

New Jersey Health Care Affordability Advisory Group

September 28, 2021 Meeting Summary

This summary presents highlights from the September 28, 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 sixth meeting, the Advisory Group reviewed feedback received about the proposed benchmark target values and path for achieving them, along with plans for a compact to memorialize these plans. The benchmark proposal seeks to bend New Jersey's health care cost curve to help increase affordability for the state's families and businesses. The values are calculated from a blend of forecasted median income and potential gross state product--reflecting the real world pocketbooks of New Jerseyans, and the strategy includes a transition year focused on reporting on spending data without a specific target in 2022, in light of the continued impact of COVID. While some expressed concerns about the benchmark proposal, overall, there was widespread support for exploring the idea of a compact to memorialize the proposal. The group then turned to discussing options for benchmark reporting. Below are highlights from the discussions.

Review of Benchmark Proposal, Stakeholder Feedback, and Plans for a Compact

Shabnam Salih (Director of the New Jersey Governor's Office of Health Care Affordability and Transparency) welcomed all to the "first of fall" meeting, which included a packed agenda—reviewing feedback received on the proposal, discussing a compact to formalize the proposal, as well as reviewing options and plans for reporting on benchmark performance.

Shabnam reminded the group of its goal of making a difference for residents and businesses inside the state through a balanced proposal that is both "ambitious" and "attainable." The resulting proposed benchmark values are built from a 75%/25% forecasted median income/potential gross state product blend for 2023-2027, following a transition year, focusing on "reporting only" in 2022. This path, Shabnam noted, recognizes what continues to be a period of "great uncertainty" facing New Jersey's health care providers. However, she reminded, despite not having a specific target to aim for, "the work" to begin to move toward curbing health care costs should nonetheless start next year.

Shabnam reviewed feedback previously received from the group, with overall broad agreement that the proposal was reasonable, especially given the context in which it is being launched. While some had characterized the transition period as "generous," one Advisory Group member cautioned against that description, particularly given labor shortages health system providers continue to face.

Discussion then shifted toward discussing the idea of memorializing the principles of the benchmark through a compact that would be signed by healthcare stakeholders. Other states, including Rhode Island and Oregon, have established similar compacts to set out benchmark program targets and

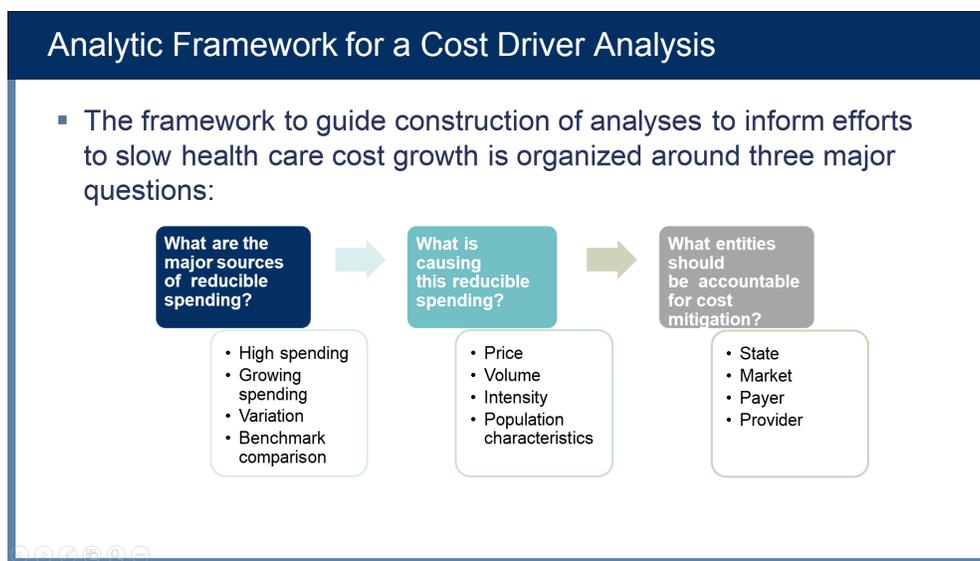
means toward achieving them, such as shifting toward alternative payment models (APMs). Overall, there was broad support for pursuing a compact.

Reporting on Benchmark Performance

Ann Hwang (Bailit Health) and Justin Zimmerman (DOBI) then turned the discussion toward reporting on performance relative to the benchmark, with the first report, outlining performance at the state and market levels, set to be released in the third quarter of 2022. The group discussed both the timing for the underlying data for this report (proposed to focus on 2018/2019 pre-COVID data), as well as the Q3 2022 timing for its release. While some wished for an earlier release of fresher data, they appreciated efforts to try to capture a “normal trend.” Others wondered if more detailed reporting planned for 2023 would still have analytic “noise” as a result of the continuing pandemic.

Reporting on Cost Drivers

Joel Cantor (Rutgers Center for State Health Policy) then led a discussion on the second type of benchmark reporting, focused on cost drivers. While overall benchmark performance reporting focuses on *what* cost growth was, cost driver analysis focuses on the “*whys*” underlying those trends. Joel described the cost driver analysis as being framed by a series of questions (shown below).



Joel mentioned that the state was working on combining public and private data sources to have a well-rounded data set to help answer these questions. He also shared some standard and specialized reports from other states, including displaying information by market, service categories, conditions and geography. He then asked the group for reactions which prompted a discussion on a range of considerations. Some expressed the importance of acknowledging the role of social determinants of health in this work. Others underscored the need to focus not only on costs, but also on utilization. In addition to overall market-level information, the group also discussed the importance of sub-market data including trends in New Jersey’s small group market. Others talked about the need to focus on zip code-level data. Some expressed interest in trends in home and community-based care, as well as mental health and substance abuse. Others spoke of the “amazingly important” role of labor markets during the 2020-2022 period. Still others noted the importance of tracking the role of innovation on spending. Joel closed by

focusing on tracking impacts of spending on key domain topics such as quality, access, equity and affordability. The group will continue to work to refine its benchmark program plans at the upcoming October 27th meeting.