

Health Care Cost Transparency Board Public Hearing Meeting Summary

December 12, 2024

Virtual meeting held electronically (Zoom) and in person at the Health Care Authority (HCA)
1:30 – 4:00 p.m.

Note: this meeting was video recorded in its entirety. The recording and all materials provided to and considered by the Board is available on the [Health Care Cost Transparency Board webpage](#).

Members present

Sue Birch, Chair
Jane Beyer
Eileen Cody
Bianca Frogner
Greg Marchand
Margaret Stanley
Ingrid Ulrey
Kim Wallace
Edwin Wong
Jodi Joyce

Members absent

Lois Cook
Carol Wilmes
Mark Siegel

Call to order

Sue Birch, Chair, called the public hearing of the Health Care Cost Transparency Board to order at 1:30 p.m.

Agenda items

Welcome and roll call

Sue Birch, Chair of the Cost Board and Director, Health Care Authority

Chair Birch welcomed everyone and walked through the agenda and roll call. Chair Birch indicated that the agenda would focus on reviewing performance against the benchmark for carriers and large provider organizations in Washington State. This review included a presentation by Chief Data Officer Vishal Chaudhry and Amanda Avalos, Deputy for Enterprise Analytics, from the Health Care Authority. Board members would then have an opportunity to discuss the results, followed by panel presentations from consumer advocates, provider and carrier representatives, and business/labor partners.

The Cost Board's charge: understanding health care costs and improving affordability

Sue Birch, Chair of the Cost Board and Director, Health Care Authority

Chair Birch talked about the Board's key directives, which include establishing cost growth rates, understanding health care expenditures, identifying cost drivers, recommending ways to improve transparency and affordability, and evaluating the cost growth performance of carriers and providers. Since 2020, the board has analyzed health care expenditures and trends, including primary care, hospital and disease-specific costs, establishing growth targets to keep cost increases below consumer purchasing power, and state economic growth. For the first time, it assessed provider and payer performance against these benchmarks, noting improved data submission processes. She indicated that while the analysis offers insights into cost trends, it does not yet address the unaffordability many Washingtonians face.

Performance against the benchmark (2022)

Vishal Chaudhry, Chief Data Officer, Health Care Authority

Amanda Avalos, Deputy for Enterprise Analytics, Research, and Reporting, Health Care Authority

The presenters shared insights into the key findings of the first performance against the benchmark.

The key takaways are summarized below:

Total Health Care spending in Washington State increased from \$48.1 billion in 2019 to \$55.1 billion in 2022, with \$2.8 billion of this growth attributed to Medicare. Between 2021 and 2022, there was a noticeable stabilization in spending trends. During the same period, overall member spending grew by 3.6%, reaching \$7,841 per member in 2022. This amount equates to approximately one-quarter of a minimum wage earner's annual income in Washington State for that year. Accelerating growth in per-member spending was particularly evident in Medicare, VA, and DOC markets, primarily driven by older populations and dental care. Notably the Medicare market was the only market to exceed the 2022 cost growth benchmark, while Medicaid enrollment increased, although growth remained applied at the per-member level.

The Benchmark performance showed that 5 out of 28 provider organizations and 5 out of 12 carriers exceeded the state's 2022 benchmark. During the public hearing it was noted that growth could vary across different lines of business. For instance, standalone dental plans were not included in the data, and questions were raised about the primary care spend in comparison to the other states such as Oregon, Washington, and Rhode Island, where Rhode Island specifically tracks primary care expenditures. Additionally, the non-claims category, which includes incentive payments and value-based plans, stood out and prompted further inquiries about further research on this topic. A closer examination of inpatient and outpatient care across the three major markets was suggested, particularly whether keeping procedures as inpatient might have led to increased cost growth.

Board discussion

Facilitated by Sue Birch

The following discussions took place during the performance against the benchmark presentation as well as thereafter:

There was a discussion about primary care initiatives in other states like Oregon, Connecticut, and Rhode Island and how Washington's performance compares.

