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

Health Care Spending Benchmark Subcommittee

JUNE 10, 2022

Agenda

1. Review April 2021 Minutes
2. Discussion of 2020 Health Care Expenditures and Performance to Benchmark
3. Calendar Year 2023 Benchmark Calculation
 - a. Discussion
 - b. Public Comment
 - c. Consideration / Approval of 2023 Benchmark
4. 2023 Review of Benchmark Methodology
5. Public Comment
6. Adjourn

Discussion of 2020 Health Care Expenditures and Performance to Benchmark

2020 Health Care Spending Data: Delaware's State and Federal Health Care Relief Payments



As of April 2022, Delaware had received \$483 million in relief funds.

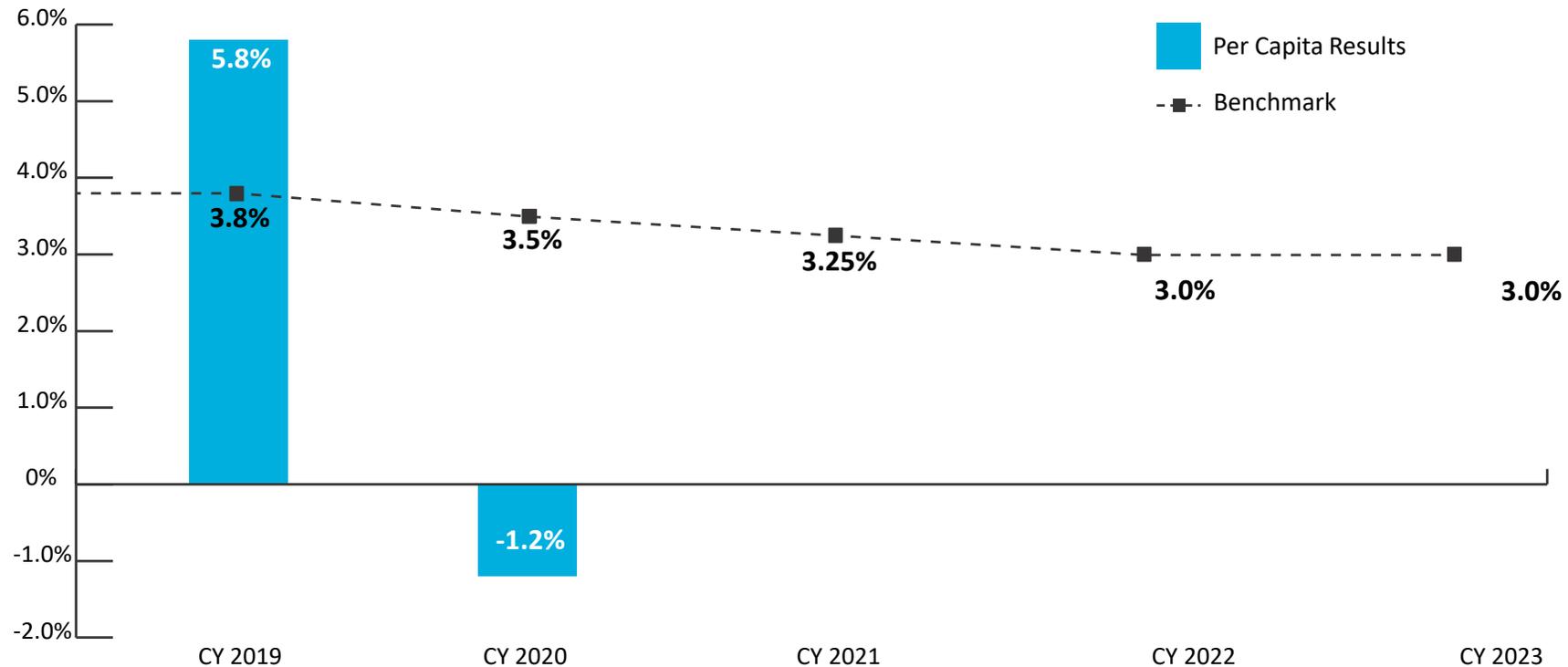


As of March 30, 2022, Delaware had distributed \$122.1 million to hospitals and other local health care operations.

