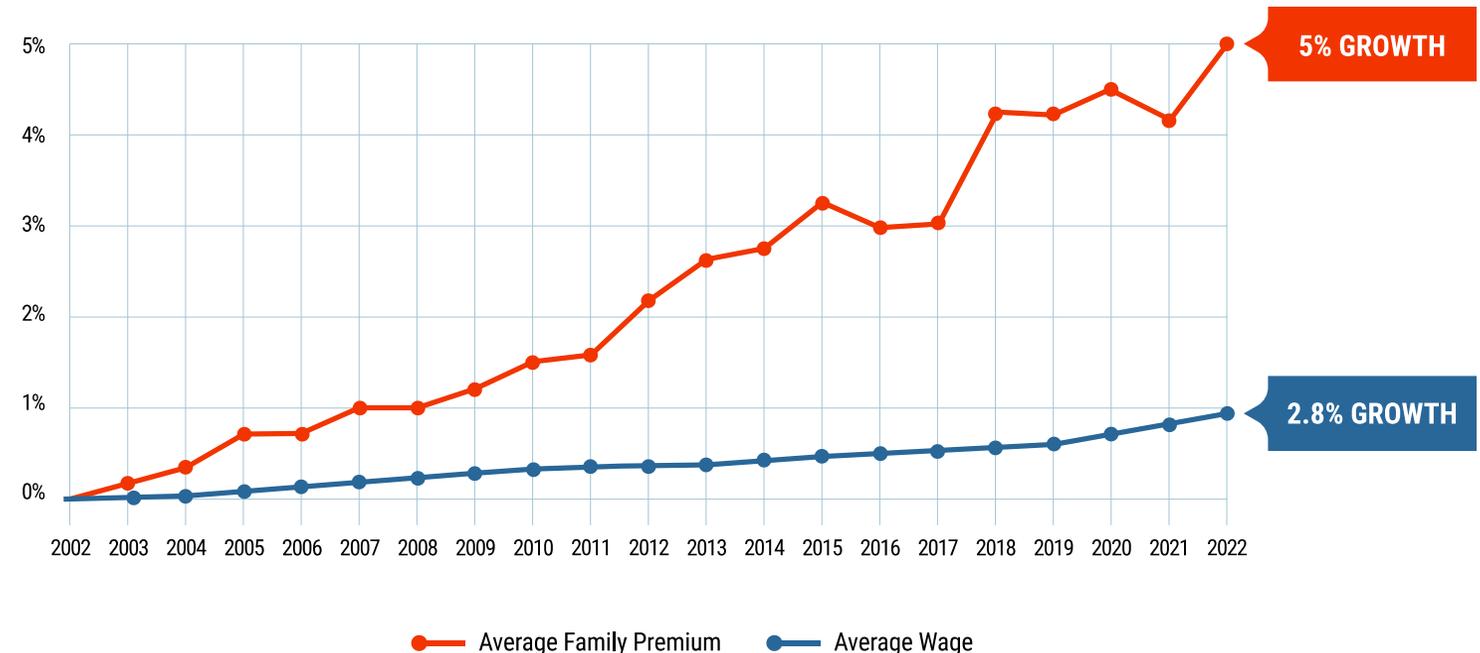
NJ Residents Are Struggling to Afford Health Care Coverage and Services

- Health care costs in New Jersey are growing faster than incomes
- High health care costs are straining NJ household budgets
- Cost growth is unlikely to abate

Rapidly rising health care costs are taking a huge bite out of New Jersey households' budgets.

From 2000-2022, premiums grew nearly twice as fast as incomes.

Average Family Premiums and Wages in New Jersey, 2002 -2022



Note: 2007 data were not collected for the Insurance Component.

--Data suppressed due to high standard errors or few reported values in cell.

*Figure does not meet standard of reliability or precision.

Source: Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. Medical Expenditure Panel Survey Insurance Component.

The Office of Health Care Affordability and Transparency is Developing Strategies to Improve Affordability in the State



The Office of Health Care Affordability and Transparency (OHCAT), launched in 2020 and established through Executive Order 217, is responsible for developing New Jersey's strategy to improve health care affordability, accessibility, and transparency for all residents and across markets. OHCAT has a unique role in government, convening Departments of Health, Human Services, Banking and Insurance, Treasury and Division of Consumer Affairs to collaboratively identify and implement policy solutions.

The Murphy Administration: Advancing a Comprehensive Health Care Affordability Agenda

Highlights

Implementation of the HART Benchmark Program to bring health care cost growth under control



Implementation of the Prescription Drug Affordability and Transparency Bills to reduce prescription drug costs and build transparency of prices across the drug supply chain



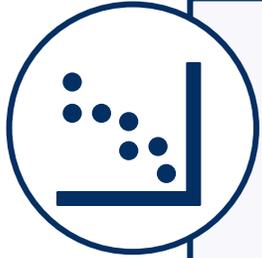
Provide consumer medical debt relief



Build a foundation of transparency across the health care system



Health Care Affordability, Responsibility, and Transparency (HART) Program Goals



Make health care more affordable for all New Jerseyans by **slowing the rate of health care spending growth** and alleviating State budget pressures caused by rising health care costs



Facilitate the transparent reporting of health care costs at the State, market, insurer, and provider levels



Leverage New Jersey health care data to **understand root causes of rising health care costs in the State and inform strategies to reduce health care cost growth**