There was also a discussion on the non-claims category being a significant driver of growth, particularly for Medicare and the complexity of interpreting this category. There was a question about whether this growth is due to incentives, value-based payments, or other factors like Medicare Advantage plans.

There was a discussion about hospital inpatient versus outpatient trends and how they differ across Medicare, Medicaid, and commercial markets. There were questions raised about the factors driving different growth patterns across markets, particularly Medicaid's low growth in outpatient services.

Some Board members asked clarifying questions about product mix for carriers and its impact on performance, for instance Medicaid versus commercial products. It was noted that performance may differ when broken down by product lines with more Medicaid coverage leading to lower growth.

Board members asked for further analysis, particularly for more granular data such as Medicare Advantage plans and more detailed distinctions between Medicare and Medicaid. There was also an ask to refine, if possible, the non-claims category for better transparency.

Washington consumer affordability

Emily Brice, Co-Executive Director of Advocacy, Northwest Health Law Advocates

Jim Freeburg, Patient Coalition of Washington

Sam Hatzenbeler, Senior Policy Associate, Economic Opportunity Institute

The presenters focused on the urgent need to expand access to affordable health care in Washington State and reduce health care costs. The presenters believe that despite efforts, Washington health care entities collectively failed to meet the health care spending growth benchmark, signaling a significant issue. From a consumer perspective, health care cost growth should be zero, as current trends are unsustainable and concerning for many Washingtonians.

To better understand consumer health care challenges in Washington, the presenters conducted an independent public opinion poll of 1,006 survey respondents, from June 13-June 27.

The following are key findings presented at the hearing. The whole presentation can be found at: [Health Care Cost Transparency Board Meeting, December 12, 2024](#):

- 63% of respondents are worried about current costs of their health care
- 88% of respondents are worried about the cost of health care in the future
- 57% of respondents avoided seeking medical treatment or changed their use of prescription medications due to cost in the last year
- There were health disparities in managing health care costs, with respondents who identified as Hispanic or Latino the most impacted (75% Hispanic/Latino experiencing impact, 75% African American experiencing impact)
- Prevalence of medical debt
 - 3 in 10 Washingtonians live in a household with medical debt
 - 63% would struggle to pay or couldn't pay for unexpected medical bill
- The presenters also discussed primary sources of medical debt, highlighting:
 - 44% a hospital or hospital-owned facility
 - 16% an urgent care facility
- Facility fees
 - 39% have been charged a facility fee
 - 3 out of 4 respondents had difficulty understanding, using, affording or accessing care through insurance

The presentation concluded by emphasizing the need for elected leaders and government officials to take action to reduce health care costs, address disparities, and improve health care access.

Provider and carrier reflections

Don Anderson, Jr., VP of Reimbursement, Providence

Don Anderson highlighted the challenges with data aggregation and validation in provider reports, particularly at the provider entity level, which hinders cost analysis. Don emphasized the need for accurate and reliable data, advocating for a centralized process to obtain data directly from payers and carriers. Additionally, changes in Medicare payment systems, including the wage index factor for rural areas, contribute to unpredictable cost drivers, necessitating further analysis of Medicare's impact on overall costs.

Jeb Shepard, Director of Policy, Washington State Medical Association

Jeb Shepard acknowledged the affordability challenges and high costs of health care delivery, expressing a commitment to being constructive partners in minimizing costs. Jeb identified five key areas for improvement including, meeting with providers, addressing incomplete medical data aggregation, and refining patient attribution methodologies. He also stressed the importance of providing context in reporting, as not all health care costs are within providers' control. He indicated that provider groups face challenges meeting benchmarks due to inflation and contracts negotiated in 2020, which no longer may reflect current realities.

Jennifer Ziegler, Contract Lobbyist, Association of Washington Health care Plans

Jennifer Zeigler, contract lobbyist representing 12 carriers, emphasized the lessons learned through the data call process highlighting the importance of context in understanding cost drivers for outpatient versus inpatient care. Jennifer indicated that some costs are beyond the control of system participants and urged policymakers to view health care as a comprehensive system. Lastly, she shared that cost driver data aligns with carrier observations, particularly regarding drug prices. Jennifer expressed gratitude for policy recommendations and legislative efforts addressing facility fees.