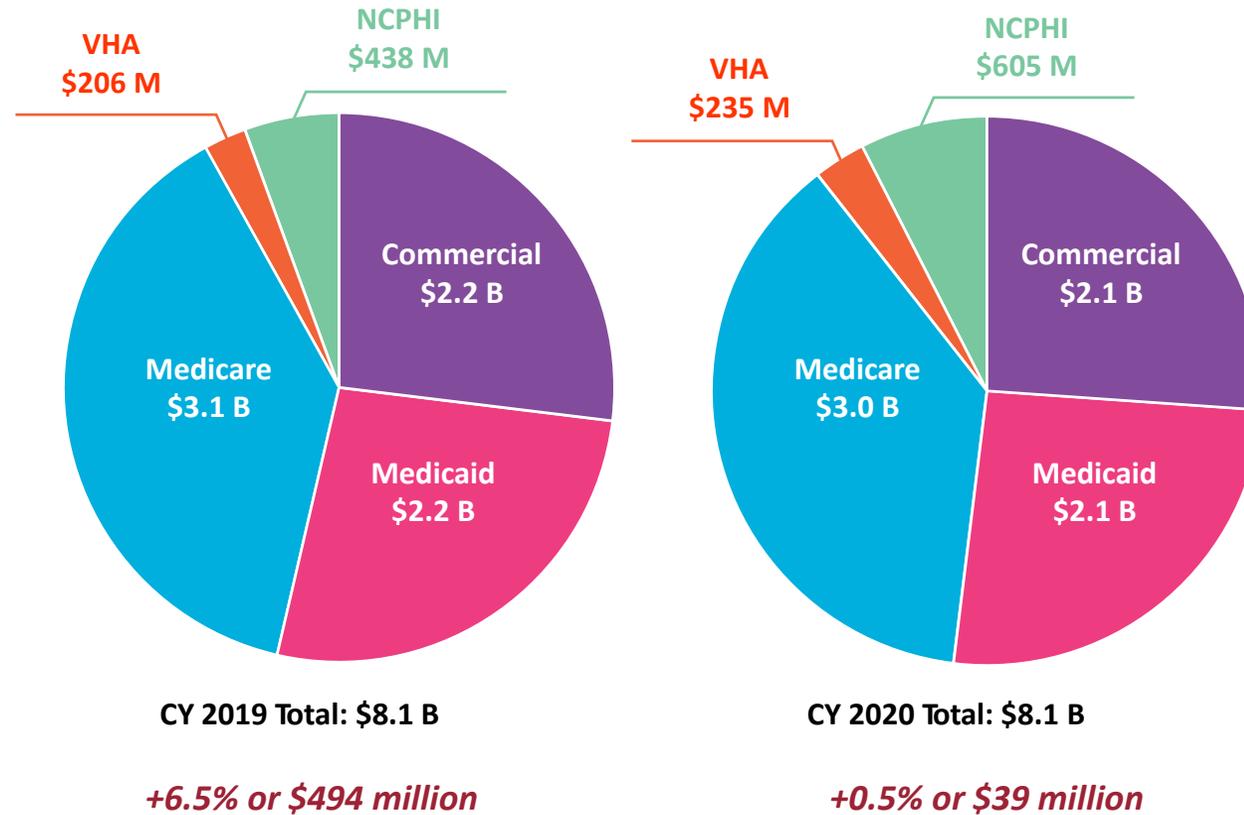


In 2020 and 2021, DHSS distributed \$92 million in CARES Act funds to more than 359 health care entities.

