

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

Buena Vista – April 22, 2019

Attendance:

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

Members in Attendance: 8

Members Absent: 1

Others Present: A. Aka, E. Goldner, L. Goodman, C. Heiks, M. Houghton, A. Jenkins, J. Johnstone, M. Magarik, M. Marlin, E. Nestlerode, D. Roose, E. Scheneman, W. Smith.

Opening Business:

Dr. Walker called the meeting to order at 3:10 p.m.

The minutes from the March meeting were approved as submitted.

Calendar Year 2020 Benchmark Calculation:

Ms. Marlin reviewed the health care spending benchmark set by Executive Order 25 and updates to the components based on the most recent data releases from the Congressional Budget Office and the Delaware Population Consortium. The only component in the calendar year 2020 benchmark to change was the expected growth in national labor force productivity, which went from 1.4% to 1.3% based on the Congressional Budget Office's updated forecast. This change would decrease the calendar year 2020 benchmark from 3.5% to 3.4%. Dr. Walker recommended maintaining the initial benchmark of 3.5% because the change in national labor force productivity was

not material enough to change the spending benchmark in its second year. Ms. Bo agreed with Dr. Walker's recommendation. The committee unanimously approved the calendar year 2020 health care spending benchmark of 3.5%, as set in Executive Order 25.

Trends Impacting Delaware's Health:

Dr. Walker reviewed trends and factors influencing spending on health care in Delaware. She presented on national health care trends and Delaware demographic trends. Dr. Walker continued by discussing the health care quality benchmarks in context of national trends and their economic impact. The presentation concluded with health trends regarding cancer and cancer screenings; type 2 diabetes; cardiovascular disease; tobacco use; chronic diseases and related risks; births, teen births, unintended pregnancy, and infant mortality; and adverse childhood experiences.

Discussion:

Ms. Bo asked whether the health care spending benchmark applies only to health care delivery systems or if it applies to all stakeholders who are contributing anything to health care costs, including payers, providers, pharmaceutical companies, etc. Dr. Walker confirmed that the benchmark applies to all contributors to the cost, and that the benchmark will be measured against claims.

Mr. Zhang is interested in building a model of total health care expenditures broken out by the different diseases or health trends with each component weighted based on how much it contributes to total expenditures. He acknowledges that it would require a lot of work and would be a longer-term project, but a quantitative model could provide guidance on how to reduce total expenditures.

Mr. Geisenberger is hoping the Subcommittee can determine what types of models need to be developed and built in order to advise the Governor and the Delaware Economic and Financial Advisory Committee, particularly around modeling long-term Medicaid forecasts.

Ms. Jack would like to look into pharmaceutical costs. Ms. Bo is interested in reviewing health care expenditures by sector.

Ms. Sen would like to have a better sense of what data is currently available in Delaware in order to determine which analysis can be done now and what data needs to be collected for further analysis in the future.

Dr. Walker mentioned that the State of Massachusetts has the capability to do sophisticated data analysis, but they have access to more detailed state-level data than Delaware currently has and they have a more robust data analytics team than the Delaware Department of Health and Social Services.

Dr. Walker said it is easier to analyze Delaware Medicaid data in a retrospective way than it is to forecast trends. She added that many states have tried to forecast Medicaid trends, but none have been very successful. Mr. Geisenberger thinks it's worthwhile to look into Medicaid because he believes the modeling will improve over the long run, just as the economic model for DEFAC has gotten better over 40 years. Mr. Houghton agrees that the DEFAC committee needs additional detail on Medicaid in order to have informed discussions. Mr. Houghton thinks it would be interesting to have insight in to what other states have done regarding Medicaid forecasting and where they have been successful or not successful.

Mr. Houghton asked Dr. Walker if she needs more resources within the Department of Health and Social Services to perform this type of analysis. She confirmed that the department would love to have the capacity to do more analytics around current or past expenditures.

Ms. Sen discussed the difficulties collecting data and making estimates for a small state such as Delaware. Mr. Siegleman talked about some of the data that is available through Accountable Care Organizations, such as top patients based on costs or returns to the emergency department, but this data is not statistically valid and only applies to subsets of populations.

When asked by Mr. Houghton what drives most of his expenses, Mr. Siegelman said that super users tend to have one or more chronic diseases, especially diabetes, mental health issues conjoint with chronic disease, and certain social situations, particularly homelessness or near homelessness.

Mr. Geisenberger reminded the group that one of the tasks of the Subcommittee is to advise the Governor and DEFAC on the health care sector and how activities in that sector contribute to overall economic growth in the State.

Ms. Bo asked the members of the Subcommittee to think about how they could work with the Delaware Health Care Commission to consider how the quality benchmarks impact cost trends.

Ms. Magarik explained to the Subcommittee that the quality benchmarks are meant to elevate the role of quality care because many stakeholders felt that only having a spending benchmark could lead to services being cut.

Public Comment

Wayne Smith, representing the Delaware Healthcare Association, suggested that payer profits and administrative costs, which are a significant cost driver in Delaware, would be missed if the spending benchmark is only compared to claims data.

Cheryl Heiks announced the official launch of the Health Care Claims Database on May 1st at the University of Delaware STAR Campus.

Other Business:

The next meeting date is still to be determined.

There being no further business, Dr. Walker adjourned the meeting at 4:28 p.m.

Respectfully submitted,
Melissa Marlin