HART Benchmark Program

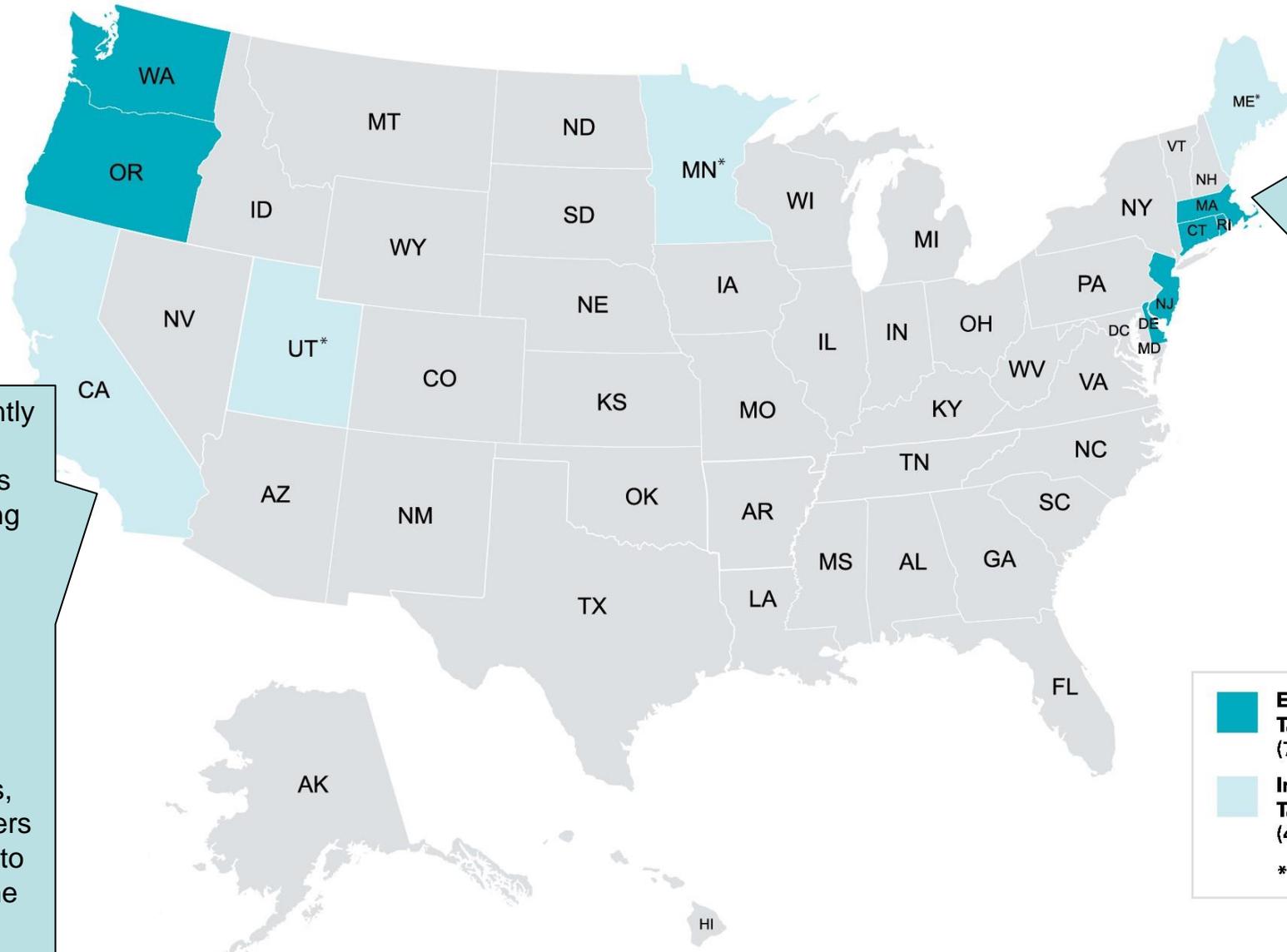
What is it? Why is it important?

The Healthcare Affordability, Responsibility and Transparency (HART) Program establishes a **shared goal** for how much health care spending should increase each year.

This way, everyone who has a stake in health care—state leaders, health insurers, health care providers, businesses, and consumer advocates—can work together to find **shared solutions for making health care more affordable in New Jersey.**



NJ Joins Several States with Benchmarking Programs



California is currently developing its program, which was established following a consumer-driven campaign led by groups such as Health Access CA.

- Major design considerations are debated at public meetings, where consumers provide input into the design of the program.

Massachusetts established the first benchmarking program in 2012.

- It annually measures, analyzes, and reports on performance against the benchmark and cost drivers.
- Consumers engage in annual hearings on performance.
- Based on its findings, it has also issued a performance improvement plan for a health system routinely performing above the benchmark.

Established Spending Target Program (7 states)

In-Development Spending Target Program (4 states)

* Partial Programs

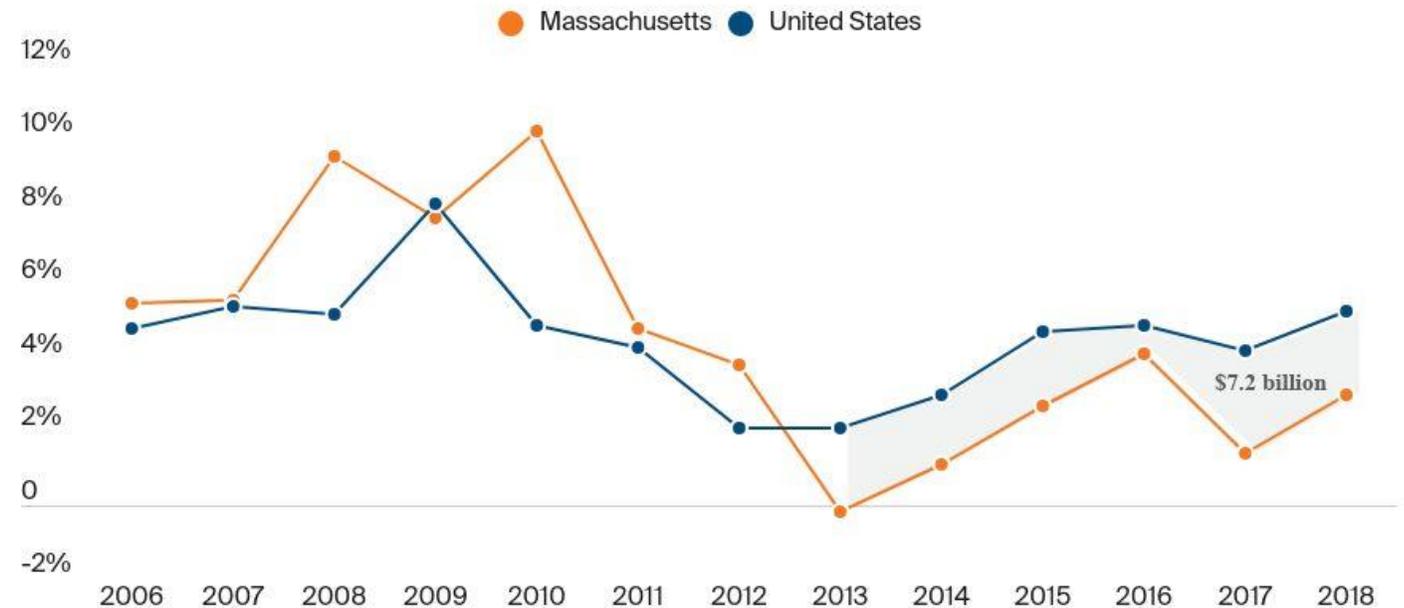
Benchmark Program Experiences in Other States

