

New Jersey Health Care Affordability Advisory Group

November 22, 2021 Meeting Summary

This summary presents highlights from the November 22, 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 growth benchmark. At its eighth meeting, the Advisory Group began by reviewing progress on a compact to memorialize the benchmark program goals, including commitments to work toward targets (built from a formula blending state economic and personal income indicators) aimed at ensuring New Jersey's health care spending does not grow faster than its economy or the wallets of its residents. While promising to keep the group updated on further compact developments, the meeting's focus then shifted toward key issues related to benchmark program implementation, including capturing ongoing stakeholder input and ensuring that plans for monitoring access, affordability, equity and quality—a cornerstone of the program—were focused on the right set of metrics. Below are highlights from the meeting's discussions.

Expressions of Gratitude and Reminders of the “Whys” of This Work

Shabnam Salih (Director of the New Jersey Governor's Office of Health Care Affordability and Transparency) welcomed all, thanking everyone for their time during a busy Thanksgiving week and expressing gratitude for what she referred to as “top flight” leadership from New Jersey being involved with a crafting a program that will hopefully impact millions of lives: “Thank you once again for doing this work with us.” While, she noted, the state recognized the very real and continued pressures COVID is placing on New Jersey's health care system, she also reminded the group, that, this is also a critical time to focus on affordability, with new data showing burdens health care costs are putting on families (with average family premiums topping \$22,000 according to KFF's 2021 Employer Health Benefits Survey), burdens exacerbated by COVID.

Updates on Progress on a Proposed Compact

Justin Zimmerman (Chief of Staff, New Jersey Department of Banking and Insurance) then reviewed feedback received on the proposed benchmark compact, which lays out a path for target values calculated from a 75%/25% blend of forecasted median income and potential gross state product to help ensure New Jersey's rate of health care spending does not grow faster than its economy and the real-world wallets of its residents. The cost growth benchmark will be implemented in 2022 and begin with a transition year focused on reporting only, allowing time to gain experience with data submission and analysis absent a specific target, in recognition of continued uncertainties related to COVID. Justin said that compact feedback to-date had focused on four broad issues: 1) reducing administrative burden in collecting benchmark data; 2) acknowledging continued pressures and impact of COVID on hospitals; 3) ensuring that the benchmark does not result in further provider consolidation; and 4) memorializing the state's commitment to this program.

Justin noted, that, in addition to emphasizing the state’s overall commitment to the program, the updated compact would also include a provision for the state to monitor economic indicators, and, if circumstances warrant, modify the New Jersey’s targets accordingly.

Considerations of Stakeholder Engagement as Benchmarking Shifts from Program Planning toward Implementation

Next, the discussion shifted toward program implementation, with a focus on continuing to capture stakeholder input after the program’s launch, reporting on performance compared to the benchmark target, and examining the underlying drivers of, or the “whys” behind increases in, costs.

First, in addition to proposing shifting from monthly to quarterly advisory group meetings, two technical advisory subgroups were proposed to help guide benchmark and cost driver reporting recommendations for the State’s Interagency Working Group (IWG). In addition to questions related to whether there should be a more active presence for stakeholders with the IWG, the group expressed concerns about separating these two subgroups, noting that the benchmark analyses and cost driver work needed to be more linked and “synergistic” as they were “different sides of the same coin,” each affecting one another.

Discussions of Important Metrics to Track in Key Domains for New Jerseyans

Next, the discussion focused on efforts to track access, affordability, equity and quality, ensuring that early plans included the right range of metrics to capture what was happening in the state’s health care landscape and provide a true picture of important outcomes for New Jerseyans.

Many important areas were raised for consideration within these domains, including capturing information on: out-of-pocket costs; the role of outmigration in health care cost growth; more data on pharmacy, mental health and dental benefits; overall information on

Role of Measuring Quality, Access, Affordability and Equity

- New Jersey has identified four broad domains for measurement
- We would like to identify measures within these broad domains

commonly-purchased plan designs and their costs; as well as care for the uninsured.

As the meeting time came to a close, Shabnam thanked the group for the very rich discussion on how the pieces of the benchmark fit together. “We can do this better together,” she noted, with the day’s meeting being indicative of that. She closed by previewing work on an upcoming program announcement, reminding the group, meantime, of its next meeting on December 15.