

## New Jersey Health Care Affordability Advisory Group

April 26, 2021 Meeting Summary

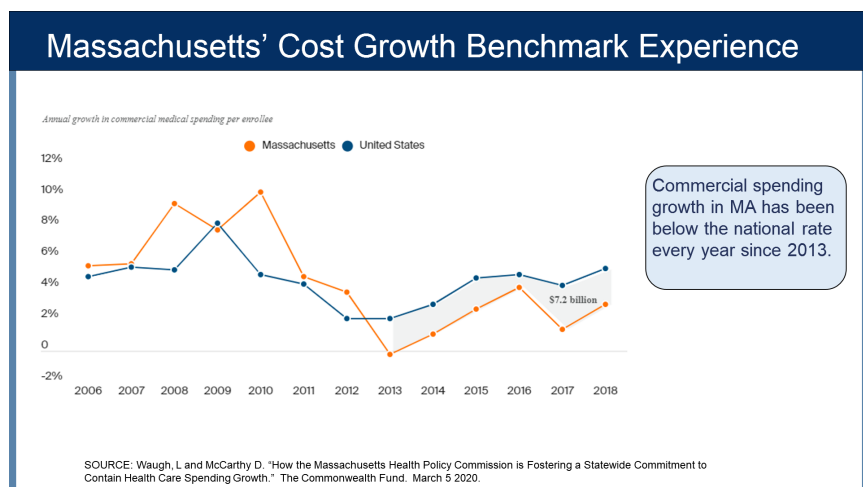
*This summary presents highlights from the April 26, 2021 virtual meeting of New Jersey’s Health Care Affordability Advisory Group, which was created pursuant to Executive Order #217 and is responsible for providing expertise, input and guidance around development and implementation of a health care cost benchmark. At the second meeting, members discussed the group’s charter and reviewed benchmarking experiences of other states, with an eye on what benchmarking “success” would look like for New Jersey. Throughout these discussions, the group underscored the need to consider equity when pursuing this benchmark strategy. Group members noted the importance of controlling costs as a means to boost access to quality care and help address social determinants of health, as well as the need to balance the richness of capturing underlying elements of spending with the burden of data collection.*

### Reviewing the Group Charter and Charge with an Eye on Equity

The Health Care Affordability Advisory Group began its discussion by reviewing a draft group charter. The charter outlines the mission of the group to provide feedback on the establishment of an annual health care growth benchmark, as well as on collecting data supporting health care cost growth containment strategies and promoting the delivery of accessible, equitable, quality health care. The group underscored the importance of infusing health equity throughout both its charter and its overall work, along with ensuring coordinated communications between the Advisory Group and the Interagency Working Group.

### Learning from the Benchmarking Experiences of Other States

Bailit Health, which has provided technical assistance to other states in their benchmarking efforts, shared experience from those states to shed light on “real world” case studies, as well as “nuggets of success” that can inform New Jersey’s benchmark development. Massachusetts, the state with the longest implementation, launched its benchmark in 2012, tying its target to the rate of expected growth in its economy (Projected Gross State Product), starting at 3.6% and dropping over time.



In every year since its launch, Massachusetts has held its rates of commercial spending growth below the national average, resulting in an estimated savings of over \$7 billion compared to if it had followed national trends. Delaware and Rhode Island similarly tied their state benchmarks to growth in their economy. Oregon relied on a combination measure reflecting economic, wage and public program growth and Connecticut relied on a combination of economic and income growth.

### Reviewing the Logic behind Benchmarking

The group then reviewed the benchmarking logic model, with Rutgers Center for State Health Policy’s Director, Joel Cantor reminding that, while the benchmark is the “anchor,” the work *to achieve it* is what will be critical for success.

In discussing strategies to achieve targets,

Bailit Health mentioned state initiatives related to budget- and value-based payments, as well as penalties for excessive price increases.



### Visions for Success in New Jersey

As the group turned to discussions of what “success” would look like for New Jersey, some mentioned the importance of continued investments in social determinants of health, wondering how those might fit into the benchmark equations. Along with reminding the group that not all spending is “bad,” Bailit Health mentioned that Oregon had similar discussions in developing its benchmark, being careful to differentiate spending driven by these investments compared to those driven by price.

Likewise, an issue was raised related to the importance of breaking out spending by market to understand New Jersey’s “pain points” and ensure that strategies were not pursued that might somehow reduce utilization in “the wrong way.” Some underscored the priority to have costs that were “predictable” and “transparent,” while others noted the need to carefully “thread the needle” to capture meaningful data on spending without overburdening data contributors.

### Looking Ahead

The meeting closed with a preview of issues to come, including “setting the denominator,” and determining the categories for which data will be collected and aggregated from.