



2020 West El Camino Avenue, Suite 800
Sacramento, CA 95833
hcai.ca.gov



Health Care Affordability Board January 24, 2024 MEETING MINUTES

Members Attending: Secretary Mark Ghaly, Sandra Hernandez, Ian Lewis, Elizabeth Mitchell, Richard Pan, Richard Kronick, Don Moulds

Members Absent: David Carlisle

Presenters: Elizabeth Landsberg, Director, HCAI; Vishaal Pegany, Deputy Director, HCAI; CJ Howard, Assistant Deputy Director, HCAI; Margareta Brandt, Assistant Deputy Director, HCAI; Megan Brubaker, Engagement and Governance Manager, HCAI; Michael Bailit, Bailit Health; John Freedman, Mary Jo Condon, Sarah Lindberg, and Gary Swan, Freedman Health Care

Meeting Materials: <https://hcai.ca.gov/public-meetings/january-health-care-affordability-board-meeting/>

Agenda Item # 1: Welcome, Call to Order and Roll Call

Secretary Mark Ghaly, chair

Secretary Mark Ghaly opened the January meeting of California's Health Care Affordability Board. A quorum was established. Deputy Director Vishaal Pegany provided an overview of the agenda, noting that agenda item 4c would be pushed to next month's meeting.

Agenda Item # 2: Executive Updates

Vishaal Pegany, Deputy Director, HCAI

Deputy Director Pegany provided updates on the work of the Department of Healthcare Access and Information including:

- Quarterly work plan for THCE and statewide spending targets, cost and market impact review (CMIR), promoting high value, and the advisory committee.
- Future topics beyond March 2024 including THCE and spending target, promoting high value, and assessing market consolidation.

- Review of material change transactions update and future plans.
- Health system performance focus areas for promoting high value.
- Review of the investment and payment workgroup membership.
- Workgroup discussion topics: alternative payment models, update of primary care investment progress and behavioral health benchmarks.
- Workforce stability standards approach, timeline, and progress.

Public Comment was held on agenda item 2 and 1 member of the public provided comments.

Agenda Item # 3: Approval of December Meeting Minutes

Secretary Mark Ghaly, chair

Secretary Mark Ghaly introduced the action item to approve the December 19 meeting minutes. Board member Richard Kronick motioned to approve, and member Ian Lewis seconded.

Public Comment was held on agenda item 3. No public comment.

All voting members who were present voted to accept. The motion passed.

Agenda Item #4: Informational Items

Vishaal Pegany, Deputy Director, HCAI

Margareta Brandt, Assistant Deputy Director, HCAI

CJ Howard, Assistant Deputy Director, HCAI

Michael Bailit, Bailit Health

John Freedman, Freedman Health Care

Mary Jo Condon, Freedman Health Care

Sarah Lindberg, Freedman Health Care

Gary Swan, Freedman Health Care

a) Spending Target Methodology and Statewide Spending Target Value Including Feedback from January 23, 2024 Advisory Committee Meeting

Deputy Director Pegany, Assistant Deputy Director Howard and Michael Bailit presented on the topic of spending target methodology and statewide spending target value.

Discussion and comments from the Board included:

- Concerns about the proposed statewide target not being adjusted for clinical risk like other states (i.e. Massachusetts).
- Wage impact across sectors being brought back to the discussion in future meetings.
- AI is in its early stages, some members speculated about its potential to lower healthcare costs.
- A member suggested assessing the potential impact of specialty drugs on cost trends and considering adjustments to the spending target as a result.
- Discussion on the methodology and adjustments to be made.
- A member requested future discussion on how the spending target will be applied,

clearer expectations on what factors OHCA will consider when adjusting the spending target, and how this will be operationalized.

- Ongoing discussions and research that will shape the development and implementation of the healthcare affordability board's spending targets.
- A member asked what the historical data on access to care looked like before and after spending targets were established in other states.
- State comparisons of market structures. The impact of integration and consolidation on cost growth, as well as the relationship between competition and price growth.
- Rhode Island's regulatory environment and its correlation with rising costs. There was a mention of other technologies like biotech genetic therapies that could have an impact on healthcare delivery systems.
- Discussion of premium increases, workforce stability, and the expansion of healthcare coverage, particularly for undocumented individuals.
- The timeline for adopting spending targets was presented, along with potential flexibility in meeting deadlines. The need to consider both target adoption and methodology development was acknowledged.
- Factors such as income levels and population demographics should be considered when determining targets for affordability.
- Healthcare waste reduction strategies, alternative medicine expenditures, AI usage in denying claims, patient satisfaction challenges faced by medical professionals tied to compensation measures.
- Considerations for setting fair evaluation criteria when exceeding cost targets while emphasizing ongoing learning opportunities from other states' experiences with similar initiatives and public input regarding affordability concerns within California's healthcare system.
- Some members expressed support of an easy, simple to explain target based on wages/median income growth.
- Some members expressed concerns about the credibility and achievability of the target, potential adjustments based on market dynamics and sector-specific models, and the need for fairness and transparency in enforcement.
- Consideration of the possibility of a shorter initial target period to allow for learning and adaptation before setting longer-term targets.

