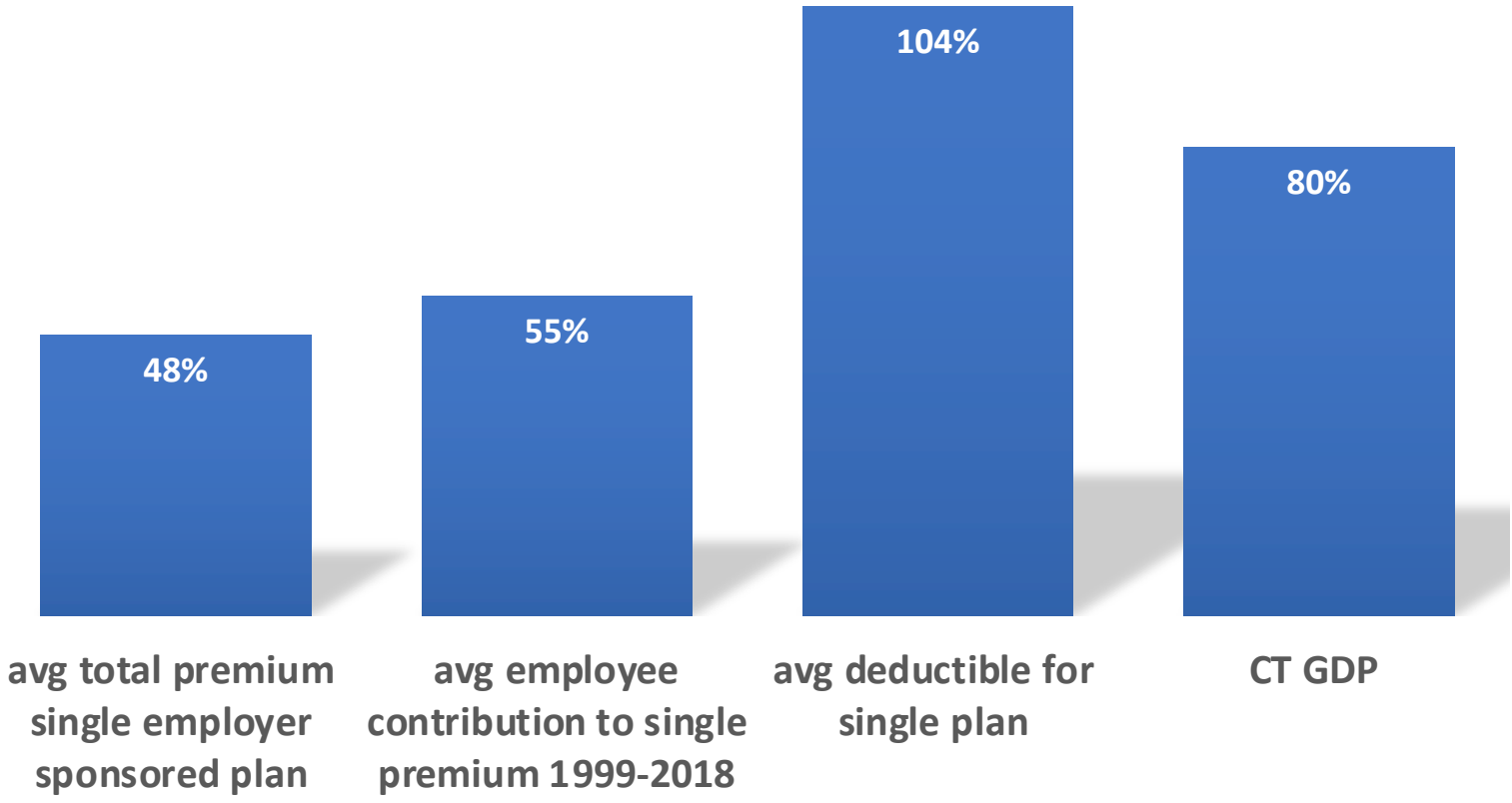
Could a healthcare cost growth benchmark help Connecticut?