Slowed growth in health care costs (Massachusetts)

Exhibit 3

Annual Growth in Commercial Spending: Massachusetts and the United States, 2006–2018

Annual growth in commercial medical spending per enrollee



[Download data](#)

Notes: Data do not include insurer administrative costs. U.S. data includes Massachusetts. Massachusetts 2018 growth rate is preliminary. Center for Health Information and Analysis data are based on full-claim commercial total medical expenditures (TME).

Data: Centers for Medicare and Medicaid Services, National Health Expenditure Accounts, Personal Health Care Expenditures, 2014–2018; State Health Expenditure Accounts, 2005–2014; Massachusetts Center for Health Information and Analysis, Total Health Care Expenditures, 2014–2018; and Massachusetts Health Policy Commission, 2019 Annual Health Care Cost Trends Report (HPC, Feb. 2020).

Upcoming HART Reports

Benchmark Analysis

Payer-reported data provided in aggregate that allow for measurement of spending and assessment of benchmark achievement at multiple levels, including:

- State
- Market
- Payer (to be included for year 2)
- Provider (to be included for year 2)



How much did spending increase or decrease from one year to the next?

Cost Driver Analysis

Claims-level and survey data that provide an understanding of underlying trends; also includes monitoring program impact on quality, access, affordability, and equity. Analyses will include, for example:

- Total and out of pocket spending
- Geographic breakdown
- Spending by category of service
- Outmigration (spending out of state)
- Analysis of price and volume of services



What is driving overall cost and cost trends? Where are opportunities?

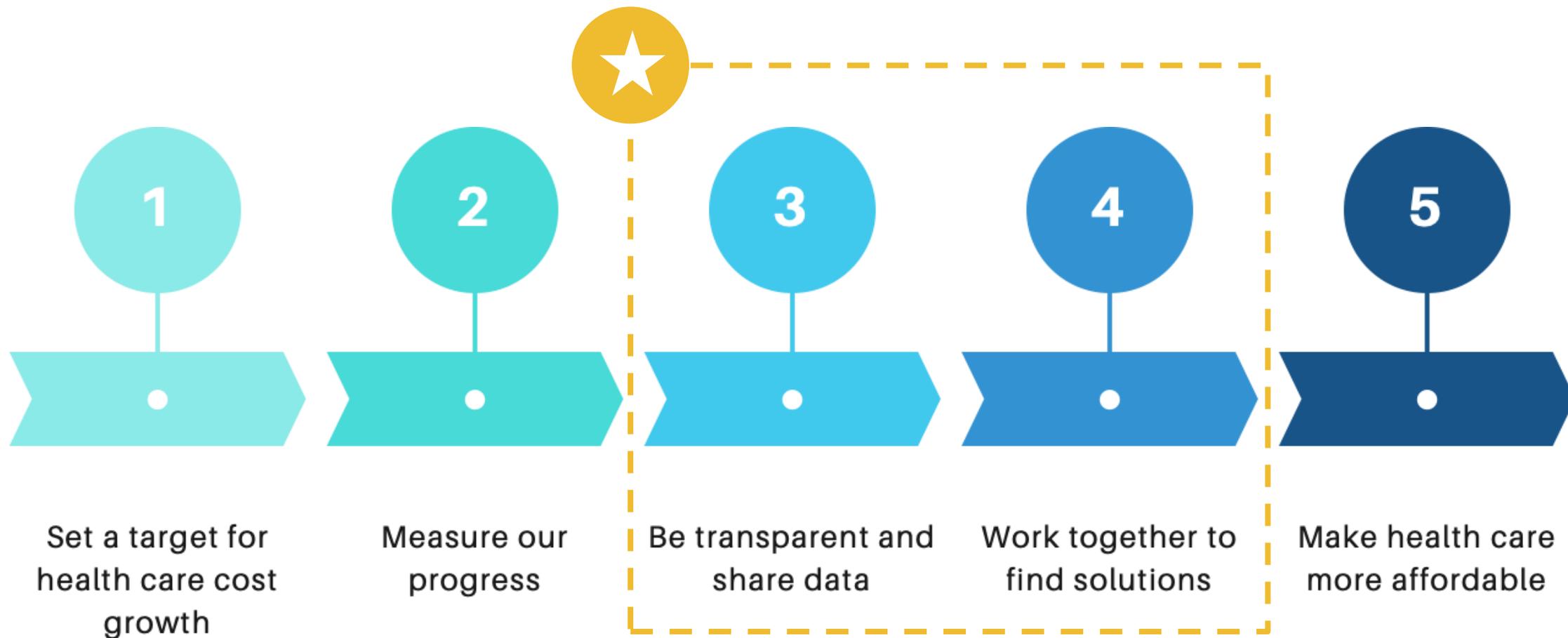
Leveraging Benchmarking Programs to Address Health Care Priorities

Health care cost growth benchmarking programs provide valuable information for increasing health system transparency and accountability and an opportunity to engage stakeholders around reform priorities.

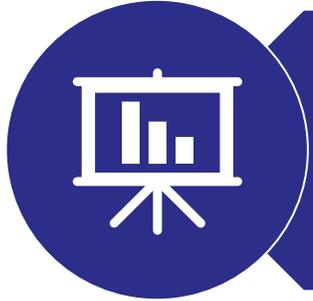
Benchmarking programs:

- ✓ **Provide comprehensive information** about health care system performance and cost drivers
- ✓ **Target health care system areas** for further investigation and action
- ✓ **Focus stakeholder attention** on pressing health care system and affordability issues
- ✓ **Offer an opportunity to convene broad stakeholder groups** around health care system issues

How Can the Benchmark Lead to More Affordable Health Care?



