

Health Care Cost Transparency Board

Second Substitute House Bill 2457; Section 7(1); Chapter 340; Laws of 2020

August 1, 2021

Legislative summary

As established in the legislation creating the Health Care Cost Transparency Board (board), the board is responsible for reducing Washington State’s health care cost growth by:

- Determining Washington’s total health care expenditures.
- Identifying cost trends and cost drivers in the health care system.
- Setting a health care cost growth benchmark for providers and payers.
- Reporting annually to the Legislature on benchmark performance and cost drivers.

The board is comprised of 14 members appointed by the Governor, with two required advisory committees: the Advisory Committee for Health Care Providers and Carriers and the Advisory Committee on Data Issues. The list of membership is included at the end of the report.

SSHB 2457 established reporting requirements, with an initial progress report due August 2021, and annual reports thereafter. This report provides an update on the establishment of the board and initial progress.

Table 1: Health Care Cost Transparency Board

Name	Title	Place of business
Sue Birch	Director and Chair	Health Care Authority
Lois Cook	Managing member	America’s Phone Guys
John Doyle	Chief financial officer	Starr Ranch Growers
Bianca Frogner	Associate professor	University of Washington
Jodi Joyce	Chief executive officer	Unity Care NW
Sonja Kellen	Sr. director, Global Health	Microsoft
Pam MacEwan	Chief executive officer	WA Health Benefit Exchange
Molly Nollette	Deputy commissioner	Office of the Ins. Commissioner
Mark Siegel	Director, Employee Benefits	Costco Wholesale Corporation
Margaret Stanley	Consumer advocate	
Kim Wallace	Medical administrator	Labor and Industries

Policy Division
 P.O. Box 45502
 Olympia, WA 98504-5502
 Phone: (360) 725-0491
 Fax: (360) 586-9551
www.hca.wa.gov

Health Care Cost Transparency Board

August 1, 2021

Carol Wilmes	Director, Member Pooling Programs	Association of Washington Cities
Edwin Wong	Research associate professor	University of Washington
Laura Kate Zaichkin	Director, Health Plan Performance	SEIU 775 Benefits Group

The board established two advisory committees to provide review and feedback on the program design. This includes the cost benchmark, data call design and implementation, cost-driver report design and analysis, and reporting.

Background

The Legislature charged the Washington State Health Care Authority (HCA) with establishing and supporting the board. This includes seeking funding and resources and providing administrative support, data collection, and analytic support. Legislation also asked for an initial progress report in August 2021 and annual reports thereafter.

The board’s work began in earnest in 2021, given that the appointment of board members was necessarily delayed because of the COVID-19 pandemic.

HCA sought funding support and was accepted into the Peterson-Milbank program for Sustainable Health Care Costs, along with four other states (Connecticut, Oregon, Nevada, and New Jersey). As part of this program, the board is working with Bailit Health, Inc., a consultant with significant experience in cost benchmark work in other states. In addition, Peterson-Milbank conducts interstate educational forums and presentations to guide the early work of the board.

The board officially began the first monthly meeting on February 18, 2021. To date, board members have received education on the state’s health care spending and inflation rates, and cost benchmark work in other states. The board is now evaluating potential methodologies for establishing Washington’s benchmark, including determining:

- Which economic indicators will be used or blended to create the benchmark.
- The initial duration of the benchmark.
- When and how it might be revisited.

The board is also determining the scope of the state’s total health care expenditures to measure.

The board successfully established the required advisory committees. The Advisory Committee of Health Care Providers and Carriers began meeting in April 2021. They provided the board with feedback related to the methodology of the benchmark and the scope of total health care expenditures, including feasibility and impact on the health care system.

The Advisory Committee on Data Issues had its first meeting in July 2021. They are preparing to review technical information related to the proposed data call to advise the board on issues of feasibility, consistency, and reliability. They will also begin advising the board on the appropriate strategy to identify cost drivers.

Health Care Cost Transparency Board

August 1, 2021

Key findings

Washington’s rate of health care inflation is higher than the majority of other states that have adopted a cost benchmark. See the table below.

A cost growth benchmark is an annual measure of growth in health care spending, intended to reduce cost growth. Health care spending nationally is growing at a faster pace than other indicators, including gross domestic product and annual wage.

Table 2: historical growth in health care expenditures in other states with cost growth benchmarks

	5-year average (2010-2014)	10-year average (2005-2014)	20-year average (1995-2014)	Cost growth benchmark
Massachusetts	3.0%	4.7%	5.1%	3.6% for 2013-2017 3.1% for 2018-2022
Delaware	5.1%	5.7%	5.6%	3.8% for 2019; 3.5% for 2020; 3.25% for 2021; 3.0% for 2022-2023
Rhode Island	2.6%	3.7%	5.3%	3.2% for 2019-2022
Oregon	5.3%	5.9%	5.7%	3.4% for 2021-2025 3.0% for 2026-2030
Connecticut	2.4%	3.9%	4.8%	3.4% for 2021; 3.2% for 2020; 2.9% for 2023-2025
Washington	4.1%	5.8%	6.7%	TBD

In those states (listed above) that have implemented a benchmark, the rate of health care spending growth has reduced. Recognizing that a cost benchmark alone is not expected to result in market transformation, successful benchmarks in other states have been paired with other transparency, accountability, and quality measures. Many similar efforts are already underway in Washington, including the transition to value-based payments and requiring increased levels of primary care investment. Two states, Massachusetts and Oregon, have also imposed consequences including fines for failure to meet the benchmark without rationale after a reasonable period.