Healthcare Affordability Forum
Ellen Andrews, PhD
November 14, 2019

Connecticut Health Policy Project

Connecticut healthcare insurance costs, economy

1999 to 2014

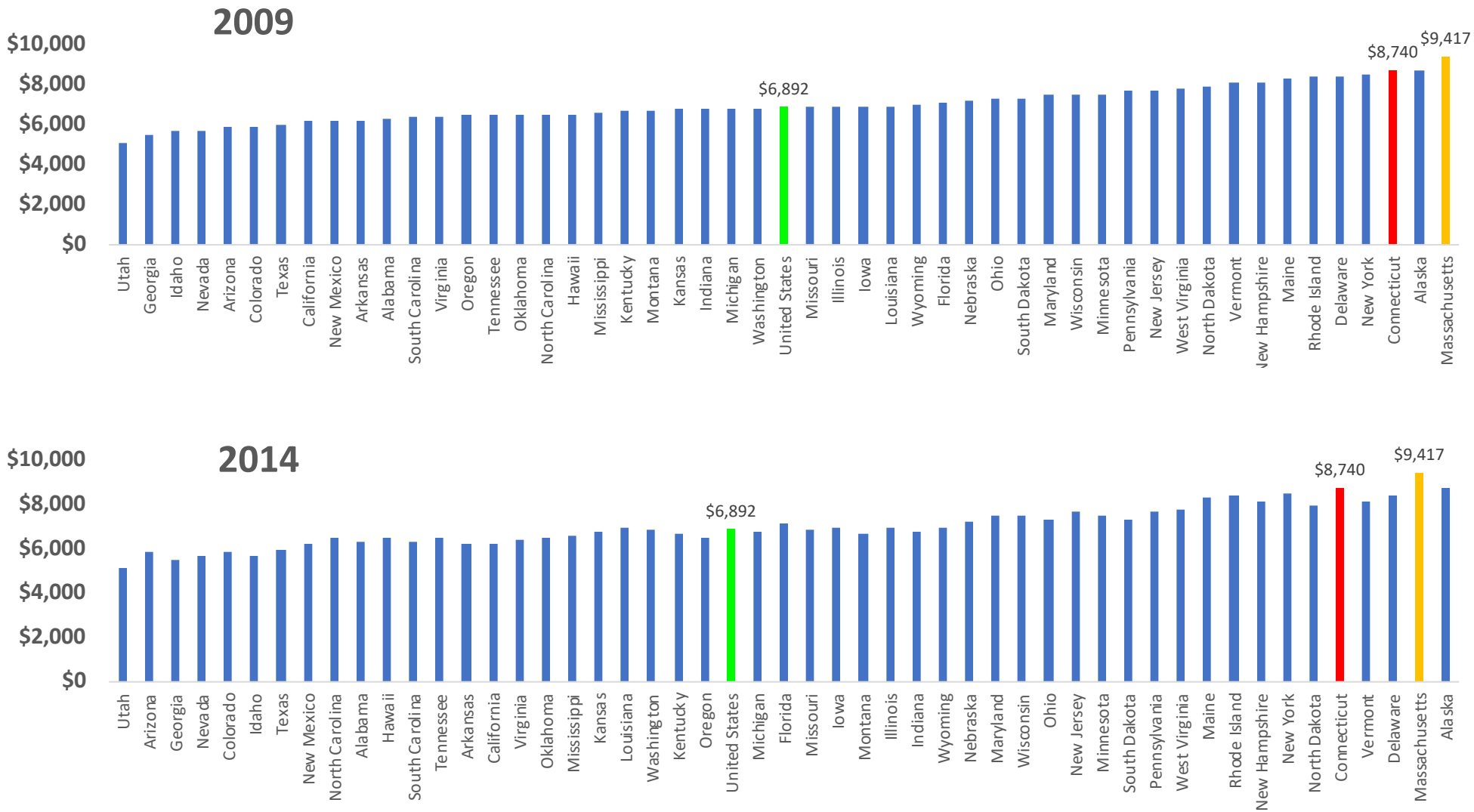


Key Findings

From 1999 to 2014, Connecticut private health insurance have premiums grown more slowly than our economy, but average deductibles for consumers doubled.

Source: Medical Expenditure Panel Survey, AHRQ, HHS and Federal Reserve Bank of St. Louis