New Jersey's Health Care Cost Growth Benchmark



Aligned to measures of economic and income growth



Incorporated stakeholder input



Reflected uncertainty due to COVID-19

Calendar Year	Benchmark Value
2022	<i>No benchmark/ transition year</i>
2023	3.5%
2024	3.2%
2025	3.0%
2026	2.8%
2027	2.8%

3.2% = Blended Potential Gross State Product (25%) and forecasted median income growth (75%)

Upcoming 2024 Reports

- 1 Commercial Cost Trend and Outmigration Special Report (2016 – 2021 spending)**
 - Where and to what extent spending growth is occurring
 - Factors contributing to spending growth
 - Special report on care that is received out of state
- 2 Pre-benchmark Report (2018-2019 spending growth)**
 - How much spending increased (state and market levels)
- 3 Landscape Analysis**
 - Monitor access, affordability, quality.
- 4 Medicaid Cost Trend Report (2016 – 2021 spending)**
 - Where and to what extent spending growth is occurring
 - Factors contributing to spending growth

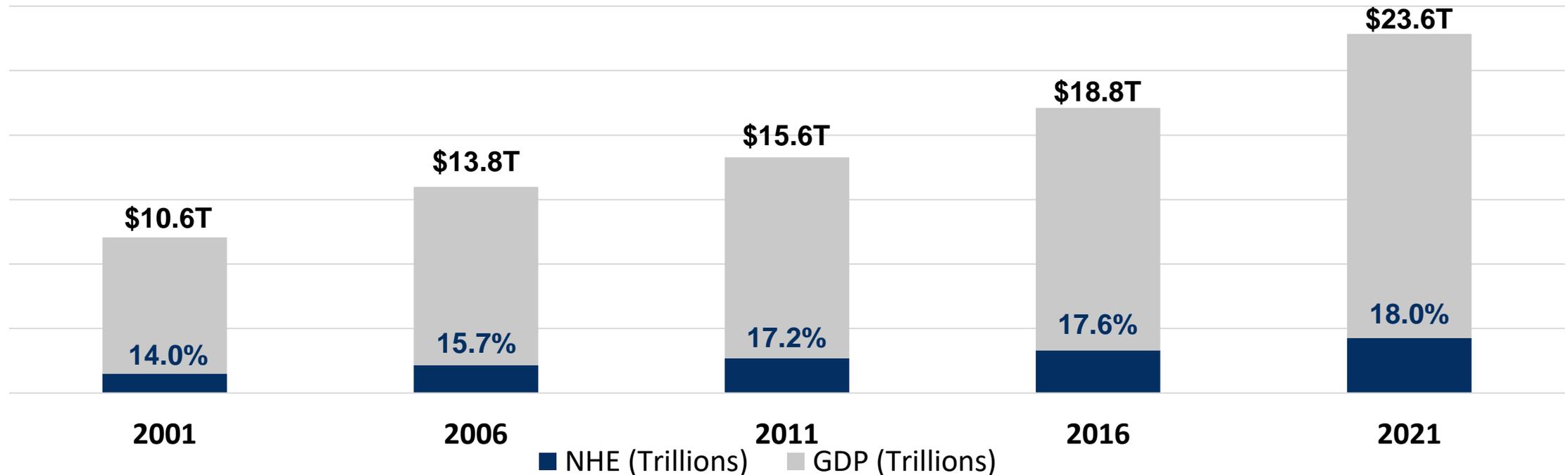
Reports may be streamlined in future years as the state settles into an annual reporting cycle.

Cost Growth Trends and Implications

National Health Care Spending Has Grown Significantly...

Over the last two decades, national health care spending has nearly tripled, growing faster than national income to comprise almost one out of every five dollars of our country's Gross Domestic Product (GDP).

National Health Expenditures (NHE) as % of GDP (2001 - 2021)



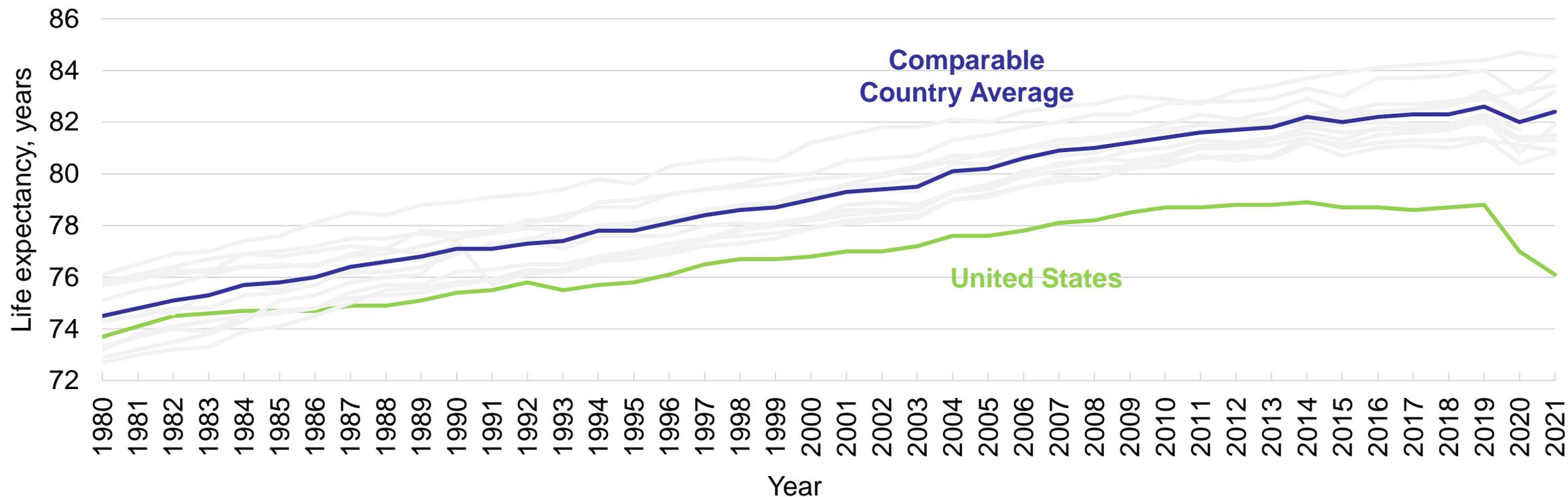
Slide created using the Manatt Health "[Leveraging Health Care Cost and Affordability Data: A Suite of Analytic Resources](#)" Toolkit.

