Health Care Spending Benchmark Subcommittee

APRIL 1, 2021

Agenda

- 1. Review October 2020 Minutes
- 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

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Components	Data Source	Forecast	CY 19*	CY 20	CY 21	CY 22	CY 23
Expected growth in national labor force productivity	Congressional Budget Office Budget and Economic Outlook Report	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	Projections by Single	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 Budget and Economic Outlook Report	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 Population Projections by Single Year, Age, Race and Sex	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%
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^{*} 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

