Steve Sisolak
Governor

Richard Whitley
Director

State of Nevada

Department of Health and Human Services

7-20-22 Meeting

Patient Protection Commission

Helping people. It's who we are and what we do.

Agenda

1. Re-appointment of PPC Stakeholder Advisory Subcommittee & Suggested Members
2. Review and Discussion of Possible BDR Subjects and Topics
3. Detailed Discussion of Cost Growth Mitigation Strategies and Potential PPC Recommendations

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Stakeholder Advisory Subcommittee

- Created in 2021 to give voice to stakeholders not on the PPC regarding cost growth benchmark design
- Purely advisory to PPC
- Current Stakeholder Advisory Committee expired 7/19/22
- Challenges with current composition of subcommittee:
  - Quorum considerations
  - Requires active and engaged members to be successful
- Agenda Attachment of suggested members
  - Address quorum considerations
  - Address engaged participation

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Possible BDR Subjects & Topics

Agenda

1. Overview and Detailed BDR Documents
2. Subject 3, Topic 1
3. Subject 2, Topic 3
4. Opportunity for Discussion with Panel of State SMEs
5. Review Poll Results Together
6. Organization of Recommended Topics
7. August PPC Meeting Plan

Possible BDR Subjects & Topics

Overview and *Detailed* BDR Documents

Overview BDR Document

List of PPC BDR Proposals for 2023 Session- Summary

Subject 1: Improve Health Care Access

PPC Goal: Researching possible changes to state or local policy in this State that may improve the quality, accessibility or affordability of health care in this State - Increasing access to health care for uninsured populations in this State, including, without limitation, retirees and children - NRS 439.916.1(i)(7).

- **Topic 1** (*Leanne McAllister, Yarleny Roa-Dugan, Tyler Winkler*):

Detailed BDR Document

List of
Patient Protection Commission (PPC)
Bill Draft Request (BDR) Proposals for 2023 Session – Ongoing Discussion

Updated 7.11.22

Subject 1: Improve Health Care Access

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Subject 1, Topic 1 (*Leanne McAllister, Yarleny Roa-Dugan, Tyler Winkler*):

Possible BDR Subjects & Topics

State Subject Matter Experts (SMEs):

- **Dr. Antonina Capurro**: State Medicaid non-clinical services
- **Beth Slamowitz, Pharm. D.**: pharmacy strategies

PPC Ex-Officio Members Available as SMEs

- **Ryan High**: Executive Director of the Silver State Health Exchange
- **Richard Whitley**: Director of the Department of Health and Human Services
- **Barbara Richardson**: Commissioner of Insurance
- **Laura Rich**: Executive Officer, Public Employees' Benefits Program

Possible BDR Subjects & Topics

Subject 3, Topic 1

Mandating that all providers of health care and custodians of healthcare records implement an interoperable electronic health care records system; Expand immunity for provider compliance with providing and receiving electronic medical records; Revision of NRS 439.584 with relation to HIE and other areas identified.

Possible BDR Subjects & Topics

Subject 2, Topic 3

Address the rising costs created by health care market consolidation by prohibiting hospitals and possibly some other facilities, such as freestanding Emergency Rooms, from hiring physicians. Revise the exemptions now in law to ensure only community hospitals and academic institutions are exempted.

Possible BDR Subjects & Topics

Opportunity for Discussion with State Subject Matter Experts

Possible BDR Subjects & Topics

Poll Results

BDR Poll Results Summary (1 of 2)

- **Subject 1, Topic 1**: Health coverage to children regardless of immigration status (4 responses)
- **Subject 1, Topic 2**: Access to state exchange regardless of immigration status (0 responses)
- **Subject 1, Topic 3**: Expand coverage to residents regardless of immigration status (2 responses)
- **Subject 1, Topic 4**: Address the housing crisis (2 responses)
- **Subject 1, Topic 5:** Classify Naloxone as an over-the-counter drug (0 responses)
- **Subject 1, Topic 6:** Insert clear telemedicine language (3 responses)
- **Subject 1, Topic 7:** Require carriers to have sufficient access to behavioral health providers (0 responses)
- **Subject 2, Topic 1:** Codify the NV health care cost growth benchmark program and measure primary care spending (5 responses)