Data Source(s): Historical and projected NHE data and projected GDP data from Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group. National Health Expenditure Accounts Data. Updated July 19, 2023. Available here: <https://www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/nationalhealthexpenddata/nationalhealthaccountsprojected>. Accessed July 31, 2023. Historical GDP data from The Bureau of Economic Analysis, National Income and Product Accounts. Updated September 28, 2023. Available here: <https://www.bea.gov/itable/national-gdp-and-personal-income>. Accessed October 2, 2023. See Data Inventory Source #F3 (CMS National Health Expenditures (NHE) and State Health Expenditure Accounts (SHEA)) for full information.

The Nation is Not Seeing the Return-on-Investment

Despite spending twice as much on health, the US has lower life expectancy than comparable nations and this gap worsened during the COVID-19 pandemic.

Life Expectancy at Birth in Years (1980 – 2021)



Slide created using the Manatt Health [“Leveraging Health Care Cost and Affordability Data: A Suite of Analytic Resources”](#) Toolkit.

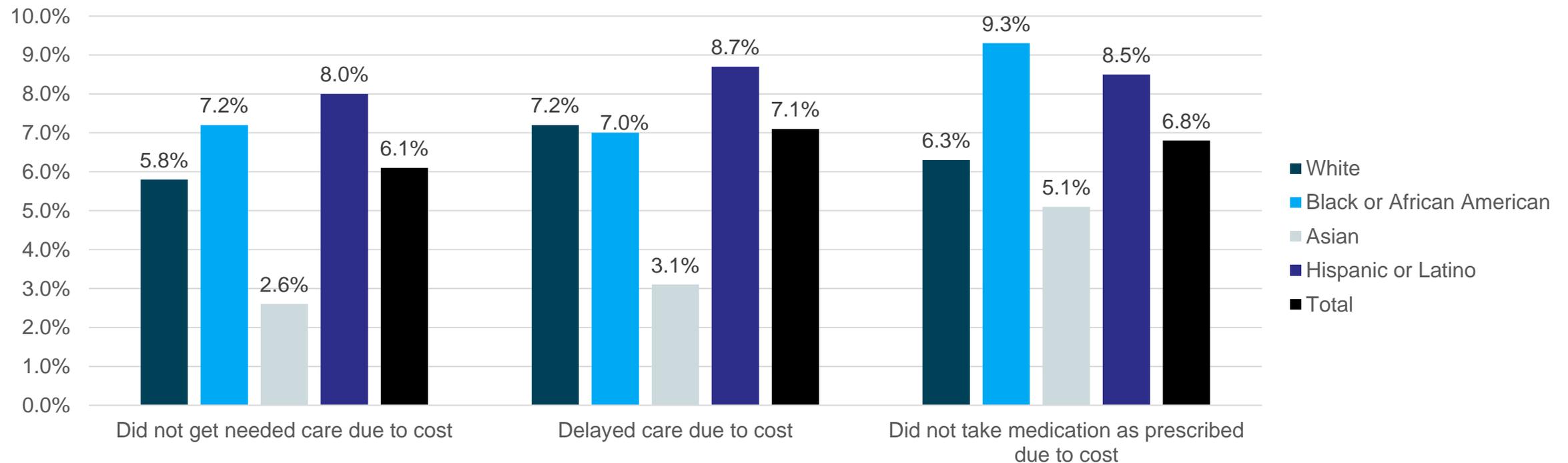
Note: Dollars are adjusted for purchasing power parity (PPP)

Data Source(s): Peterson-KFF Health System Tracker. [How does U.S. life expectancy compare to other countries?](#) Accessed July 31, 2023. See also: Peterson-KFF Health System Tracker. [How does health spending in the U.S. compare to other countries?](#) Accessed August 17, 2023.

Individuals Do Not All Interact With the Same Health Care System

Cost-related barriers to care vary widely by race and ethnicity. The share of Black and Hispanic adults reporting barriers to accessing care is higher than the share of white and Asian adults.

Share of Nonelderly Adults Reporting Selected Barriers to Accessing Health Care by Race / Ethnicity, 2021



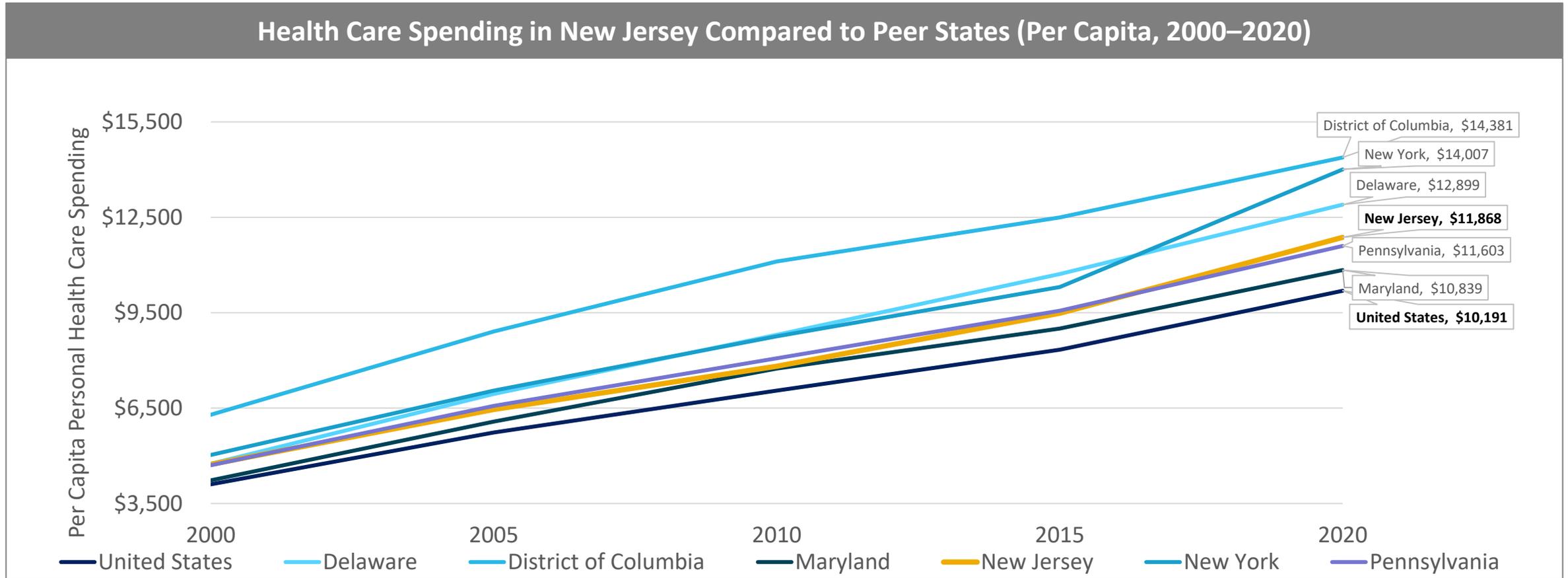
*data not pictured for American Indian/Alaska Native and Native Hawaiian or Other Pacific Islander adults due to underrepresentation in NJ