State per capita healthcare spending



Key Findings

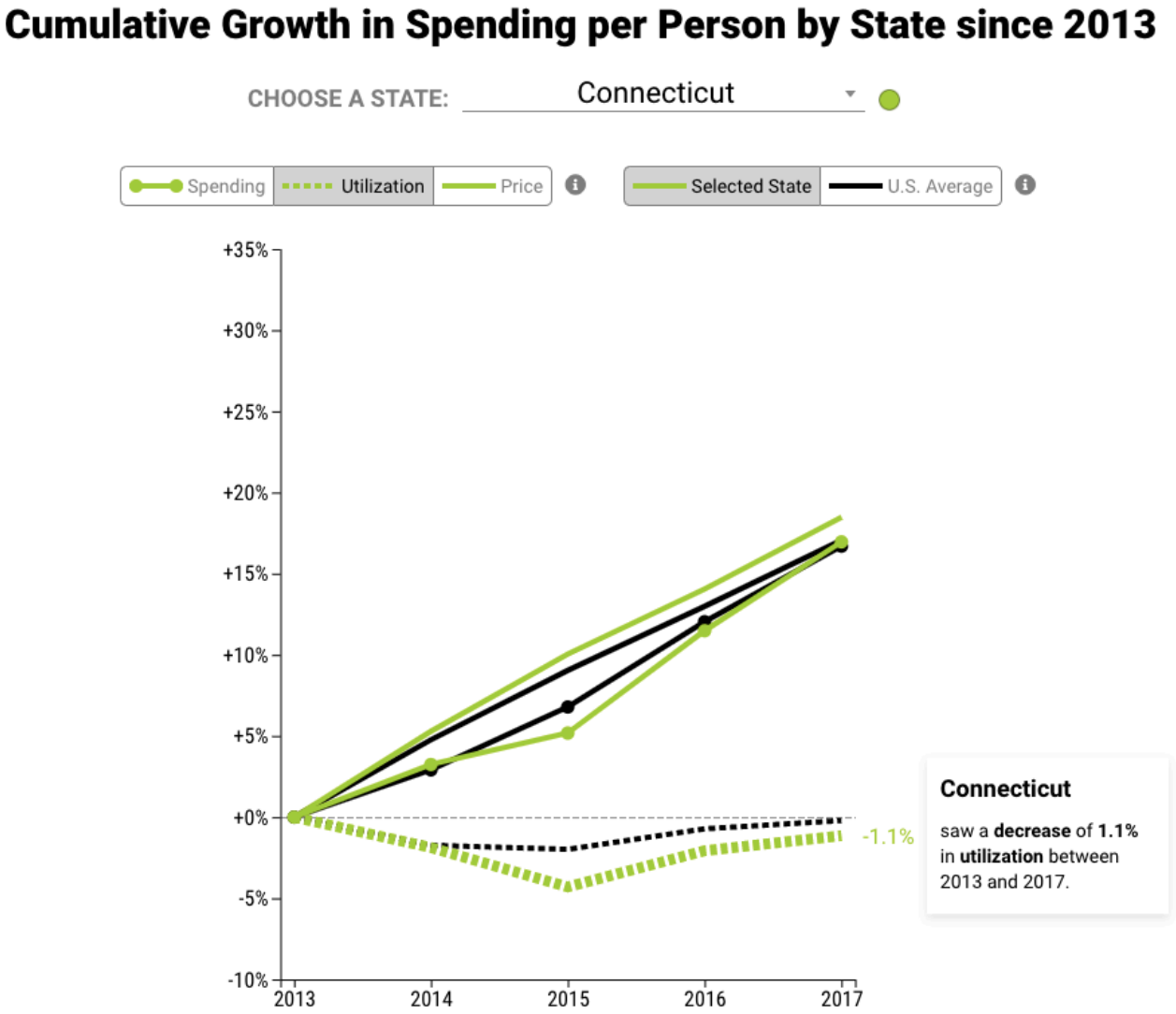
From 2009 to 2014, Connecticut moved from 3rd highest in healthcare costs among states to 5th.

Massachusetts fell from first to second highest.