BDR Poll Results Summary (2 of 2)

- **Subject 2, Topic 2:** Eliminate pharmacy deductible for patients who have a chronic condition (0 responses)
- **Subject 2, Topic 3**: Prohibit hospitals from exclusive physician hiring practices (4 responses)
- **Subject 2, Topic 4**: Require database of medical procedure costs (1 response)
- **Subject 2, Topic 5**: Require that pharmaceutical rebates are passed on to patients at the pharmacy (1 response)
- **Subject 2, Topic 6:** Create Prescription Drug Affordability and Health Plan Review Boards (4 responses)
- **Subject 2, Topic 7**: Review changes to insurance benefit design (0 responses)
- **Subject 3, Topic 1**: Mandate that all providers implement an interoperable electronic health care records system (5 responses)

BDR Poll Top Responses (1 of 3)

- **Subject 2, Topic 1:** Codify the Nevada Health Care Cost Growth Benchmark Program as set forth in Executive Order 2021-29, and include a requirement to measure and report on primary care spending. **(5 responses)**
- **Subject 3, Topic 1:** Mandating that all providers of health care and custodians of healthcare records implement an interoperable electronic health care records system. Expand immunity for provider compliance with providing and receiving electronic medical records. Revision of NRS 439.584 with relation to HIE and other areas identified, with PPC supported funding options. **(5 responses)**

BDR Poll Top Responses (2 of 3)

- **Subject 1, Topic 1**: Explore opportunities to provide basic health care coverage to infants, children and young adults up to age 26 who are ineligible for full Medicaid coverage under federal law due to their current residency or immigration status.
  (4 responses)
- **Subject 2, Topic 3**: Address the rising costs created by health care market consolidation by prohibiting hospitals and possibly some other facilities, such as freestanding ERs, from hiring physicians. Revise the exemptions now in law to ensure only community hospitals and academic institutions are exempted.
  (4 responses)

BDR Poll Top Responses (3 of 3)

- **<u>Subject 2, Topic 6</u>**: Create a Prescription Drug Affordability Board. Expand on NRS 439B.630 and set “allowable rates” for certain high-cost drugs identified by the Board; Create a Health Plan Review Board, with similar function as above but for commercial health insurance plans.
  (4 responses)

Possible BDR Subjects & Topics

Discussion to Set Aside Topics with 0-2 Responses

Possible BDR Subjects & Topics

DISCUSSION AND ORGANIZATION

OF BDR TOPICS

Possible BDR Subjects & Topics

August PPC Meeting Plan Discussion

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Provider Price Caps and Provider Price Growth Caps

Provider prices have been a key contributor to health care cost growth

- Trends in national health care spending from 2016 – 2020 show that provider **prices**, as opposed to utilization, are leading drivers of spending growth for individuals with employer-sponsored insurance. (Health Care Cost Institute 2020 Report)
  - Overall spending per person increased 9.3%, while utilization decreased a cumulative 5.4%. Over the same period, prices increased 15.8%.
  - Growth in spending was driven by **increasing prices** across all service categories: inpatient, outpatient, professional services, and prescription drugs.

What is a provider price growth cap?

It is a regulatory limit on the % by which insurer payments to providers can grow annually.

Price Growth Cap

- Limits the amount provider prices can grow each year.
  - Can be applied to just certain classes of providers where price growth has been problematic.
- Enforced through insurance regulation.

What is a provider price cap?

It is a regulatory limit on the absolute level of provider prices.

Price Cap

- Can be applied in one or more of these ways:
  - Broadly across the commercial insured market
  - For out-of-network payments
  - Within PEBP
  - Within a public option
- Implemented through purchasing authority and/or through insurance regulation.

Implement Provider Price Growth Caps and/or Price Caps (1 of 2)

Why do it?

