Using Data to Advance Affordability for Consumers in New Jersey

Public Webinar
December 19, 2023
Agenda

- Welcome and Introductions
- State Action Overview and the HART Benchmark Program
- Cost Growth Trends and Implications
- Panel Discussion on the Impact of Cost Growth on Consumers
Speakers

Shabnam Salih
Director
Governor’s Office of
Health Care
Affordability and
Transparency

Justin Zimmerman
Acting Commissioner
New Jersey
Department of Banking
and Insurance
Panelists

Maura Collinsgru
Director of Policy and Advocacy
New Jersey Citizen Action

Heather Howard
Professor of the Practice and Director,
State Health and Value Strategies and Co-Director of the Center for Health and Wellbeing’s Global Health Program, Princeton University
State Action Overview and the HART Benchmark Program
NJ Residents Are Struggling to Afford Health Care Coverage and Services

- Health care costs in New Jersey are growing faster than incomes
- High health care costs are straining NJ household budgets
- Cost growth is unlikely to abate

Rapidly rising health care costs are taking a huge bite out of New Jersey households’ budgets.

From 2000-2022, premiums grew nearly twice as fast as incomes.

Average Family Premiums and Wages in New Jersey, 2002 - 2022

Note: 2007 data were not collected for the Insurance Component.
--- Data suppressed due to high standard errors or few reported values in cell.
*Figure does not meet standard of reliability or precision.
The Office of Health Care Affordability and Transparency (OHCAT), launched in 2020 and established through Executive Order 217, is responsible for developing New Jersey’s strategy to improve health care affordability, accessibility, and transparency for all residents and across markets. OHCAT has a unique role in government, convening Departments of Health, Human Services, Banking and Insurance, Treasury and Division of Consumer Affairs to collaboratively identify and implement policy solutions.
The Murphy Administration: Advancing a Comprehensive Health Care Affordability Agenda

**Highlights**

- Implementation of the HART Benchmark Program to bring health care cost growth under control

- Implementation of the Prescription Drug Affordability and Transparency Bills to reduce prescription drug costs and build transparency of prices across the drug supply chain

- Provide consumer medical debt relief

- Build a foundation of transparency across the health care system
Health Care Affordability, Responsibility, and Transparency (HART) Program Goals

- Make health care more affordable for all New Jerseyans by **slowing the rate of health care spending growth** and alleviating State budget pressures caused by rising health care costs.

- **Facilitate the transparent reporting** of health care costs at the State, market, insurer, and provider levels.

- Leverage New Jersey health care data to **understand root causes of rising health care costs in the State and inform strategies to reduce health care cost growth**.
What is it? Why is it important?

The Healthcare Affordability, Responsibility and Transparency (HART) Program establishes a **shared goal** for how much health care spending should increase each year.

This way, everyone who has a stake in health care—state leaders, health insurers, health care providers, businesses, and consumer advocates—can work together to find **shared solutions for making health care more affordable in New Jersey**.
NJ Joins Several States with Benchmarking Programs

Massachusetts established the first benchmarking program in 2012.
- It annually measures, analyzes, and reports on performance against the benchmark and cost drivers.
- Consumers engage in annual hearings on performance.
- Based on its findings, it has also issued a performance improvement plan for a health system routinely performing above the benchmark.

California is currently developing its program, which was established following a consumer-driven campaign led by groups such as Health Access CA.
- Major design considerations are debated at public meetings, where consumers provide input into the design of the program.
Benchmark Program Experiences in Other States

Slowed growth in health care costs (Massachusetts)

Exhibit 3
Annual Growth in Commercial Spending: Massachusetts and the United States, 2006–2018

Annual growth in commercial medical spending per enrollee

Notes: Data do not include insurer administrative costs. U.S. data includes Massachusetts. Massachusetts 2018 growth rate is preliminary. Center for Health Information and Analysis data are based on full-claim, commercial total medical expenditures (TME).

