

**Minutes of the
Delaware Economic & Financial Advisory Council
Health Care Spending Benchmark Subcommittee**

Buena Vista – March 18, 2019

Attendance:

Member	Present
N. Batta	Yes
C. Bo	Yes
K. Dwyer	Yes
R. Geisenberger	Yes
M. Jack	No
A. Sen	Yes
G. Siegelman	Yes
K. Walker	Yes
Z. Zhang	Yes

Members in Attendance: 8

Members Absent: 1

Others Present: A. Aka, C. Bonini, C. Davis, R. Goldsmith, D. Hamilton, C. Heiks, M. Houghton, M. Jackson, J. Johnstone, M. Magarik, M. Marlin, D. Roose, and S. Stewart.

Opening Business: Dr. Walker called the meeting to order at 3:00 p.m.

The members of the committee introduced themselves and provided a brief background on their professional experience.

Review of Executive Order 25 and the Purpose of the Subcommittee:

Ms. Marlin reviewed how Executive Order 25 established the Health Care Spending Benchmark Subcommittee, set the initial spending benchmarks for calendar years 2019 through 2023, and tasked the Delaware Health Care Commission with setting the quality benchmarks, reporting on performance relative to both benchmarks, and engaging providers and community partners. She mentioned the Implementation Manual created by the Department of Health and Social Services which serves as the technical manual for the spending and quality benchmarks. She reviewed the purpose of the Subcommittee and annual timeline of events as established by Executive Order 25. Ms. Marlin then reviewed the Potential Gross State Product methodology used to calculate the spending

benchmark and the source of the individual components.

Dr. Walker explained that the Subcommittee is responsible for the spending benchmark and that the Delaware Health Care Commission is responsible for the quality benchmarks. Mr. Geisenberger added that it will be important for the Subcommittee to understand how those quality benchmarks drive health care spending.

Current Economic and Fiscal Environment of Health Care Spending in Delaware:

Ms. Marlin continued the presentation by highlighting population demographics and major health care trends in Delaware, including growth in health care expenditures, health care employment and state spending on health care. Mr. Jackson explained that the growth in state spending on health care is not driven solely by costs, but also by growth in the number of state employees and retirees. Mr. Bonini asked if the state spending numbers on a per capita basis would be presented. Mr. Geisenberger responded that today's presentation is a high level overview and the Subcommittee will be going into further detail in future meetings.

Dr. Walker explained that one of the opportunities with this Subcommittee is to be able to break down spending into different consumer spending categories once more current state-level data is collected.

Ms. San asked how other factors, such as market factors and cost factors, will play into the changes the Subcommittee recommends. Ms. Bo would like the Subcommittee to start identifying which other factors or sources of data would be useful in the Subcommittee's considerations and how that information should be woven into the equation. Mr. Geisenberger reminded the Subcommittee that Executive Order 25 gives them the possibility to make changes to the fundamental formula after 2023, and that the Subcommittee can have discussion about what those changes might be between now and then but they cannot change the formula until then. He also noted that different or new information should still be discussed by the Subcommittee in the meantime because it can be incorporated into the way the Office of Management and Budget and the Department of Finance forecast the State's health care expenditures. Dr. Walker explained that in stakeholder meetings for developing the benchmark, people wanted something prospective and relatively stable, but that the Subcommittee should still state publically unexpected changes in health care that might not be captured in the benchmark.

Mr. Geisenberger said he believes it would be important to better understand what is driving the trendline for the different populations of Medicaid eligible and what this means for the State's economic development policy and tax policy.

Mr. Batta wanted clarification as to whether it is the responsibility of the Subcommittee to compare the State's health care spending to the benchmark. Dr. Walker responded that the Subcommittee's explicit role is to review the methodology for calculating the benchmark and that it is the Delaware Health Care Commission who will determine if the

benchmark has been met. She added that the role between the Delaware Health Care Commission and this Subcommittee is yet to be completely worked out.

Mr. Houghton asked if consensus was quickly reached or if there was a lot of discussion around developing these criteria. Dr. Walker responded that there were a lot of in-depth conversations about how, when and where to have the conversation about growing health care costs, particularly how it impacts the State's budget. She added that where the conversation landed is that there was a need for something objective and specific to Delaware.

Mr. Zhang asked for further analysis on how Delaware compares across a variety of factors to other states in the highest expenditure growth category.

Mr. Siegelman said he would like to look at the health care expenditure per capita growth rate data for a more recent timeframe, such as 2004 to 2014.

Ms. Bo said she would like to see collaboration between the Subcommittee and the Delaware Health Care Commission to tell a comprehensive story based on evidence, fact and data from the institutions themselves.

Mr. Geisenberger hoped this Subcommittee can help tie the Medicaid expenditure forecast to long-term economic and demographic trends.

Other Business:

Dr. Walker announced the next scheduled meeting date:

- April 22, 2019

There being no further business, Dr. Walker adjourned the meeting at 4:08 p.m.

Respectfully submitted,
Melissa Marlin