Slide created using the Manatt Health “[Leveraging Health Care Cost and Affordability Data: A Suite of Analytic Resources](#)” Toolkit.

Data Source(s): National Center for Health Statistics. Percentage of adults aged 18 and over who did not get needed medical care due to cost in the past 12 months, US, 2021; Percentage of adults aged 18 and over who delayed getting medical care due to cost in past 12 months, US, 2021; and, Percentage of adults aged 18 and over who did not take medication as prescribed to save money in the past 12 months, US, 2021. National Health Interview Survey. Available at: https://www.cdc.gov/NHISDataQueryTool/SHS_adult/index.html. Accessed August 28, 2023.

New Jersey's Costs Are Growing Rapidly

Since 2000, New Jersey's health care expenditures have more than doubled to nearly \$11,900 per person, growing about 4.7% annually.



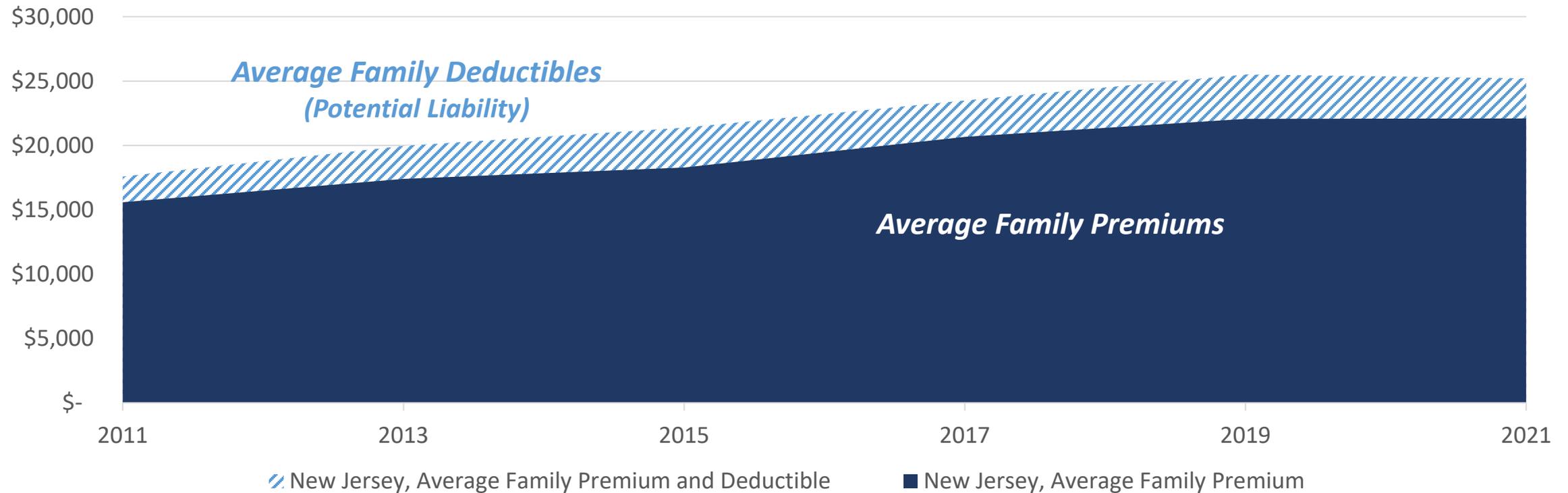
Slide created using the Manatt Health "[Leveraging Health Care Cost and Affordability Data: A Suite of Analytic Resources](#)" Toolkit.

Data Source(s): Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group. [National Health Expenditure Data: Health Expenditures by State of Residence, 1991-2020](#). Accessed June 22, 2023. See Data Inventory Source #F3 (CMS National Health Expenditures (NHE) and State Health Expenditure Accounts (SHEA)) for full information. See Appendix for research notes.

Families in New Jersey are Paying More in Premiums but Getting Less Coverage as the Size of their Deductibles Grow

Over the past 20 years, deductibles in New Jersey grew by 57% (from \$1,993 in 2011 to \$3,122 in 2021) adding additional health care cost liability to New Jersey families.