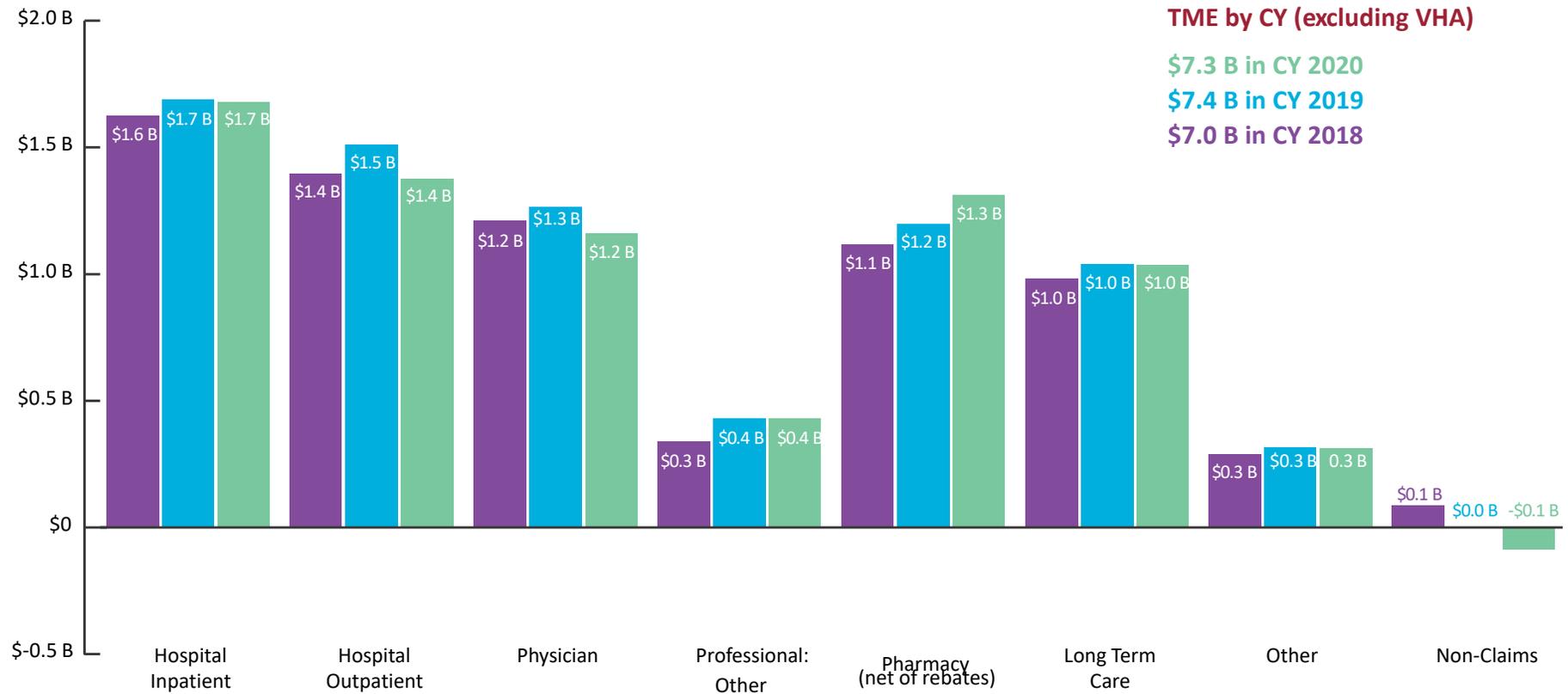
Total Health Care Expenditures (THCE) Per capita Change versus Benchmark



Total Health Care Expenditures (THCE)



Total Medical Expense (TME) by service category



CY 2023 Benchmark Calculation

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 Population <i>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 Population <i>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%)

