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# DEPARTMENT OF HEALTH AND SOCIAL SERVICES



## Overview of Spending Benchmark Trend Report Calendar Year 2022 Results

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# RECAP OF BENCHMARKS

**Spending benchmark** is the annual change in total health care expenditures (THCE) measured on a Statewide per capita basis.

- For CY 2022, the benchmark was set at +3.0%.
- Comparisons will also be made at the market and insurer level.

For CY 2022, there are ten **quality benchmarks**:

- Adult Obesity
- Emergency Department Utilization
- Opioid-related Overdose Deaths
- Persistence of Beta-Blocker Treatment After a Heart Attack
- Statin Therapy for Patients with Cardiovascular Disease
- Use of Opioids at High Dosage
- Breast Cancer Screening
- Cervical Cancer Screening
- Colorectal Cancer Screening
- Percentage of Eligible Patients Who Received Preventative Dental Services



# INTENT OF THE SPENDING BENCHMARK

- Originated from Delaware's State Innovation Model (SIM) grant with development work occurring in 2018. The spending benchmark measures the year-over-year change in per capita total health care expenditures at the State level.
  - Multiple public workgroups participated in development of the benchmarks via benchmark summits and sharing of information and experience from Delaware leaders and leaders from other states.
  - Additional information regarding the development of the benchmarks is available online at [DHCC's website](#).
- Purpose of the spending benchmark is to raise awareness and stimulate conversation regarding Delaware's relatively high health care spending.
  - Help facilitate positive transformation in Delaware's health care delivery system to more value-based, outcome-driven strategies.
- Spending benchmark not intended to be a predictor of health care spending, but instead, a target rate of change that supports overall economic growth and development in the State.



# INTENT OF THE SPENDING BENCHMARK

- Through Executive Order 19, Governor John Carney convened an Advisory Group consisting of Delaware health care leaders and key stakeholders. The Advisory Group decided to use the Potential Gross State Product (PGSP) formula for establishing the benchmarks.
  - PGSP formula designed to utilize publicly available information, be easy to calculate, transparent, and similar to the only other state that had adopted a spending benchmark at that time (Massachusetts).
  - Incorporates both national and Delaware-specific economic indicators.
  - State added a temporary transitional market adjustment to the CY 2020 and CY 2021 benchmarks.
  - PGSP is a measure of the output of the economy. By using PGSP growth as the benchmark, the State is establishing a goal that health care spending should not grow faster than a forecast of economic growth.



# INTENT OF THE SPENDING BENCHMARK

- In the development of the PGSP formula, the Advisory Group recommended using variables/factors that promoted stability over volatility.
- The Advisory Group noted it is common to use data that are between five and ten years away from the present.
- Consideration was given to Delaware's aging population (nation is aging as well), but decision was made to not include a specific age adjustment in the PGSP formula.
  - Spending on elderly individuals is included each year.
  - Differences in growth *rates* were deemed not materially different.
  - Per capita income tax revenue was projected to decline (in most every state) due to an increase in the aging population, therefore, leaving states with less revenues to spend overall.

