

The background of the slide features a large, light blue watermark of the Seal of the Delaware State Bar Association. The seal is circular and contains the text "GREAT SEAL OF THE DELAWARE STATE BAR ASSOCIATION" around the perimeter. In the center, there is a crest with a ship on top, flanked by two figures in historical attire. Below the crest is a banner with the words "LIBERTY AND INDEPENDENCE".

Health Care Spending Benchmark Subcommittee

APRIL 1, 2021

Agenda

1. Review October 2020 Minutes
2. Continued Discussion of 2018/2019 Health Care Expenditures and Performance to Benchmark
3. Calendar Year 2022 Benchmark Calculation
4. Discussion
5. Consideration / Approval of 2022 Benchmark
6. Public Comment
7. Adjourn

PGSP Methodology

The sum of:

- the expected growth in national labor force productivity
- plus the expected growth in Delaware's civilian labor force
- plus the expected national inflation

Minus Delaware's expected population growth

Plus a transitional market adjustment set at 0.5% for calendar year 2020, 0.25% for calendar year 2021, and 0% for calendar year 2022 and beyond

PGSP Source and Forecast

as set by E.O. 25

Components	Data Source	Forecast	CY 19*	CY 20	CY 21	CY 22	CY 23
Expected growth in national labor force productivity	Congressional Budget Office <i>Budget and Economic Outlook Report</i>	Utilize forecasts that project growth for 5 through 10 years in the future		1.4%	1.4%	1.4%	1.4%
+ Expected growth in Delaware's civilian labor force	Delaware Population Consortium <i>Population Projections by Single Year, Age, Race and Sex</i>	Calculate growth by averaging the forecasted increase of Years 5 through 10 in the future		0.1%	0.1%	0.1%	0.1%
+ Expected national inflation	Congressional Budget Office <i>Budget and Economic Outlook Report</i>	Utilize the personal consumption expenditure growth for 5 through 10 years in the future		2.0%	2.0%	2.0%	2.0%
= Nominal PGSP growth				3.5%	3.5%	3.5%	3.5%
- Expected population growth in Delaware	Delaware Population Consortium <i>Population Projections by Single Year, Age, Race and Sex</i>	Calculate growth by averaging the forecasted increase of Years 5 through 10 in the future		0.5%	0.5%	0.5%	0.5%
= PGSP growth				3.0%	3.0%	3.0%	3.0%
+ Transitional market adjustment				0.5%	0.25%	0.0%	0.0%
= Spending Benchmark as set by E.O. 25			3.8%	3.5%	3.25%	3.0%	3.0%

* Set at Fiscal Year 2020 Budget Benchmark as of December 2018 (3.8%)

Health Care Spending Benchmark

CY 2022

Components	CY 2022 as set by E.O. 25	CY 2022 based on most recent data	Change
Expected growth in national labor force productivity	1.4%	1.4%	-
+ Expected growth in Delaware's civilian labor force	0.1%	0.1%	-
+ Expected national inflation	2.0%	2.1%	+ 0.1%
= Nominal PGSP growth	3.5%	3.6%	-
- Expected population growth in Delaware	0.5%	0.4%	- 0.1%
= PGSP growth	3.0%	3.2%	+ 0.2%
+ Transitional market adjustment	0.0%	0.0%	-
= Spending Benchmark	3.0%	3.2%	+ 0.2%

Consideration / Approval of CY 2022 Benchmark

Subcommittee to vote on recommendation to DEFAC for DEFAC's approval as to whether the forecasted PGSP growth rate has changed in such a material way that it warrants a change in the spending benchmark

Public Comment

Thank you!

For more information about the health care spending benchmark:

<https://dhss.delaware.gov/dhcc/global.html>

DHCC@delaware.gov