Upcoming HART Reports

Benchmark Analysis

Payer-reported data provided in aggregate that allow for measurement of spending and assessment of benchmark achievement at multiple levels, including:

- State
- Market
- Payer (to be included for year 2)
- Provider (to be included for year 2)

Cost Driver Analysis

Claims-level and survey data that provide an understanding of underlying trends; also includes monitoring program impact on quality, access, affordability, and equity. Analyses will include, for example:

- Total and out of pocket spending
- Geographic breakdown
- Spending by category of service
- Outmigration (spending out of state)
- Analysis of price and volume of services

How much did spending increase or decrease from one year to the next?

What is driving overall cost and cost trends? Where are opportunities?
Leveraging Benchmarking Programs to Address Health Care Priorities

Health care cost growth benchmarking programs provide valuable information for increasing health system transparency and accountability and an opportunity to engage stakeholders around reform priorities.

Benchmarking programs:

- Provide comprehensive information about health care system performance and cost drivers
- Target health care system areas for further investigation and action
- Focus stakeholder attention on pressing health care system and affordability issues
- Offer an opportunity to convene broad stakeholder groups around health care system issues
How Can the Benchmark Lead to More Affordable Health Care?

1. Set a target for health care cost growth
2. Measure our progress
3. Be transparent and share data
4. Work together to find solutions
5. Make health care more affordable
New Jersey’s Health Care Cost Growth Benchmark

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Benchmark Value</th>
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<tbody>
<tr>
<td>2022</td>
<td>No benchmark/transition year</td>
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<tr>
<td>2023</td>
<td>3.5%</td>
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<td>2024</td>
<td>3.2%</td>
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<td>2026</td>
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3.2% = Blended Potential Gross State Product (25%) and forecasted median income growth (75%)
Upcoming 2024 Reports

   - Where and to what extent spending growth is occurring
   - Factors contributing to spending growth
   - Special report on care that is received out of state

   - How much spending increased (state and market levels)

3. **Landscape Analysis**
   - Monitor access, affordability, quality.

   - Where and to what extent spending growth is occurring
   - Factors contributing to spending growth

Reports may be streamlined in future years as the state settles into an annual reporting cycle.
Cost Growth Trends and Implications
Over the last two decades, national health care spending has nearly tripled, growing faster than national income to comprise almost one out of every five dollars of our country's Gross Domestic Product (GDP).

### National Health Expenditures (NHE) as % of GDP (2001 - 2021)

<table>
<thead>
<tr>
<th>Year</th>
<th>NHE (Trillions)</th>
<th>GDP (Trillions)</th>
<th>NHE as % of GDP</th>
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<tbody>
<tr>
<td>2001</td>
<td>$10.6T</td>
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<td>2006</td>
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Despite spending twice as much on health, the US has lower life expectancy than comparable nations and this gap worsened during the COVID-19 pandemic.

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<th>Life Expectancy at Birth in Years (1980 – 2021)</th>
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Note: Dollars are adjusted for purchasing power parity (PPP)

Cost-related barriers to care vary widely by race and ethnicity. The share of Black and Hispanic adults reporting barriers to accessing care is higher than the share of white and Asian adults.


*data not pictured for American Indian/Alaska Native and Native Hawaiian or Other Pacific Islander adults due to underrepresentation in NJ

Slide created using the Manatt Health “Leveraging Health Care Cost and Affordability Data: A Suite of Analytic Resources” Toolkit.
New Jersey’s Costs Are Growing Rapidly

Since 2000, New Jersey’s health care expenditures have more than doubled to nearly $11,900 per person, growing about 4.7% annually.

Health Care Spending in New Jersey Compared to Peer States (Per Capita, 2000–2020)

Families in New Jersey are Paying More in Premiums but Getting Less Coverage as the Size of their Deductibles Grow

Over the past 20 years, deductibles in New Jersey grew by 57% (from $1,993 in 2011 to $3,122 in 2021) adding additional health care cost liability to New Jersey families.

