Nevada Cost Growth Benchmark: Five Options for Responding to Provider Inflation & Workforce Cost Pressures

November 2022

*Note: greyed-out cells will not be discussed in detailed presentation during the 11/16/22 meeting; items 2-4 will be prioritized for the discussion.

Options	Pros	Cons
1. Make no adjustments. Hold insurers and provider organizations to current benchmark values.*	1. Consistent with the original intent for the benchmark values to be established for long-term use. 2. Maintains accountability for affordability during a period when wages are not growing as fast as inflation.	1. Fails to acknowledge the impact that inflation and wage pressures are having on provider efforts to constrain their costs. 2. Could result in the benchmark being viewed as unrealistic and thus lacking credibility. 3. Doesn't recognize that Executive Order 2021-29 provides for possible modification of the benchmark or benchmark assessment in response to significant changes in the economy.
2. Make no adjustments. Commit to acknowledge the impact of inflation and labor shortages when interpreting results.	1. Consistent with the original intent for the benchmark values to be established for long-term use. 2. Maintains some degree of accountability for affordability during a period when wages are not growing as fast as inflation.	1. Removes the certainty and thus the influence of the benchmark value in constraining spending growth. 2. Sanctions increased rates of spending growth without any prospectively defined restraint.
3. Create a specific allowance for exceeding the benchmark on a time-limited basis for those years with very high inflation.	1. Maintains benchmark values but creates a temporary adjustment to inform interpretation of performance, thereby acknowledging the impact of inflation and labor shortages. 2. Maintains accountability for affordability, albeit at temporarily increased levels.	1. Sanctions increased rates of spending growth. 2. Could be viewed as equivalent to changing benchmark values, and thus sets a precedent for doing so.
4. Redefine the benchmark values on a time-limited basis for those years with very high inflation.	1. Acknowledges the impact of inflation and labor shortages. 2. Maintains accountability for affordability, albeit at temporarily increased levels.	1. Sanctions increased rates of spending growth. 2. Sets a precedent for modifying benchmark values.
5. Waive the benchmarks during the period of high inflation and labor shortage.*	1. Acknowledges the impact of inflation and labor shortages.	1. Inconsistent with the original intent of the benchmark program. 2. Sanctions unrestrained spending growth.