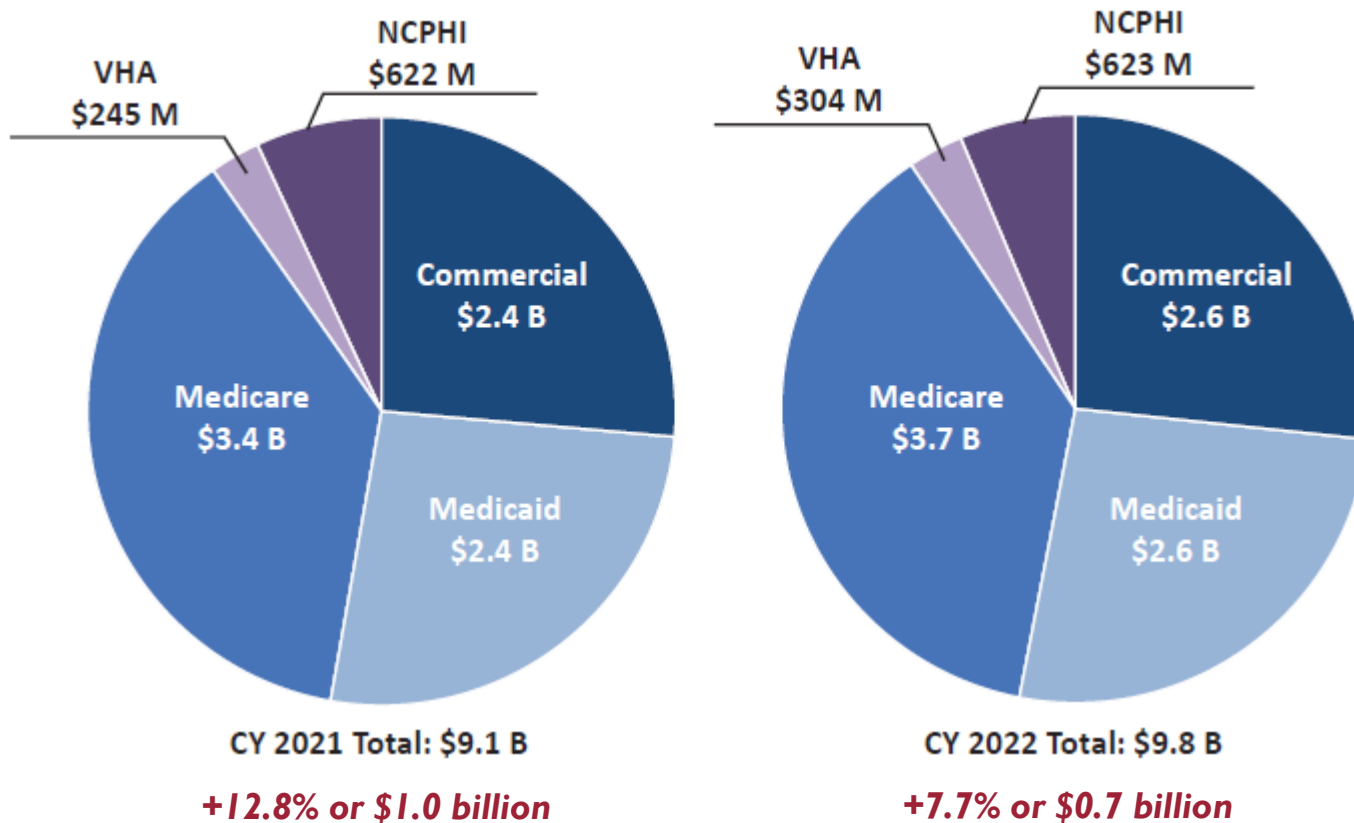


# COLLECTION OF BENCHMARK SPENDING DATA

- DHSS collected final CY 2022 data from payers across all markets: Aetna, ACDE, Cigna, Highmark, United, CMS, DMMA, and VHA. Humana declined the data submission request. Data sources:

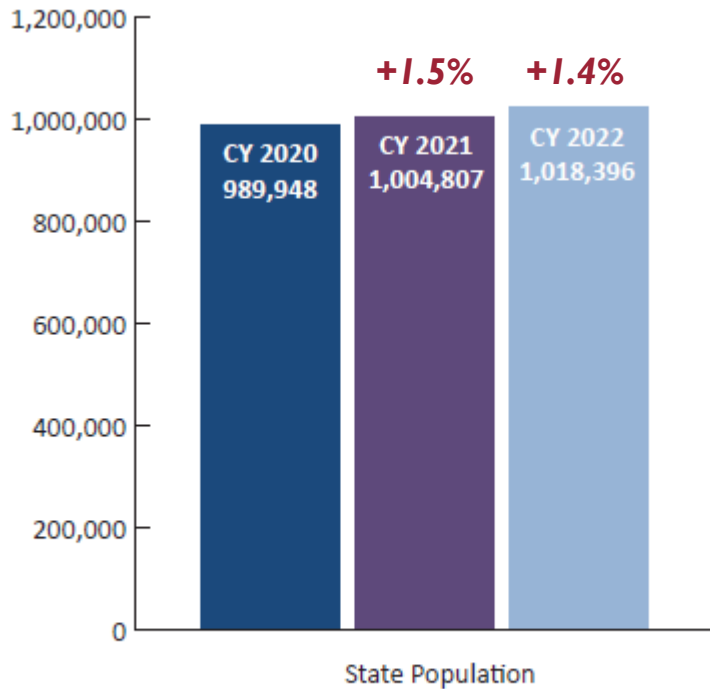
Market/Spending Component	Data Source	Data
Commercial	Insurers	Summary medical expenditures, including pharmacy rebate data on fully-insured, self-insured, small and large group, individual, and student product lines
Medicaid	DMMA and Insurers	Summary FFS and managed care, including pharmacy rebate data
Medicare	CMS and Insurers	Summary FFS and managed care, including drug spending and limited pharmacy rebate data (from Insurers only)
Veterans Health Administration	VHA website	Aggregate data from the US Department of Veterans Affairs
Net Cost of Private Health Insurance	Insurer or public reports	Summary level data on revenues and expenses