Source: State Health Expenditure Data, CMS

Price is the problem, not utilization

Per person



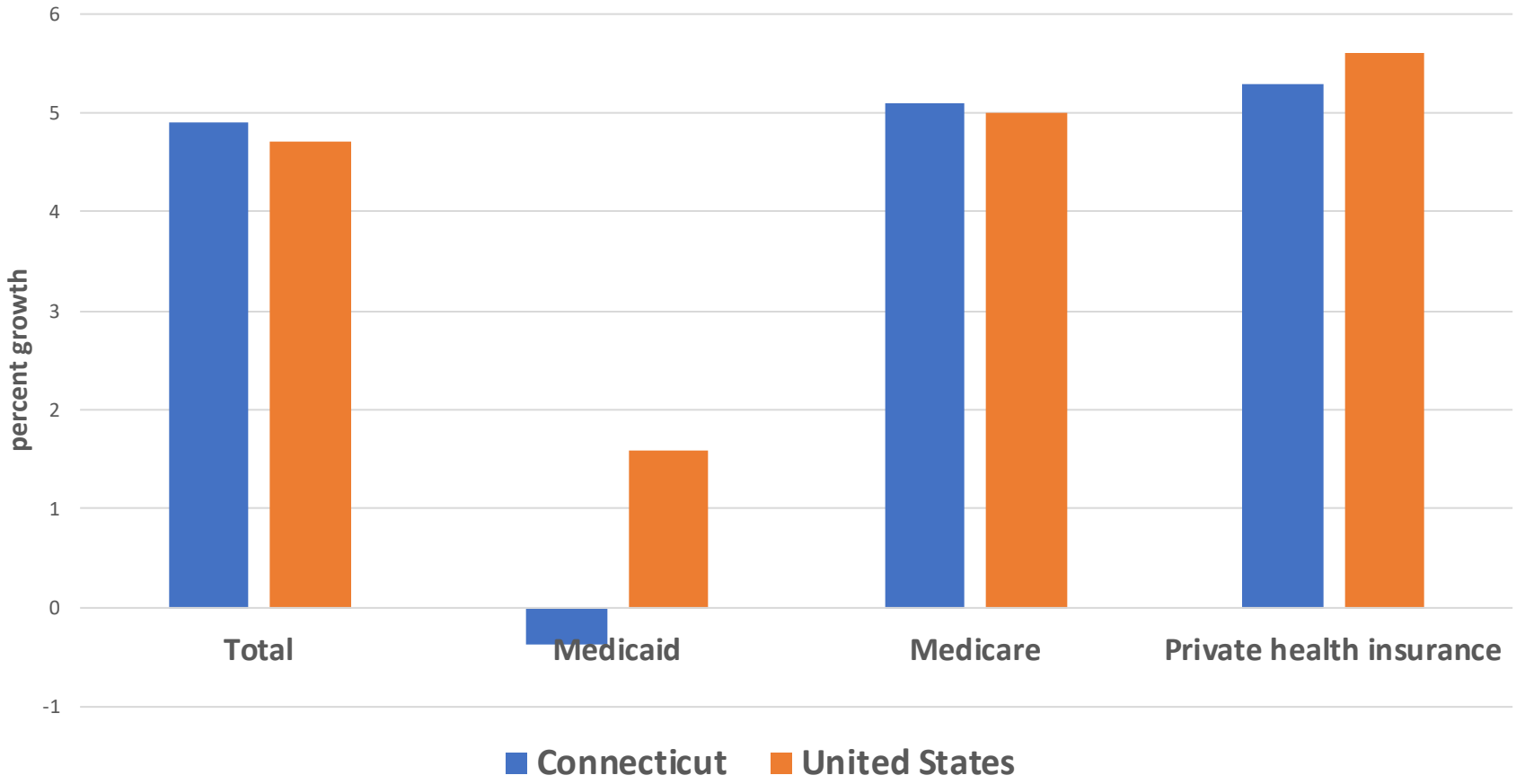
Key Findings

Between 2013 and 2017, CT per person commercial healthcare costs grew 18.5% while utilization fell 1.1%

