

Universal Health Care Commission’s Finance Technical Advisory Committee (FTAC) meeting summary

May 9, 2024

Virtual meeting held electronically (Zoom)
2–4:30 p.m.

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

Members present

Christine Eibner
David DiGiuseppe
Eddy Rauser
Ian Doyle
Pam MacEwan
Roger Gantz

Members absent

Esther Lucero
Kai Yeung
Robert Murray

Call to order

Pam MacEwan, FTAC Liaison, called the meeting to order at 2:02 p.m.

Agenda items

Welcoming remarks

Beginning with a land acknowledgement, Pam MacEwan welcomed members of FTAC to the ninth meeting and provided an overview of the agenda.

Meeting summary review from the previous meeting

The Members present **voted by consensus to adopt the March 2024 meeting summary**, following revisions proposed by Roger Gantz (removing “originally intended for mothers and children” in in paragraph four of the Benefits & Services Discussion and revising language in paragraph seven of the Benefits & Services Discussion to say “FTAC considered the following for actuarial analysis” rather than “FTAC agreed that the Commission should consider the following for an actuarial analysis.”)

Public comment

Raleigh Watts, volunteer with Whole Washington, noting that the date for deciding on benefits and services had been extended beyond the original June deadline, implored FTAC to continue moving forward on this decision, despite not yet having full information on financing.

Kathryn Lewandowsky, Vice Chair at Whole Washington, wished to stress that Whole Washington is concerned about wealth inequality, seeing the funding of the health trust as a good way to “neutralize” this issue.

Regarding SB 5335 revisions, premiums were removed as they were unnecessary, but did not repeal capital gains tax despite not needing the funds. Washington Supreme Court clarified that capital gains tax is not income tax, leaving open the question of what should be done. Wish to have a conversation on what is best to do to ensure sustainability of trust fund and ensure it is funded by and for the benefit of all Washington residents.

Commission updates & goals for today

Liz Arjun, Health Management Associates (HMA)

Liz Arjun provided an update on the workplan, noting that the focus for 2024 is on determining the costs of the unified health care system based on decisions about what benefits and services are covered, cost containment, and provider reimbursement. Also under consideration are administrative simplification and maximizing coverage in existing programs.

Commission updates included 1) additional funding being made available for expanded Medicaid and undocumented residents, which provides a path to covering all Washingtonians, 2) deciding that the decision on cost sharing would be made after deciding on benefits and services, and 3) beginning actuarial analyses with PEBB/SEBB, Silver Plans on the Exchange, and expanded Medicaid (i.e., dental, vision).

Presentation: Framework for Benefit Design and Cost Structure

David DiGiuseppe, Vice President of Healthcare Economics, Community Health Plan of Washington (CHPW)

David’s presentation provided a high-level overview of how payers estimate costs in order to price their products. First, payers identify the population and historical experience (i.e., claims), which includes services covered, utilization rates, and cost per unit of service. Payers then project future enrollment—driven by population growth, individual decision making, and market dynamics—and expenses, which include new services covered, utilization rate trend, and cost per unit of service trend. Finally, they overlay administrative expenses (e.g., network contracting, utilization management, sales and marketing, IT/finance/HR). These factors combined result in a model covering 100% of the total cost of care.

This framework does not address who pays for care (i.e., health plan vs. patient out-of-pocket). Rather, it provides a starting point for FTAC to evaluate the impact of different choices (e.g., removing cost sharing, covering more services, covering broader population(s), raising new tax revenue, etc.). The presentation also offered a few options for evaluating opportunities to reduce costs, including healthcare expenses (e.g., hospital global budgets, spending caps) and administrative expenses (e.g., identifying essential admin costs, role of payers).

Next steps for FTAC include discussing whether an actuarial study will be helpful to the Commission by illustrating the cost savings potential of each strategy and whether FTAC has a role in describing the political challenges associates with each cost reduction opportunity.

Discussion

FTAC members discussed the implications of modeling healthcare costs, including whether to focus first on reducing the total cost of care or on reducing cost sharing for Washingtonians. They also discussed implications of assumptions made in modeling, including the challenges of accurately predicting the impact of changes to cost structure and benefit design. Ultimately, FTAC wants to be able to provide feedback to the Commission

about considerations that might have been overlooked and potential tradeoffs. FTAC members also suggested following up with Milliman actuaries with specific questions as the work progresses.

Presentation & Discussion: Health Care Cost Transparency Board

Ross McCool, Operations Research Specialist, Washington State Health Care Authority

Washington is one of nine states with a spending growth benchmark, starting at 3.2% in 2022 and going to 2.8% by 2026. The spending data is sourced from aggregate expenditure data from payers that includes both claims-based and non-claims-based expenditures. Spending is measured according to the following formula: **Total Medical Expense** (claims payments + all other payments not included on claims + cost sharing paid by members) + **Net Cost of Private Health Insurance** (administrative costs) = **Total Health Care Expenditures**. The Board is monitoring spending at both the state and market (i.e., Medicare, Medicaid, commercial) levels and plans to expand to evaluate at the payer and large provider levels in the future.

In 2019, total health care expenditures were \$48 billion, rising 7.2% between 2017 and 2018 and 5.8% between 2018 and 2019. Medicare spending is growing more slowly than Medicaid or commercial; Medicaid is growing at the fastest rate (11.5% between 2017 and 2018 and 9.8% between 2018 and 2019), but per capita spending is still lower than other markets. Hospital outpatient services were a significant driver of growth overall, especially in the commercial market. Non-claims spending was the largest growth driver in the Medicaid market, though FTAC members pointed out that this could just be reflecting capitated payments and not the underlying spending on other categories like hospital in- and outpatient or primary and specialty care.

The Board has focused on gathering and understanding data. In recent months, conversations have begun to shift to what options are available to address cost issues. From a broader list, the Board selected several options for study, including limiting facility fees, restricting anti-competitive clauses in contracting, mergers and acquisitions/private equity purchasing of health care providers, and provider rate setting/price growth caps. The Washington Office of the Insurance Commissioners (OIC) also is researching options to address health care costs. FTAC members expressed interest in collaboration with the OIC and other agencies undertaking similar and complementary work.

No votes were taken.

Adjournment

Meeting adjourned at 4:33 p.m.

Next meeting

July 11, 2024

Meeting to be held on Zoom
2-4:30 p.m.