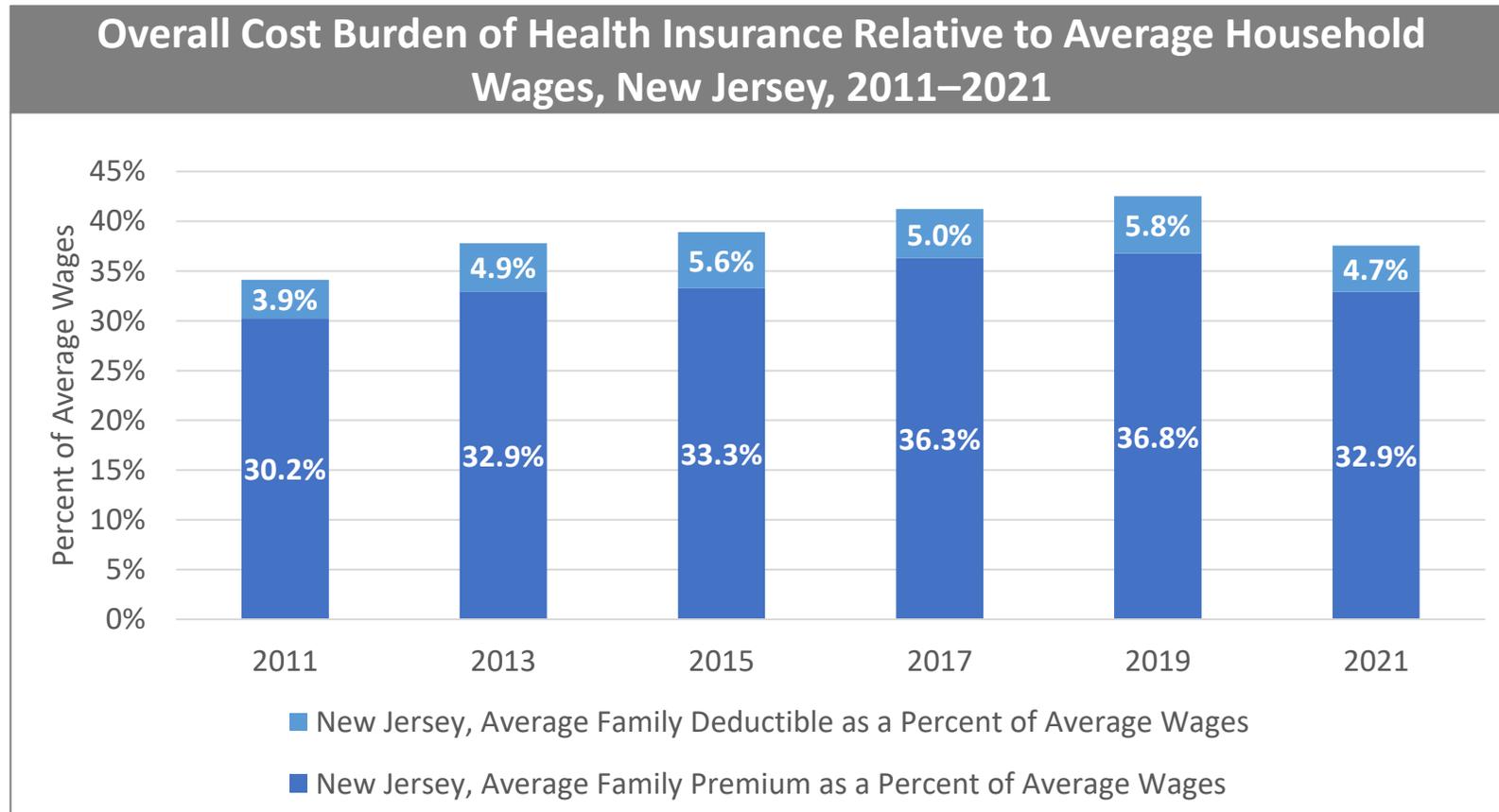
Average Family Premiums and Deductibles in New Jersey, 2011 - 2021



Slide created using the Manatt Health "[Leveraging Health Care Cost and Affordability Data: A Suite of Analytic Resources](#)" Toolkit.

Sources: Agency for Healthcare Research and Quality (AHRQ), Center for Financing, Access and Cost Trends. [Medical Expenditure Panel Survey \(MEPS\) Insurance Component \(IC\)](#). Accessed July 31, 2023. See Data Inventory Sources #F9 (MEPS-IC) and #F11 (OEWS Estimates) for full information. See Appendix for research notes.

New Jerseyans' Cost Burden of Health Insurance Spending on Premiums and Deductibles



- From 2011 to 2019, average premiums and deductibles as a share of average wages in New Jersey grew from 34% to nearly 43%, before dropping back to pre-2013 levels in 2021.
- In 2021, average family premiums and deductibles totaled \$25,216. Average family wages were approximately \$67,120 in New Jersey.

Slide created using the Manatt Health [“Leveraging Health Care Cost and Affordability Data: A Suite of Analytic Resources”](#) Toolkit.

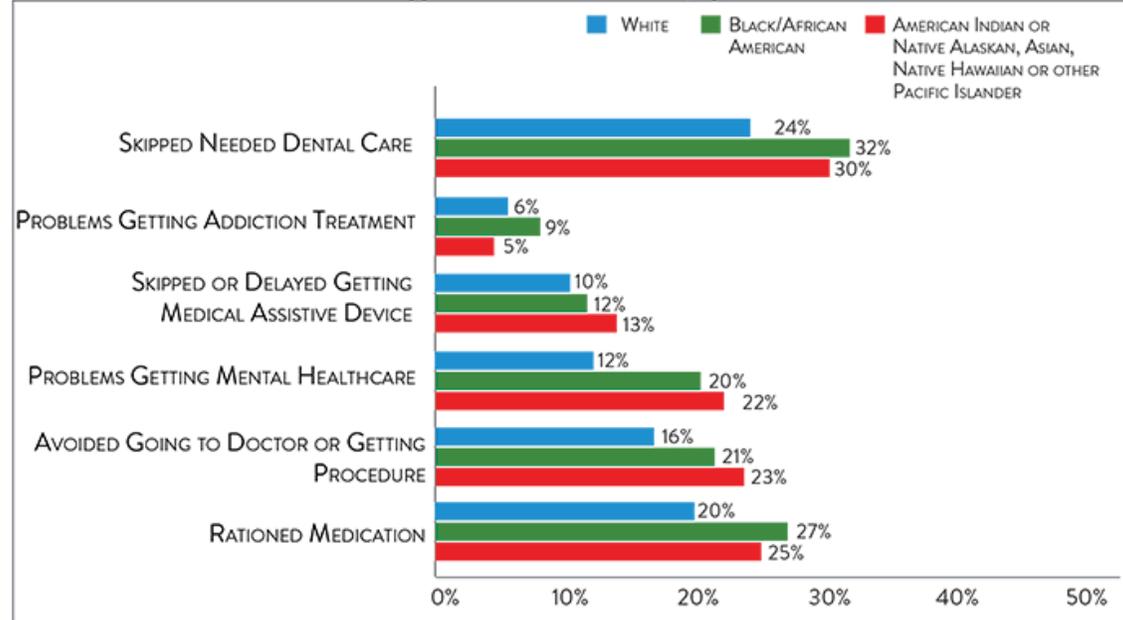
Sources: Agency for Healthcare Research and Quality (AHRQ), Center for Financing, Access and Cost Trends. [Medical Expenditure Panel Survey \(MEPS\) Insurance Component \(IC\)](#). Accessed July 31, 2023. See Data Inventory Sources #F9 (MEPS-IC) and #F11 (OEWS Estimates) for full information. See Appendix for research notes.

