



**Testimony in Support of House Bill 5042: An Act Concerning
Health Care Cost Growth
Universal Health Care Foundation of Connecticut
March 1, 2022**

Thank you for the opportunity to submit testimony on behalf of Universal Health Care Foundation of Connecticut (Universal) in support of HB 5042, An Act Concerning Health Care Cost Growth.

Universal supports the aims of the Cost Growth Benchmark initiative and we have been active participants in the process since its inception. We are glad to see the Governor's executive order, which created this important undertaking, codified into statute via the proposed bill. Jill Zorn, Senior Policy Officer, serves on the Stakeholder Advisory Board. In addition, we have submitted written public comments twice and have given verbal public comment once to express our views about the project more formally.

In establishing this project, Connecticut joins a growing list of states seeking to slow the rate of health care cost growth through employing a benchmarking process. (<https://www.milbank.org/news/peterson-milbank-program-for-sustainable-health-care-costs-participating-states-at-a-glance/>).

Affording health care is an increasing challenge to Connecticut residents. A recent presentation to the Stakeholder Advisory Board project (see the [Stakeholder Advisory Board Presentation, 12-8-21](#)) showed that, even without including the cost increases of prescription drugs (that analysis is coming soon) health care expenditures increased by an average of 4.9% a year between 2015 and 2019, while wages went up by a much smaller rate: 2.6% a year.

These increases are hitting Connecticut residents hard, partly because the burden of these expenses is being shifted more and more into higher and higher out-of-pocket payments – an average increase during the same time period of 6.5 %. (see slides 15 and 16 of the above-linked report). These higher costs are being borne almost entirely by those who get their health care covered through private insurance or through their employer.

To-date the project has highlighted the extent to which hospital expenses have contributed to cost growth, and shown that it is price increases, not changes in utilization that are responsible (see slides 31-41 of the above report). With hospital market power

growing stronger through continued consolidation, it will be crucial to learn more about which hospitals and systems are most responsible for these price increases. (See for example, [How mergers are changing face of healthcare in Connecticut](#), CT Insider, February 20, 2022 and [Health policy experts, consumer advocates warn hospital merger could be 'bad news' for Conn. Patients](#), CT Public Radio, February 20, 2022.) Future reports will provide much-needed detail, at least by hospital system and will get at the contribution of prescription drug expenses to overall cost growth.

But all of this crucial information will not benefit the people of Connecticut unless it is turned into real public policy change that benefits those most impacted by high and ever-increasing health care prices. Universal is focused on building power for health justice. We will continue to speak up as this process moves forward to ensure the data collected by this project is used to promote equitable access to quality, affordable health care for everybody.

In keeping with that focus, we would like to raise up a few of the points we have emphasized in our previous public comments.

- Universal will continue to promote using the benchmark as a tool to hold the hospital industry accountable: *“Even if overall system cost growth remains under the benchmark, there will still be outliers that should be raised up, questioned and open to public review”*. The Massachusetts process at least includes a performance improvement process, something that is currently lacking in Connecticut’s approach. It is not at all evident that public shaming via data transparency will be a strong enough tool to tamp down inflationary price increases by large hospital systems. In fact, a more defined mechanism for accountability by large hospital systems focused on building their empires and their pricing power is clearly needed. (October 20, 2020). Once the information is available regarding prescription drug costs, we expect to widen the focus to holding the pharmaceutical industry accountable for rising and unaffordable prices.
- As the project pushes to increase Connecticut’s woefully low spending on primary care, *“We will need to understand if these expenses are correlated with improved value, better outcomes and enhanced access to care... The data use strategy should focus on the impact of social risk factors and whether the needs of marginalized populations are being hurt by providers cutting expenses in the wrong lines of service.”* It will be vital to be able to measure that any decreases in spending that occur elsewhere in the system are not the result of cutting of necessary specialty services. (October 20, 2020)
- Any measuring and monitoring of the impact of the Cost Growth Benchmark project will need to focus on, *“both underuse and overuse”*, as well as developing a better understanding, *“if there is an adequate supply of needed services in a given geographic area.... Overuse of inpatient hospitalizations or overuse of the Emergency*

Department for certain conditions could be an indicator of underuse of others. For example, preventable hospital admissions for uncontrolled diabetes, hypertension, and asthma are more common among residents of Hartford and New Britain than for residents of the surrounding suburbs. These could be indicators of underutilization of care in a medical office setting”. (See: [DataHaven’s Community Wellbeing Index reports](#)). (December 16, 2020)

- Attention to the trend, mentioned above, of rapid growth in out-of-pocket payments will be needed. Copays, coinsurance and high deductibles can depress utilization by scaring people away from seeking needed care “...It may be hard to distinguish if a drop in utilization is attributable to the continued shift to high deductible health plans, which might be a continuing trend unrelated to the cost growth benchmark project”. (December 16, 2020)
- “Measuring overutilization of costly, medically unnecessary services could be an important way to monitor implementation of the benchmark. This type of overutilization is more likely to occur in commercially insured populations”. (December 16, 2020)

Finally, ongoing vigilance regarding the governance structures of the Cost Growth Benchmark process is needed. Universal gave public comment regarding the composition of the newly formed steering committee (see the [minutes from the October 25, 2021 meeting](#)). We continue to question how a committee that includes membership by the very hospital systems the process is designed to impact will be able to make impartial decisions about that process. The steering committee has far too many members representing organizations that have a vested interest in maximizing revenues and lacks sufficient membership by the every-day people in our state who are unable to afford the care they so desperately need. We urge the Office of Health Strategy to make changes to the committee structure.

In summary, Universal Health Care Foundation of Connecticut supports codifying the Cost Growth Benchmark initiative into law and appreciates this opportunity to share our views about how the effort could be improved.

Universal Health Care Foundation of Connecticut’s mission is to accelerate the movement for health justice for everybody because health is a human right and core to social justice and equity.