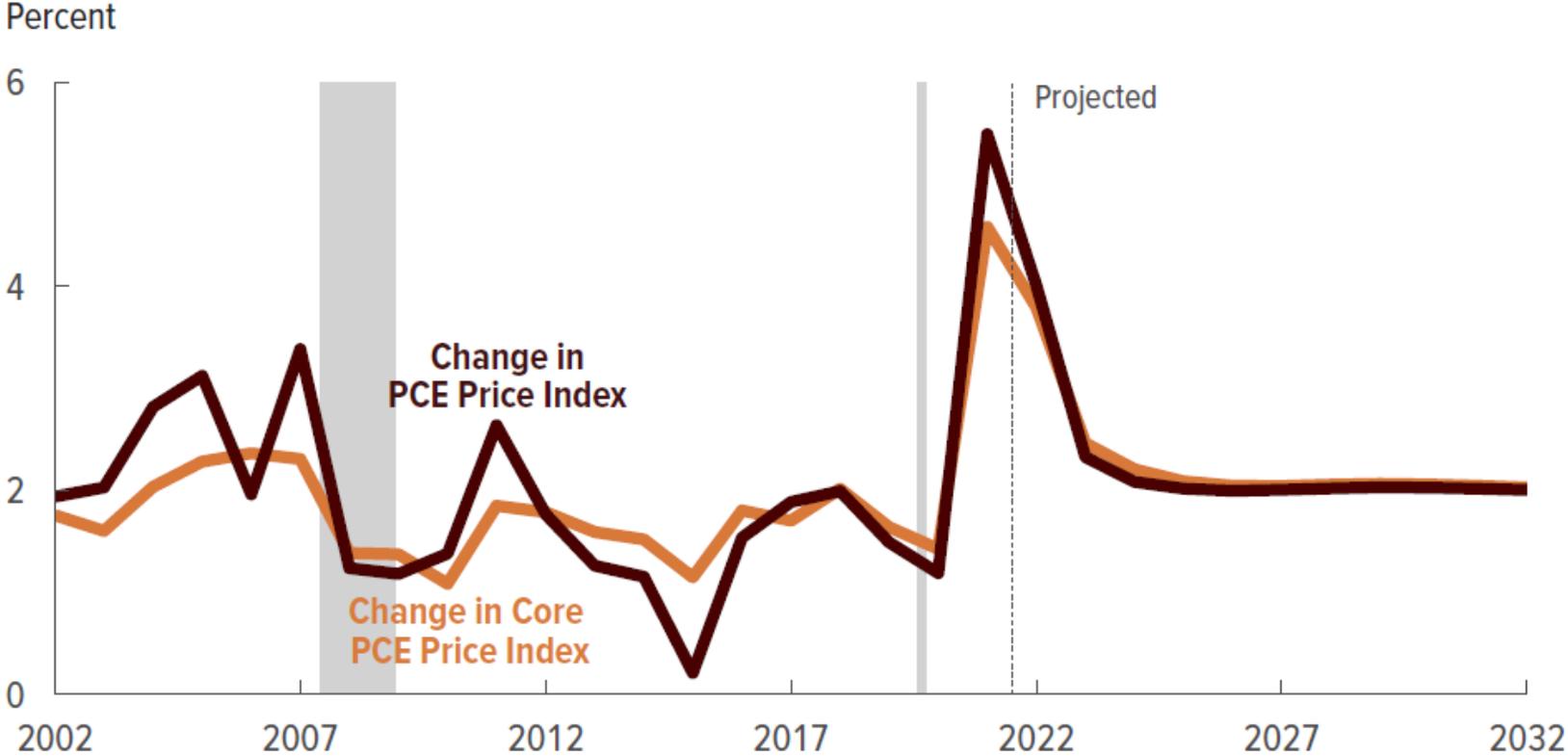
Health Care Spending Benchmark

CY 2023

Components	CY 23 as set by E.O. 25	CY 23 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%	0.2%	+ 0.1%
+ Expected national inflation	2.0%	2.0%	-
= Nominal PGSP growth	3.5%	3.6%	+ 0.1%
- Expected population growth in Delaware	0.5%	0.5%	-
= PGSP growth	3.0%	3.1%	+ 0.1%
+ Transitional market adjustment	0.0%	0.0%	-
= Spending Benchmark	3.0%	3.1%	+ 0.1%

* CBO: *The Budget and Economic Outlook: 2022 - 2032*; released May 25, 2022
DPC: *Annual Population Projections*, released October 31, 2021