- **Cost containment**: Provider prices are the primary factor driving health care spending growth.
- **Consumer affordability:** High prices hurt consumers, in the form of out-of-pocket costs as well as premiums, and harm access to care.
- **Transparency:** The market for provider pricing is non-transparent. It is also dysfunctional, with a high degree of price variation.
- **Resource reallocation**: Option to redirect spending to under-resourced sectors of health care as part of a broader policy agenda.

Implement Provider Price Growth Caps and/or Price Caps (2 of 2)

What is the evidence?

- **Rhode Island Price Growth Cap:** Spending decrease of 8% vs. control group of other states (Baum, *Health Affairs*, 2019)
- **Montana Price Caps**: Beginning in 2016, the state employee health plan limited hospital prices to a multiple of what Medicare pays. In the first two years, this initiative generated an estimated savings of $47.8 million across inpatient and outpatient services.
- **Oregon Price Caps:** Legislation passed in 2017 caps in-network and out-of-network hospital provider payments for the public employee benefit program at up to a specified percentage of the Medicare rate, with some hospitals exempted.
  - Also, evidence from modeling of federal proposals.

Design Considerations for Price Growth Caps and Price Caps

1) Set the stage
2) Design key model components
3) Ensure model success

Set the Stage: Engage Stakeholders

- Create a stakeholder structure
- Communicate with the public

Set the Stage: Center Equity

- Engage broadly and deeply
- Assess impact on providers
- Assess impact on communities

Key Components: Select Prices Subject to the Cap (1 of 2)

- Consider contribution to spending and spending growth

  Examples include:

  - Hospital inpatient
  - Hospital outpatient
  - Professional services
  - Pharmacy (retail, medical)
  - Accountable Care Organization budgets

Key Components: Select Prices Subject to the Cap (2 of 2)

- Determine whether to apply within a specific program or more broadly
  - Public employees
  - Public option
  - All out-of-network care
  - Broadly across commercial market

Key Components: Determine Level of Cap (1 of 2)

Price Growth Cap

- Can tie to an economic indicator, such as Consumer Price Index (CPI), Core CPI, Personal Consumption Expenditures (PCE) or a Medicare market basket

Key Components: Determine Level of Cap (2 of 2)

Price Caps

- Determine whether to peg to Medicare or a commercial standard
- Determine at what percentile the cap should be set
- Determine whether to set a floor

For both, consider whether to modify over time and whether to include a transition period.

Key Components: Apply at Individual vs. Aggregated Level

- Price growth caps could be applied to each provider contract individually or across all of a given payer's contracted providers.
- Price caps could be applied to individual services or in aggregate across all services.

Key Components: Quality Incentives

- Determine whether and how to incorporate quality and performance incentives
  - Could require a quality component and include as part of the cap
  - Could define specific performance measures or leave up to payers and providers

Key Components: Consider Baseline Payment Disparities

- Without adjustment, a growth cap perpetuates existing payment disparities.
- RI allowed a one-time adjustment for certain providers with the lowest commercial rates.

Ensure Success: Establish Effective Oversight

- Communication
- Reporting
- Review
- Market Exam/Audit
- Enforcement Action

Ensure Success: Prepare for Gaming

- Cap strategies can be vulnerable to provider gaming:
  - Increased utilization to compensate for lower price growth
  - Price increases shifted elsewhere in the market
  - Provider coding changes to increase the price per unit
  - “Ceiling” becomes a “floor” with providers seeking to move their prices up to the cap

Ensure Success: Identify and Secure Analytic Resources

- Identify drivers of cost
- Model impacts of different caps
- Monitor financial health of hospitals
- Monitor total health care spending and spending growth
- Monitor for quality, access and patient experience
- Possibly commission an independent evaluation

Summary and Challenges

- Provider price caps and price growth caps: *highly* effective in slowing cost growth…but not for the faint of heart!
- Expect intensive provider opposition because it will reduce the ability of providers to grow their commercial revenue.

Three Questions and Discussion

1. Should Nevada pursue:
   - Provider price caps?
   - Provider price growth caps?
2. What is the rationale for your recommendation?
3. Do you require any additional information as you consider this policy option?

Please note, we are *not* asking for a final recommendation (or vote) today. We may revisit this pair of strategies after we consider other strategy options during future meetings.