Next steps

By fall 2021, we anticipate the board will have made decisions regarding the cost benchmark methodology and the total health care expenditures to be measured. The next phase of work will focus on implementation questions related to accountability and transparency (e.g., what will be reported, at what level, and what is the process for notification). The board will continue to seek feedback from the advisory committees as it shapes Washington’s cost benchmark and analysis plans.

The Advisory Committee for Health Care Providers and Carriers will continue to provide feedback to the board on these topics, focusing on impact of health care system participants and the market as a whole. The Advisory Committee on Data Issues will be developing recommendations on the methodology used

Health Care Cost Transparency Board

August 1, 2021

to identify significant cost drivers. This will start with an understanding of viable data sources, including the Washington All Payer Claims Database (APCD) and the pharmacy transparency data.

In June 2022, HCA will issue the first cost benchmark data call, establishing a baseline of health care expenditures against which to calculate the benchmark performance in future years. In June 2023, the data call will capture and report on performance against the benchmark. Design of the data analysis plan for cost drivers is anticipated to be complete by that time. The August 2023 report should contain both performance against the benchmark and identified cost drivers in the Washington market.

Contact

For more information, please contact Health Care Cost Transparency Board Manager AnnaLisa Gellermann at hcctb@hca.wa.gov.

The [board's webpage](#) contains all meeting materials, including recorded meetings.

Below are the members of both advisory committees.

Table 3: the Advisory Committee of Health Care Providers and Carriers

Name	Title	Place of business
Patricia Auerbach	Market chief medical officer	United Healthcare
Mark Barnhart	Chief executive officer	Proliance Surgeons, Inc., P.S.
Bob Crittenden	Physician and consultant	Empire Health Foundation
Bill Ely	Vice president of Actuarial Services	Kaiser Permanente
Paul Fishman	Professor, Dept. of Health Services	University of Washington
Jodi Joyce	Chief executive officer	Unity Care NW
Louise Kaplan	Associate professor, Vancouver	WSU College of Nursing
Stacy Kessel	Chief finance and strategy officer	Community Health Plan of WA
Ross Laursen	Vice president of Healthcare Economics	Premera Blue Cross
Todd Lovshin	Vice president and WA State executive	PacificSource Health Plans
Vicki Lowe	Executive director	American Indian Health Commission
Mike Marsh	President and chief executive officer	Overlake Hospital and Medical Center
Natalia Martinez-Kohler	Vice president of finance and chief financial officer	MultiCare Behavioral Health
Megan McIntyre	Pharmacy director, Business Services	Virginia Mason
Byron Okutsu	AVP Network Management, Pacific NW	Cigna

Health Care Cost Transparency Board

August 1, 2021

Mika Sinanan	Surgeon and medical director	UW Medical Center
Dorothy Teeter	Consultant	Teeter Health Strategies
Wes Waters	Chief financial officer	Molina HealthCare of Washington

Table 4: the Advisory Committee on Data Issues

Name	Title	Place of business
Megan Atkinson	Chief financial officer	Health Care Authority
Amanda Avalos	Deputy, Enterprise Analytics, Research, and Reporting	Health Care Authority
Allison Bailey	Executive director, Revenue Strategy and Analysis	MultiCare Health System
Jonathan Bennett	Vice president, Data Analytics, and IT Services	Washington State Hospital Association
Purav Bhatt	Regional VP Operations, Management, and Innovation	OptumCare Washington
Bruce Brazier	Administrative Services director	Peninsula Community Health Svcs.
Jason Brown	Budget assistant	Office of Financial Management
Jared Collings	Assistant director - actuarial	Regence Blue Shield
Jerome Dugan	Assistant professor, Department of Health Services	University of Washington
Leah Hole-Marshall	General counsel and chief strategist	W Health Benefit Exchange
Karen Johnson	Director, Performance Improvement and Innovation	Washington Health Alliance
Scott Juergens	Division director, Payer Analytics	Virginia Mason Franciscan Health
Lichiou Lee	Chief actuary	Office of the Insurance Commissioner
Josh Liao	Medical director of Payment Strategy	University of Washington
Dave Mancuso	Director, Research and Data Analysis Div.	Dept. of Social and Health Services
Ana Morales	National director, APM Program	United Healthcare
Thea Mounts	Senior forecast and research manager	Office of Financial Management

Health Care Cost Transparency Board

August 1, 2021

Hunter Plumer	Senior consultant	HealthTrends
Mark Pregler	Director, Data Management and Analytics	Washington Health Alliance
Julie Sylvester	Senior consultant, Contracting and Payer Relations	University of Washington Medicine