# TOTAL HEALTH CARE EXPENDITURES (THCE)

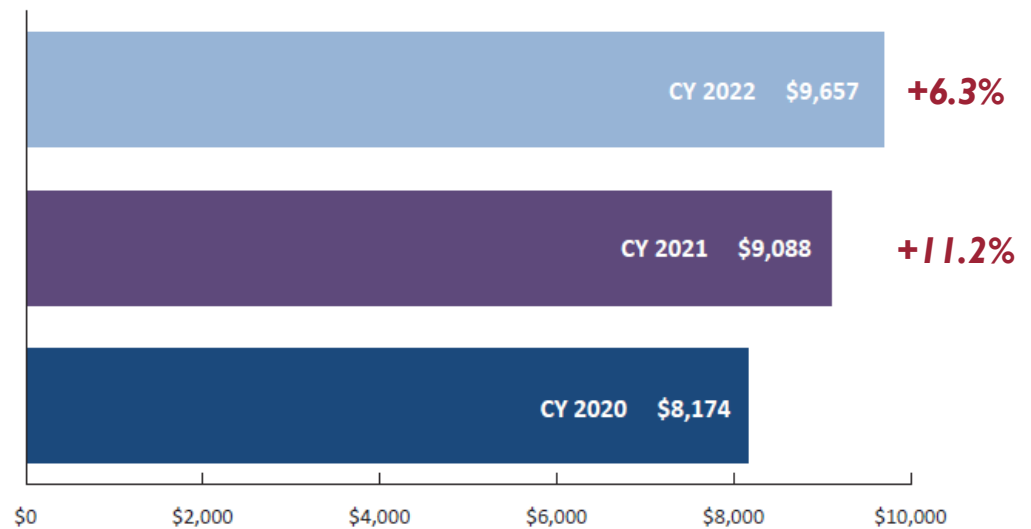


# STATE LEVEL THCE PER CAPITA

**State Population by Year**

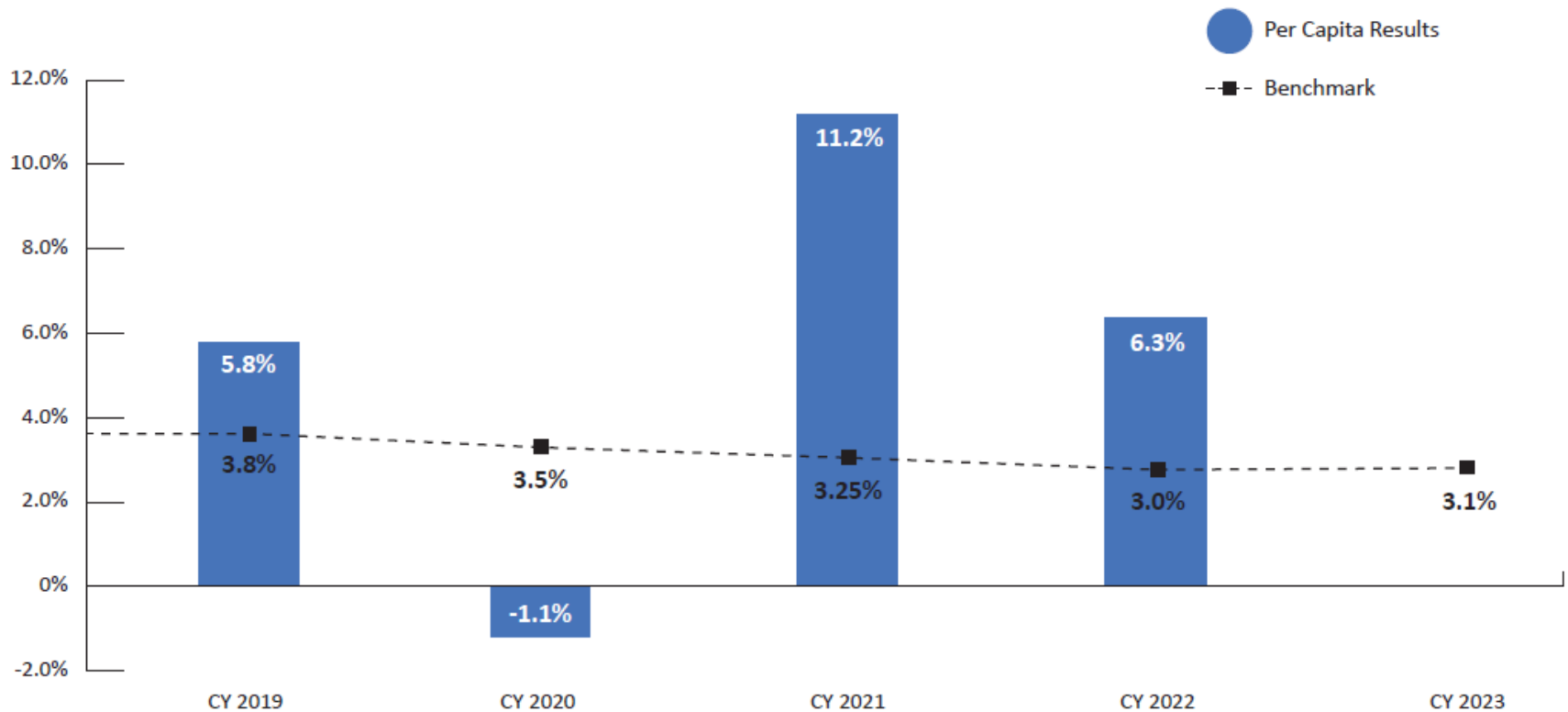


**State Level THCE Per Capita by Year**

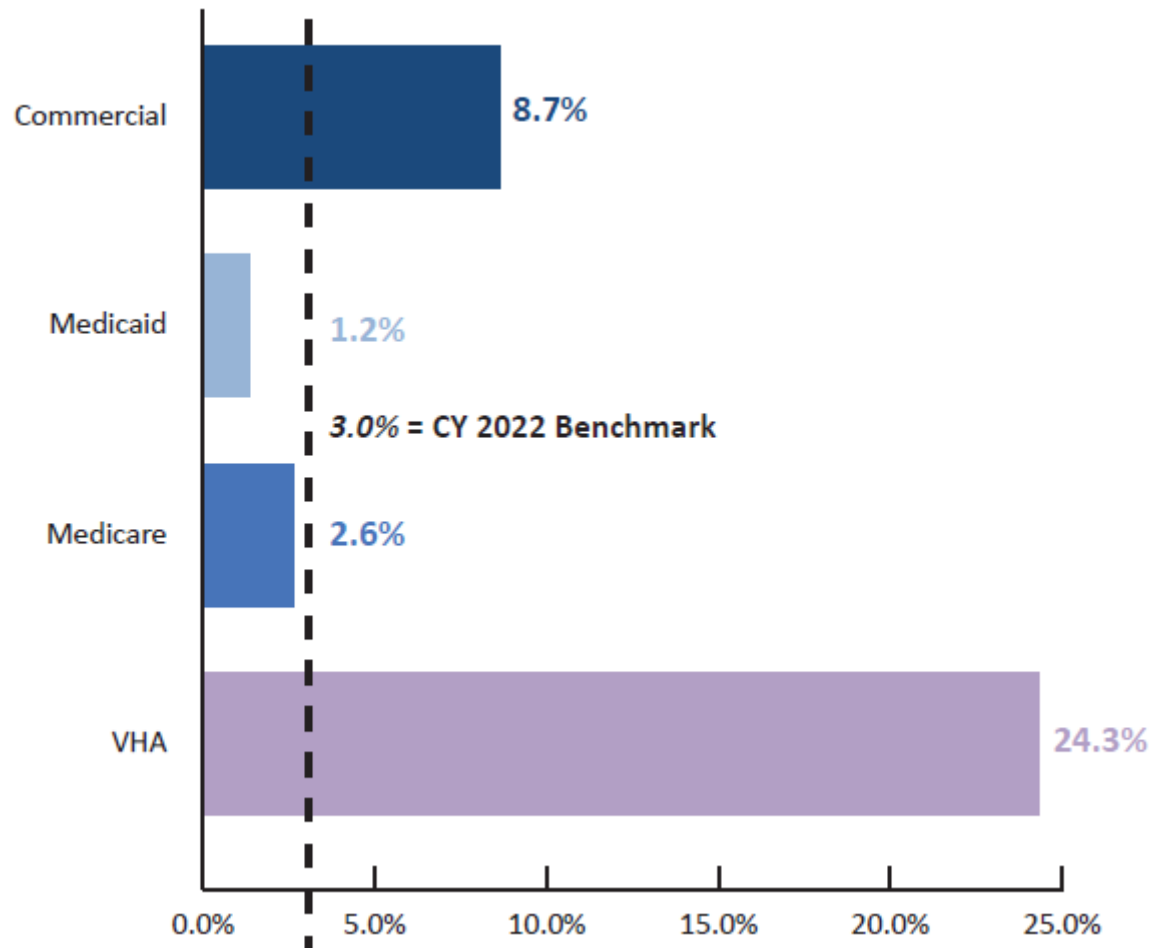




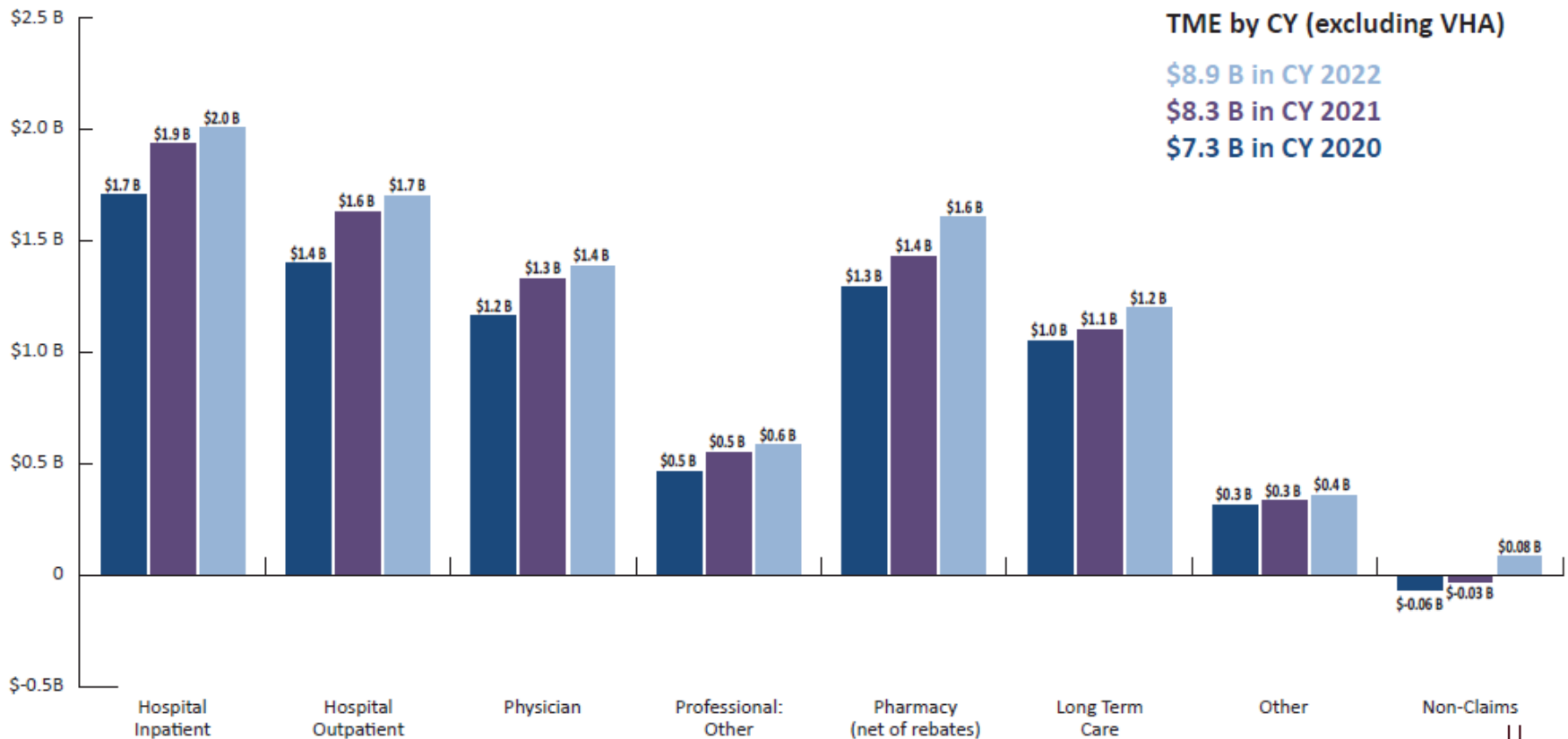
# THCE PER CAPITA CHANGE VERSUS BENCHMARK



# THCE PER MEMBER PER YEAR CHANGE BY MARKET



# TOTAL MEDICAL EXPENDITURES (TME) BY SERVICE CATEGORY



# CY 2022 QUALITY AND SPENDING BENCHMARKS TREND REPORT

- DHSS expects to release the CY 2022 Benchmark Trend Report in the coming weeks.