Source: 2017 Health Care Cost and Utilization Report, Health Care Cost Institute

Per capita spending, average annual growth

2001 to 2014

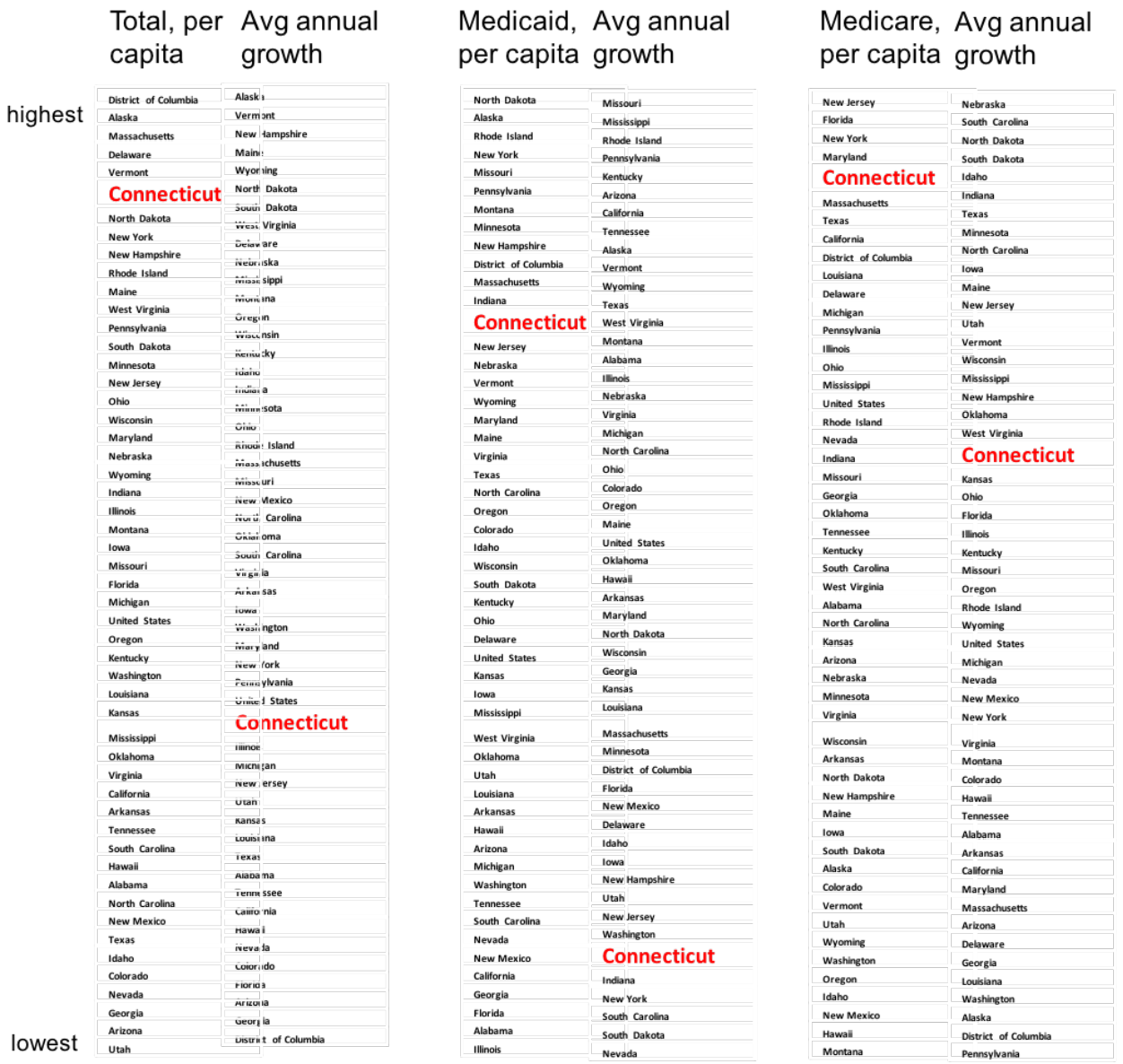


Key Findings

Trends vary significantly between payers. From 2001 to 2014, average Connecticut per capita healthcare spending tracked with national trends. However, Medicaid per person spending decreased while nationally costs rose.