Slide created using the Manatt Health “Leveraging Health Care Cost and Affordability Data: A Suite of Analytic Resources” Toolkit.

New Jerseyans’ Cost Burden of Health Insurance Spending on Premiums and Deductibles

From 2011 to 2019, average premiums and deductibles as a share of average wages in New Jersey grew from 34% to nearly 43%, before dropping back to pre-2013 levels in 2021.

In 2021, average family premiums and deductibles totaled $25,216. Average family wages were approximately $67,120 in New Jersey.

**Overall Cost Burden of Health Insurance Relative to Average Household Wages, New Jersey, 2011–2021**

- New Jersey, Average Family Deductible as a Percent of Average Wages:
  - 2011: 30.2%
  - 2013: 32.9%
  - 2015: 33.3%
  - 2017: 36.3%
  - 2019: 36.8%
  - 2021: 32.9%

- New Jersey, Average Family Premium as a Percent of Average Wages:
  - 2011: 3.9%
  - 2013: 4.9%
  - 2015: 5.6%
  - 2017: 5.0%
  - 2019: 5.8%
  - 2021: 4.7%


Slide created using the Manatt Health “Leveraging Health Care Cost and Affordability Data: A Suite of Analytic Resources” Toolkit.
Panel Discussion on the Impact of Cost Growth on Consumers
New Jerseyans Struggle with the Affordability of Health Care

People of color in New Jersey more frequently forgo care due to costs.


government-action-acr
High Health Care Costs are Contributing to Increasing Levels of Health Care-Driven Debt

Share of New Jerseyans with Medical Debt in Collections, 2022

1 in every 10 individuals in New Jersey have some amount of medical debt in collections.

- Nationally, 1 in 10 individuals has some amount of medical debt in collections. Rates of medical debt are higher in communities of color (18.4%) than in majority-white communities (11%).
- In New Jersey, 1 in 10 individuals has some amount of medical debt in collections (11%).
- Similar to national trends, rates of medical debt in collections in New Jersey are higher in communities of color (17%) than in majority-white communities (8%).

Slide created using the Manatt Health “Leveraging Health Care Cost and Affordability Data: A Suite of Analytic Resources” Toolkit.

Options for Consumer Empowerment

- Elevate and Engage Stakeholders Around Policy Solutions
- Provide State-Level Data to Target Issues
- Promote Health Care System Accountability
The Murphy Administration: Advancing a Comprehensive Health Care Affordability and Cost Containment Agenda

- **Increase TRANSPARENCY**
  - Health Care Affordability, Responsibility, and Transparency (HART) Program
  - Prescription Drug Affordability and Transparency package: Supply chain transparency, consumer relief, and enhanced oversight.
  - Enhancing transparency across the health system

- **Improve ACCESS to quality care and affordable coverage**
  - Significant Medicaid benefit enhancements
  - Maternal health access and innovation in Medicaid
  - Cover All Kids
  - Expansion of Navigators and carriers
The Murphy Administration: Advancing a Comprehensive Health Care Affordability and Cost Containment Agenda

- **Improve AFFORDABILITY**
  - Launch of State-Based Exchange (Get Covered New Jersey) & State subsidies
  - Reinsurance program
  - Health Insurance Affordability Fund
  - Protect consumers from surprise medical bills
  - Increased access to Prescription Drug Assistance Programs

- **Strengthen STATE OVERSIGHT**
  - Medicaid oversight of Managed Care Organizations: significant savings achieved.
  - Oversight of Pharmacy Benefit Managers
  - Ensuring mental health parity
We welcome your input and leadership to advance the program and goals. We welcome opportunities to partner on solutions, through use of HART data. We look forward to discussing new data and findings in a public forum, focusing on the impact of cost drivers on residents. Benchmark and cost driver data available in 2024. We seek to work collaboratively to implement solutions to make health care more affordable.
If you have a question for the panelists, please type the question into the Q&A.

Our moderators will review and get to as many questions as we can during the remainder of the session.
Thank you!