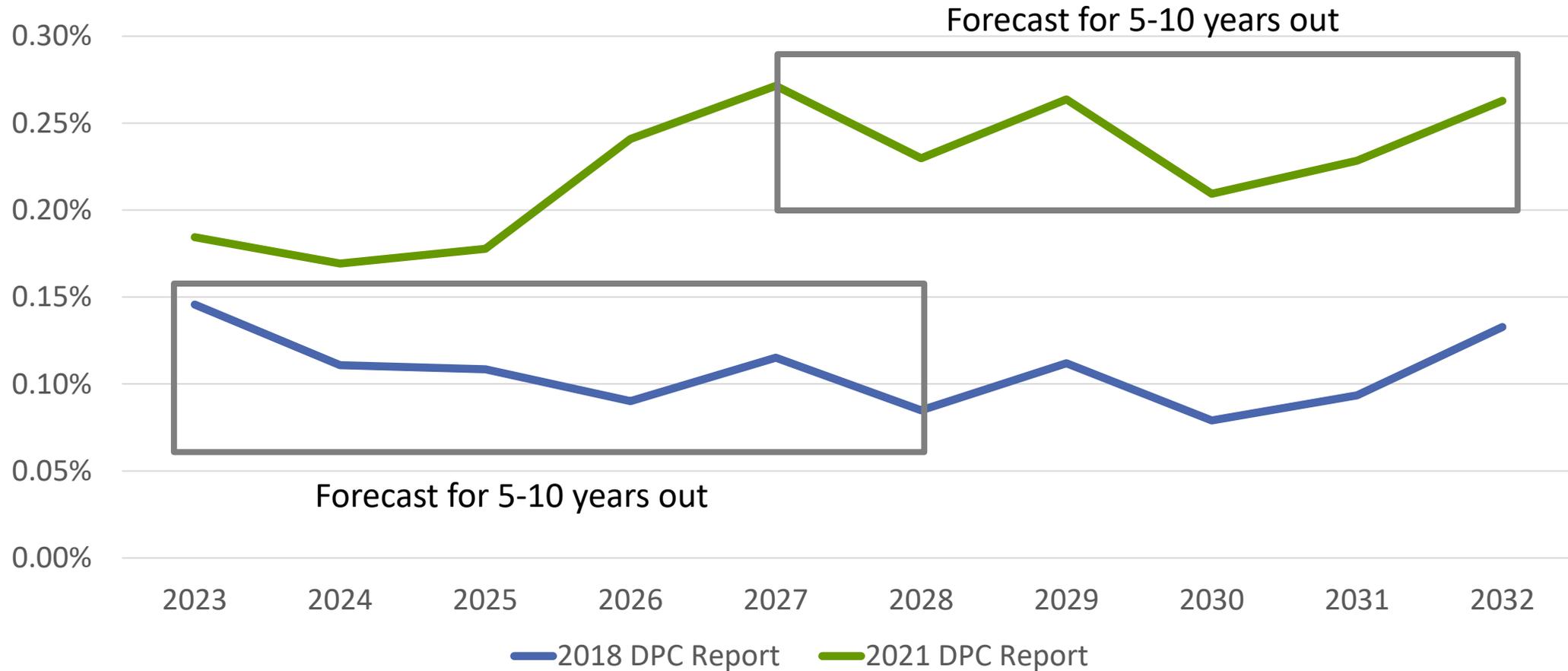
CBO: PCE Price Index Outlook



	PCE Price Index
2021 Actual	5.5
2022	4.0
2023	2.3
2024	2.1
2025-2026 Annual Avg	2.0
2027-2032 Annual Avg	2.0

Source: CBO: *The Budget and Economic Outlook: 2022 - 2032*; released May 25, 2022

DPC: Expected growth in Delaware's civilian labor force



Public Comment on Benchmark Calculation

Recommendation 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

Components	CY 23 as set by E.O. 25	CY 23 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%	0.2%	+ 0.1%
+ Expected national inflation	2.0%	2.0%	-
= Nominal PGSP growth	3.5%	3.6%	+ 0.1%
- Expected population growth in Delaware	0.5%	0.5%	-
= PGSP growth	3.0%	3.1%	+ 0.1%
+ Transitional market adjustment	0.0%	0.0%	-
= Spending Benchmark	3.0%	3.1%	+ 0.1%

2023 Review of Benchmark Methodology

E.O. 25

The Subcommittee shall

b. Review the methodology of the Spending Benchmark periodically for possible updates or modifications to the methodology for the performance year starting January 1, 2024, and beyond, and ***make recommendations to DEFAC no later than March 2023*** and each March thereafter, on whether, and, if so, why the Spending Benchmark methodology and/or the PGSP growth rate should change.

PGSP E.O. 25 vs Updated Data

Components	CY 20		CY 21		CY 22		CY 23	
	EO 25	Updated	EO 25	Updated	EO 25	Updated	EO 25	Updated
Expected growth in national labor force productivity	1.4%	1.3%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
+ Expected growth in Delaware's civilian labor force	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
+ Expected national inflation	2.0%	2.0%	2.0%	1.9%	2.0%	2.1%	2.0%	2.0%
= Nominal PGSP growth	3.5%	3.4%	3.5%	3.4%	3.5%	3.6%	3.5%	3.6%
- Expected population growth in Delaware	0.5%	0.5%	0.5%	0.4%	0.5%	0.4%	0.5%	0.5%
= PGSP growth	3.0%	2.9%	3.0%	3.0%	3.0%	3.2%	3.0%	3.1%
+ Transitional market adjustment	0.5%	0.5%	0.25%	0.25%	0.0%	0.0%	0.0%	0.0%
= Spending Benchmark	3.5%	3.4%	3.25%	3.25%	3.0%	3.2%	3.0%	3.1%

Potential Issues to Discuss

Should benchmark components be measured 5-10 years into the future?

Are there more appropriate measures of inflation?

Are there other factors that should be included in the benchmark? If so, what are they, and how should they be incorporated?

Are there any particular advantages or disadvantages to the benchmark as currently constructed?

Any other issues to address?

HB 442

- Introduced June 2 and reported out of the House Health & Human Development Committee on June 8
- Legislation would codify Executive Order 25 signed by Governor Carney in 2018
- Changes to the existing EO mainly include aligning dates:
 - The Subcommittee shall report spending Methodology changes to DEFAC by May 31; DEFAC shall finalize any changes and report to the Governor by June 30.
 - Delaware payers and DMMA must report healthcare spending and quality data by October 1st each year, and it must be attested to be accurate.
 - If a new payer enters Delaware's health insurance market, DHCC will have the authority to require they submit their spending and quality data.
 - Sets the requirement that the next round of Quality Benchmarks shall be finalized by 12/31/24 and then every 3 years thereafter.

Public Comment

Thank you!

For more information about the health care spending benchmark:

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

DHCC@delaware.gov