Panel Discussion on the Impact of Cost Growth on Consumers

New Jerseyans Struggle with the Affordability of Health Care

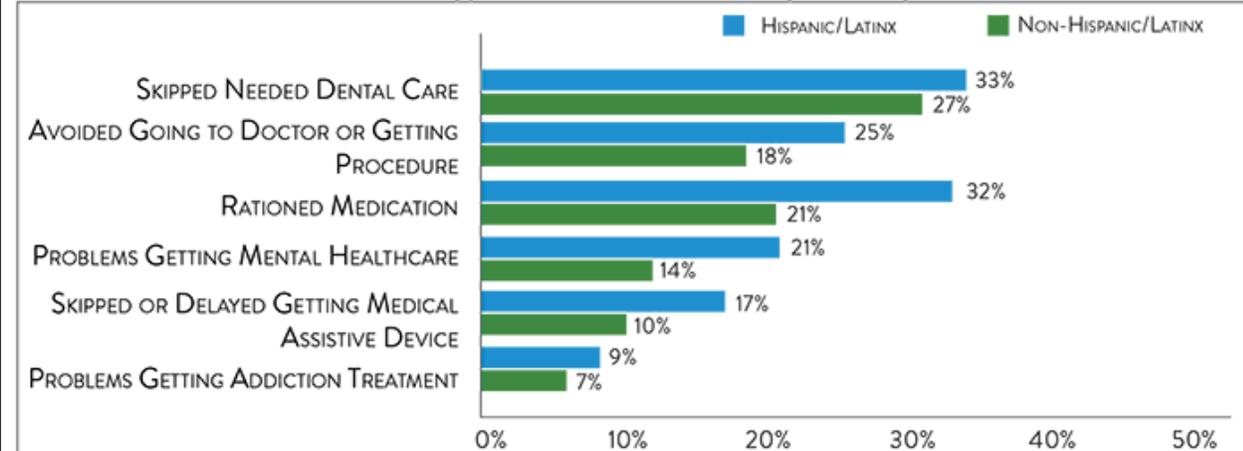
People of color in New Jersey more frequently forgo care due to costs.

Percent Who Went Without Select Types of Care Due to Cost, by Race



Source: 2022 Poll of New Jersey Adults, Ages 18+, Altarum Healthcare Value Hub's Consumer Healthcare Experience State Survey

Percent Who Went Without Select Types of Care Due to Cost, by Ethnicity



Source: 2022 Poll of New Jersey Adults, Ages 18+, Altarum Healthcare Value Hub's Consumer Healthcare Experience State Survey

High Health Care Costs are Contributing to Increasing Levels of Health Care-Driven Debt

Share of New Jerseyans with Medical Debt in Collections, 2022

1 in every **10** individuals
\$ \$ \$ in **New Jersey** \$ \$ \$
have some amount of **medical debt**
in collections.

- **Nationally, 1 in 10 individuals has some amount of medical debt in collections.** Rates of medical debt are higher in communities of color (18.4%) than in majority-white communities (11%).
- In New Jersey, 1 in 10 individuals has some amount of medical debt in collections (11%).
- Similar to national trends, rates of medical debt in collections in New Jersey are higher in communities of color (17%) than in majority-white communities (8%).

Slide created using the Manatt Health "[Leveraging Health Care Cost and Affordability Data: A Suite of Analytic Resources](#)" Toolkit.

Sources: The Urban Institute. [Debt in America: Interactive Map](#). Accessed July 31, 2023. See also: KFF. [Health Care Debt In The U.S.: The Broad Consequences Of Medical And Dental Bills](#). See Appendix for research notes.

Options for Consumer Empowerment



The Murphy Administration: Advancing a Comprehensive Health Care Affordability and Cost Containment Agenda



- **Increase TRANSPARENCY**

- Health Care Affordability, Responsibility, and Transparency (HART) Program
- Prescription Drug Affordability and Transparency package: Supply chain transparency, consumer relief, and enhanced oversight.
- Enhancing transparency across the health system



- **Improve ACCESS to quality care and affordable coverage**

- Significant Medicaid benefit enhancements
- Maternal health access and innovation in Medicaid
- Cover All Kids
- Expansion of Navigators and carriers

The Murphy Administration: Advancing a Comprehensive Health Care Affordability and Cost Containment Agenda



▪ **Improve AFFORDABILITY**

- Launch of State-Based Exchange (Get Covered New Jersey) & State subsidies
- Reinsurance program
- Health Insurance Affordability Fund
- Protect consumers from surprise medical bills
- Increased access to Prescription Drug Assistance Programs



▪ **Strengthen STATE OVERSIGHT**

- Medicaid oversight of Managed Care Organizations: significant savings achieved.
- Oversight of Pharmacy Benefit Managers
- Ensuring mental health parity

We Welcome Your Input!



We look forward to discussing new data and findings in a **public forum**, focusing on the impact of cost drivers on residents.

Benchmark and cost driver data available in 2024.



We welcome opportunities to partner on solutions, through use of HART data.

We seek to work collaboratively to implement solutions to make health care more affordable.



We welcome your input and **leadership to advance the program and goals.**

We welcome input as we stand up this program and want to ensure sustained success.

Audience Q&A



If you have a question for the panelists, please type the question into the Q&A.

Our moderators will review and get to as many questions as we can during the remainder of the session.

Thank you!