

New Jersey Health Care Affordability Advisory Group

October 27, 2021 Meeting Summary

This summary presents highlights from the October 27, 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 seventh meeting, the Advisory Group continued discussions around a possible compact to help memorialize New Jersey's proposed benchmark target values and path for achieving them. The proposed benchmark target values are calculated from a blend of forecasted median income and potential gross state product—aimed at ensuring 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 January 2022 and will begin with a transition year (CY2022) during which time there will not be a benchmark value. The transition year will focus on reporting and allow time for experience with data submission without a specific target in recognition of the continued uncertainty around the impacts of COVID. Overall, while some expressed strong support for moving ahead with the compact, others expressed concerns. The group also reviewed strategies around transparency and reporting. Below are highlights.

Review of Work to Date as Benchmark Program Moves toward Implementation

Shabnam Salih (Director of the New Jersey Governor's Office of Health Care Affordability and Transparency) welcomed all, she then turned to Zakiya Smith Ellis (the Governor's Acting Chief of Staff). Zakiya, who has followed the program's development over time, mentioned appreciating all the input from the group as they "round the curve" on finalizing the benchmark, noting the Governor's appreciation of the market-driven approach underlying the program.

Parimal Garg (Chief Counsel to the Governor) echoed Zakiya's thanks to the group, noting that cost-containment has been a key priority for the Administration—citing earlier work on the reinsurance fund and exchange. He said this issue will continue to be a "major priority" moving forward as the Governor works to make New Jersey "a more affordable place to live and work."

Shabnam thanked those members of the group that had already shared feedback on draft compact outlines previously circulated, noting that Executive Order 217 called for launching the program on January 1, 2022. While understanding that the work will be challenging, she reminded the group of the "North Star" of affordable and accessible health care in New Jersey, where she noted, half of adults report having health care affordability burdens. She also reminded the group that this work will ultimately create a more sustainable system over time.

Shabnam then turned to Justin Zimmerman (Chief of Staff, Department of Banking and Insurance (DOBI)) to review the agenda for the day, which focused on: finalizing the benchmark proposal and possible accompanying compact; increasing transparency through reporting on spending; as well as exploring accountability strategies to ensure progress toward the benchmark.

Brief Review of Feedback on Compact Outlines and Discussion

Shabnam opened the compact discussion by recapping the overall goals of the benchmark program, including, at the “top of the list,” affordability, along with capturing better data and improving transparency around health care spending overall to help inform strategies to stem the tide of rising costs. She said that the state had intentionally pursued a collaborative and market-driven (rather than top-down) approach toward cost containment. Shabnam reviewed key outlines of a compact memorializing the benchmark decisions and proposal, including target values built from a 75%/25% forecasted median income/potential gross state product blend for 2023-2027, following a 2022 “transition year” focused on “reporting only.”

Shabnam noted that she had heard both support and concern for the compact, pausing to allow the group to elaborate on areas of support or concern:

Several members expressed support for moving forward with the compact as is, noting that the benchmark will help “slow the ship down.” Others mentioned the importance of the compact’s broad view and global consideration of both lowering costs and improving outcomes in the state, noting that, “We can all roll-up our sleeves” and come to the “table” to help bring costs down.

Others appreciated the aforementioned “market-based approach,” but also wanted to make sure that the state would also be working alongside the stakeholders on implementation, with an eye on reducing burden as it implements the program and collects related data.

Still, others expressed concerns about launching the program after months of COVID “upending” the system, wanting to again review the underlying data behind the benchmark, as well as the details of the benchmark reporting to ensure the program focused on *all* areas of cost (which it does) and that burden of addressing them is distributed beyond those signing a compact (which it is). Joel Cantor (Rutgers Center for State Health Policy) weighed-in, that, the discussion underscores the importance of collecting better data for New Jersey and examining cost drivers to help “peel the onion” on areas of growth and shine light on areas of rising costs inside the state. After asking for final thoughts, the group shifted to Transparency and Accountability.

A Focus on Transparency

Justin then spoke of the importance of transparency in benchmarking, noting that it is a “hallmark” of New Jersey’s program. Ann Hwang (Bailit Health) agreed, saying that public reporting on costs is a core component of program transparency. Ann then reviewed strategies that other states have used on transparency and accountability, including some holding public meetings. Some underscored the need for a broader public discussion on costs. As reports from other states were shared, Ann emphasized, that, while New Jersey can learn from what other states have done, it needs to customize its own transparency and accountability approaches.

Shabnam promised to resend details on the numbers underlying the benchmark proposal and on reporting. Following the meeting, the state convened a follow-up Advisory Group technical webinar, as well as sent additional background materials in response to remaining questions.