Source: State Health Expenditure Data, CMS

State rank



Per capita – 2014

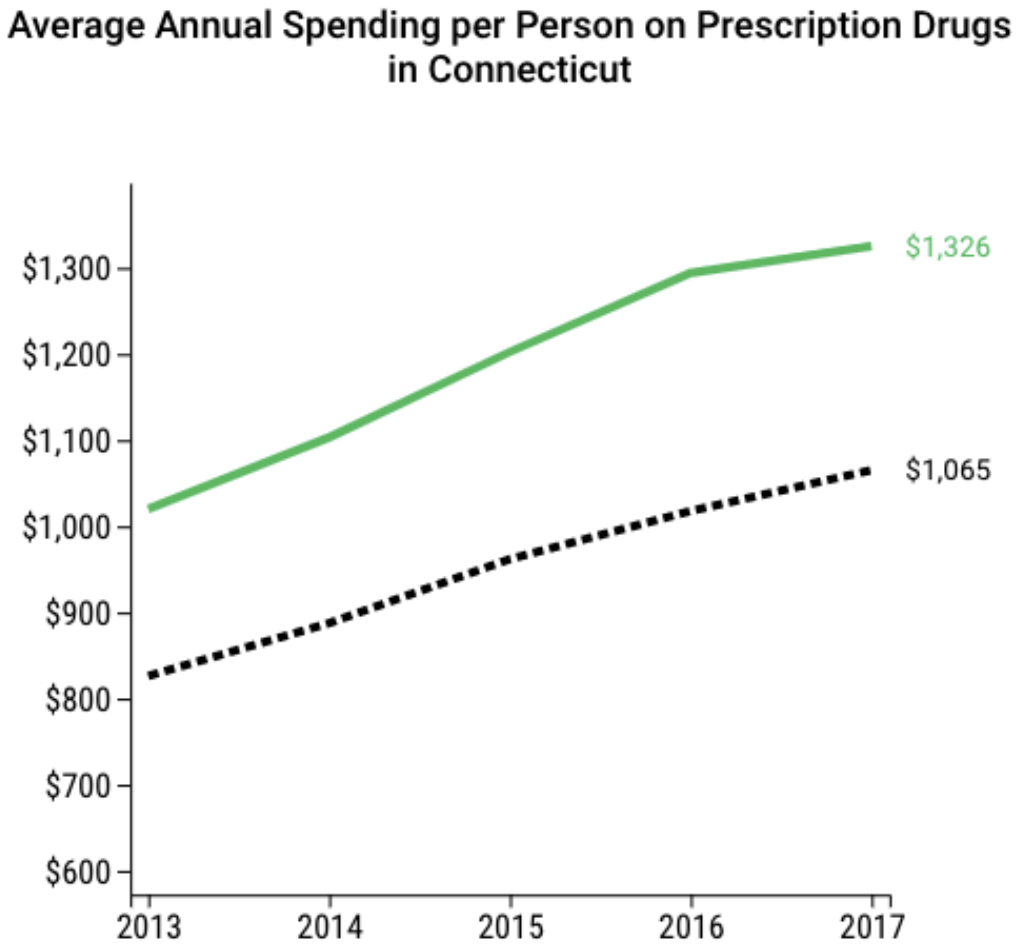
Average annual growth – 1991 to 2014

Key Findings

While Connecticut's relative per capita health care costs are high among states, the rate of growth is much lower, particularly for Medicaid.

Source: State Health Expenditure Data, CMS

Drug spending per capita



Key Findings

Prescription drug spending is higher for Connecticut residents than for most Americans.

And the gap is growing.

Source: 2017 Health Care Cost and Utilization Report, Health Care Cost Institute

State rank

per capita drugs, nondurable product spending

Per capita – 2014

Average annual growth – 1991 to 2014

Total per capita drugs, nondurable products cost, 2014	per capita, avg annual percent growth, 1991 to 2014	
Delaware	New York	highest
Connecticut	Delaware	
New York	Connecticut	
Rhode Island	Maine	
Alabama	Rhode Island	
West Virginia	Missouri	
New Jersey	North Dakota	
Pennsylvania	Alabama	
Missouri	Nebraska	
Louisiana	South Carolina	
Massachusetts	Vermont	
Nebraska	Pennsylvania	
North Carolina	Massachusetts	
Florida	North Carolina	
New Hampshire	West Virginia	
Tennessee	Louisiana	
Kentucky	Arkansas	
South Carolina	Wisconsin	
Hawaii	New Jersey	
Oklahoma	New Hampshire	
North Dakota	Oklahoma	
District of Columbia	District of Columbia	
Arkansas	Iowa	
Maine	Florida	
Vermont	Mississippi	
Iowa	South Dakota	
Maryland	Kentucky	
Mississippi	Kansas	
Indiana	Tennessee	
Kansas	Indiana	
Michigan	Texas	
Wisconsin	Minnesota	
Texas	Maryland	
Ohio	Illinois	
Virginia	Ohio	
Illinois	Michigan	
Nevada	Virginia	

Key Findings

Connecticut residents spend more per person than all but one other state's residents on prescriptions and nondurable healthcare products and that rate is growing much faster than other states.

Source: State Health Expenditure Data, CMS

Could a healthcare cost growth benchmark help Connecticut?

- **Wouldn't hurt**, knowing how and where costs are growing, with timely data, across the system is always an advantage
- Massachusetts's growth benchmark works because stakeholders trust the data and believe the state will act with constructive, evidence-based policies, so the state devotes resources
- Connecticut has trust, capacity issues
- It needs to be more than a set of reports
- To make it work, we would need:
  - An operational, **transparent** APCD to identify problems
  - Build analytic capacity in-state, both in and outside government – then **show the math**
  - Independent leaders/facilitators using a **transparent, multi-payer process** to develop meaningful solutions that are fair, reasonable and will address the problems
  - **Be realistic** about state levers and whether they are powerful enough to make a difference
  - **Political commitment** to follow through
  - **Test options**, evaluate, revise
- Beware unintended consequences – i.e. Medicaid shared savings