- Results of spending and quality data in the CY 2022 Benchmark Trend Report will be shared at the May 2, 2024, Delaware Health Care Commission meeting.
- For more information about the health care spending benchmark, visit: <https://dhss.delaware.gov/dhcc/global.html>

## Questions?



# GLOSSARY OF KEY TERMS

- **Allowed Amount:** The amount the payer paid plus any member cost sharing for a claim. Allowed amount is the basis for measuring the claims component of medical expenses for purposes of the benchmark spending data.
- **Insurer:** A private health insurance company that offers one or more of the following, commercial insurance, Medicare managed care products, and/or are Medicaid/Children's Health Insurance Program (CHIP) managed care organization products.
- **Market:** The highest level of categorization of the health insurance market. For example, Medicare and Medicare managed care are collectively referred to as the "Medicare market". Medicaid/CHIP FFS and Medicaid/CHIP MCO/managed care are collectively referred to as the "Medicaid market". Individual, self-insured, small and large group markets, and student health insurance are collectively referred to as the "Commercial market".
- **Net Cost of Private Health Insurance (NCPHI):** Difference between premiums revenues and net paid expenditures. Estimates insurers' administrative & operating expenses and gain/loss. Applies to insurers only.
- **Payer:** A term used to refer collectively to all entities submitting data to DHSS.
- **Total Health Care Expenditures (THCE):** TME (as defined below) incurred by Delaware residents for all health care benefits/services by all payers reporting to DHSS, plus insurers' NCPHI.
- **Total Health Care Expenditures Per Capita:** THCE (as defined above) divided by Delaware's total state population.
- **Total Medical Expense (TME):** The total claims and non-claims medical expense incurred by Delaware residents for all health care benefits/services as reported by payers submitting data to DHSS.