Public Comment was held on agenda item 4a and 22 members of the public provided comments.

b) Examples of Cost-Reducing Strategies Employed by Elevance and Sharp Rees-Stealy

Assistant Deputy Director Brandt introduced the topic of examples of cost-reducing strategies employed by Elevance and Sharp Rees-Stealy.

Discussion and comments from the Board included:

- Scaling up the doula program and exploring its application in other healthcare delivery areas such as oncology and cardiology.

- A need for investment in the doula workforce to support the scalability of the program and address the disparity in access to doulas, particularly in rural areas.
- Sharp Rees-Stealy team implementing various population health management initiatives, including case management, remote patient monitoring, and text messaging programs.
- The success of initiatives highlighting the potential for widespread adoption and integration of similar programs, driven by the efforts of the Department of Health Care Services and the promotion of alternative payment models.
- Addressing barriers to accessing doulas: The presenter highlighted that there are barriers to getting doulas to people, such as lack of understanding and awareness among patients and limited involvement of insurers.
- Emphasis of the importance of provider-centric roles, specifically the OB practice consultants. These consultants, who have maternal child expertise, are aligned with providers in their state and focus on improving provider relationships, closing care gaps, and facilitating access to necessary care. This indicates that Anthem is investing in supporting providers and enhancing their capabilities.
- Mention that Anthem has provided implicit bias training to its staff and offered the training to high-volume providers as well. This reflects their commitment to addressing disparities in care and ensuring that healthcare professionals are equipped to provide equitable and unbiased care.
- Emphasis on driving quality care, reducing costs, improving access, addressing disparities, and promoting population health management.
- Utilization of data integration and predictive modeling to identify high-risk patients for case management interventions.
- Interest from jumbo employers and public purchasers in adding the doula benefit to their plans, and willingness to help drive this change.

Public Comment was held on agenda item 4b and 3 members of the public provided comments.

c) Consumer Stories on Affordability

This agenda item was not discussed and will be placed on the agenda for the February 2024 Health Care Affordability Board Meeting.

d) Update on Total Health Care Expenditure (THCE) Proposed Regulations and Data Submission Guide

Assistant Deputy Director Howard presented on updates on the proposed total healthcare expenditures regulations and data submission guide, including modifications based on received comments.

Discussion and comments from the Board included:

- A member asked what cost sharing information OHCA would be collecting and if reporting by service category would be difficult for the reporters.
 - OHCA responded that it would collect aggregate member responsibility

information. Collecting cost sharing information by service category would be an increased burden on the entities required to report.

- A member asked for clarification on the difference between commercial full claims and commercial partial claims. Payers will report available claims-based data and payers will provide an estimate for carve-out services where there is no access to claims and encounter data (i.e., Pharmacy or Behavioral Health services).
- Discussion about how member attribution is based on mutually exclusive members months because members may change providers during a month.
- Discussion about the challenges of collecting cost-sharing information by benefit category.
- Exploration of the possibility of developing a registry for physician organizations.

Public Comment was held on agenda item 4d and 3 members of the public provided comments.

e) Hospital Measurement: Introductory Discussion of OHCA's Plan for Measuring Hospital Spending

Deputy Director Pegany, and John Freedman, Mary Jo Condon, Sarah Lindberg, and Gary Swan presented on the topic of the plans for measuring hospital spending.

Discussion and comments from the Board included:

- The current approach focused on measuring spending performance for hospitals within a health system with attributed lives but needs additional strategies to understand hospital spending across all patients.
- Recommendation for an approach to measure and track hospital spending and its impact on achieving the statewide spending target.
- Posting a draft of the regulations for public feedback before finalizing and submitting them to the Office of Administrative Law.

Public Comment for this item was combined with Agenda Item #5: general public comment.

Agenda Item #5: General Public Comment

The Chair invited public comment for Agenda Item #4e and general public comment and 1 member of the public provided comment.

Agenda Item #6: Adjournment

Secretary Mark Ghaly adjourned the meeting.