Business and labor reflections

Zenovia Harris, CEO, Kent Chamber of Commerce

This presenter did not attend the meeting.

Patrick Connor, CEO, WA National Federation of Independent Business

Patrick indicated that the lack of affordable health insurance is a problem. He noted that trying to find coverage is difficult and only 40% of small businesses can offer health insurance. He called for more opportunities for employers, including alternative approaches that allow workers access to quality insurance. Patrick discussed transparency, better access to quality data for better informed decisions, nonprofit carriers (unrestricted surplus), and suggested monitoring sight of unrestricted. Patrick also shared that small providers are having to consolidate just so they are able to keep their practices.

Christina Johansen, Managing Director of Health Benefits Trust, SEIU 775

Christina discussed multi-employer trusts, Washington state caregivers, and the need for health plans designed to minimize out-of-pocket costs. She highlighted the high rates of chronic conditions, the lack of prescription pricing transparency, and the large cost variances in per member in rural versus urban settings, with rural settings being higher.

Public comment

Chair Birch indicated the public could submit written comments online prior to the hearing. The following are highlights from the verbal comments shared during the hearing from different members of the public:

Kelsey Wulfkuhle, State Advocacy Manager, United States of Care

Commenter noted that spending growth does not mean people are getting better care and that we need more oversight of mergers, acquisitions, and the consolidation of hospital and providers. Commenter cited a survey which rates quality of care as “lowest quality of care” in two decades. Lastly, commenter suggested a focus on how financial decision making of hospitals impacts affordability.

Christa Able, Division Director Payer Strategy at Pacific Northwest Division, Virginia Mason Franciscan Health & current member of HCCTB’s Advisory Committee on Data Issues

Commenter indicated they submitted comments via email and wanted to take this time to talk about the comments. Christa noted that it is important the benchmark is accurate and suggested a closer look at calculations and the attribution methodology. As an example, she said that there is an extreme shortage of primary care providers and the attribution methodology relies on unstandardized methods. Age and sex adjustments don’t go far enough.

Clair Olivers, President of the Retired Public Employees Council of Washington

Commenter noted that they represent 13,000 public employees and wanted to thank the Cost Board for increasing merger and acquisition oversight. The commenter also thanked the Cost Board for looking into viable solutions for increasing health care cost transparency. Commenter also discussed network providers and specialists, increasing fee reporting requirements, transparency in billing, and rising costs affecting retired public employees.

Adam Zarrin, Director of State Government Affairs, Leukemia and Lymphoma Society

Commenter indicated more than half of Washingtonians have avoided medical treatment or modified their use of prescriptions in the last year due to costs. Commenter noted that some patients won’t start treatment when they have big out of pocket costs and discussed how many accumulate medical debt. Commenter shared anecdotal story about Rachel, who had incurred medical debt.

Katerina LaMarche, Washington State Hospital Association

Commenter asked the question, how does access and how does quality look? Commenter suggested improving provider data reporting and noted that policy recommendations could address what drives increases, not control over wages and pharmaceuticals.

John Godfrey, Community Action Network

Commenter indicated premium increases on exchange plan affect small business owners and that there has to be a solution to do better for patients and taxpayers, especially with regards to medical debt. Commenter suggested policy levers as reference pricing and the monitoring of mergers.

2025 preview and call to action

Sue Birch, Chair of the Cost Board and Director, Health Care Authority

Chair Birch thanked the staff, data experts, panelists, and board members for contributing to the first public hearing of the Health Care Cost Transparency Board. She highlighted the important need for transparency and visibility, and that this isn’t about pointing fingers, as this work requires working with stakeholders and partners. As this was Chair Birch’s last Cost Board meeting, she thanked everyone involved in making this great work happen.

Adjournment

Final meeting for 2024, the next meeting is January 30, 2025, from 2:00-4:00 p.m. Meeting adjourned at 4:01 p.m.