North Dakota Legislative Health Care Task Force

Subcommittee on Understanding Health Care Spending

July 15, 2024

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Background and Context

- In previous Task Force meetings, members discussed having subcommittees to dive deeper into specific issues identified as priorities
- Three topics emerged as priorities based on input from the Task Force:
  - **Quality** will define what is meant by quality as a state, catalogue quality measures used in the state, and consider ways to align quality
  - **Improving Access to Care** will identify initiatives to increase patient engagement in and use of preventive and primary care, and improve chronic disease management
  - **Understanding Health Care Costs** will identify what data would be helpful to allow for understanding of health care spending and trends, and develop a fact sheet on Medicaid Expansion financing
- Subcommittees will meet two to three times over the summer; the first two meetings on Understanding Health Care Costs have been scheduled for the following:
  - Monday, **July 15, 2024, 9:30am-11:00am**
  - Wednesday, **July 31, 2024, 2:00pm-3:30pm**

Subcommittee Members

- Senator Kyle Davison
- Commissioner Wayne Salter, North Dakota Department of Health and Human Services
- Michael Delfs, Jamestown Regional Medical Center
- Dr. Richard Vetter, Essentia Health
- Tiffany Lawrence, Sanford Health
- Reed Reyman, Common Spirit
- Jeff Zarling, Greater North Dakota Chamber
- Andrew Bergeron, Blue Cross Blue Shield of North Dakota
- Senator Dick Dever
- Representative Greg Stemen
- Representative Robin Weisz
- Commissioner Jon Godfread, North Dakota Insurance Department

Subcommittee Goals and Objectives

In Scope

- Consider what data would be helpful to the Legislature to understand and monitor health care spending and trends in North Dakota
- Identify options for collecting data on an ongoing basis
- Develop a fact sheet on Medicaid expansion and hospital financing

Out of Scope

- Whether Medicaid expansion should be contracted to a managed care organization or managed by the state
- What drives variation in providers' negotiated rates
- Whether providers' negotiated rates are "justifiable"

DATA TO UNDERSTAND AND MONITOR HEALTH CARE SPENDING TRENDS IN NORTH DAKOTA

What Data Would Be Helpful to Understand and Monitor Health Care Spending and Trends in North Dakota

- Legislators have expressed a need for a consistent way to look at health care spending trends on a longitudinal basis
- To identify what types of data legislators might be useful for legislators to see on an ongoing basis, it is helpful to:
  - Understand what data collection and analysis activities exist in the state
  - Understand other sources of data
  - Consider data previously presented to the Task Force

What We Know About Data Collection and Analysis Activities in North Dakota

- There is no source of regular data analysis on state level spending and spending trends in North Dakota
- For the **commercial** market:
  - The state receives claims-level data from Sanford on NDPERS, but it's unclear how much the state mines and analyzes these data for program management purposes
  - Sanford also conducts standard analyses of spending and utilization by categories of services for NDPERS, which are presented to the NDPERS board; some of which include:
    - Two-year trends in overall spending, spending by categories of service, utilization, and unit cost
    - High-cost conditions and spending associated with them
- For **Medicaid**:
  - DHS produces financial reports for that are structured for FMAP claiming purposes
  - DHS can produce analyses similar to Sanford's NDERS analysis, but the two are not directly comparable
- For **Medicare** there is no readily available state-specific source of data

What We Know About Data Collection and Analysis Activities in North Dakota (cont'd)

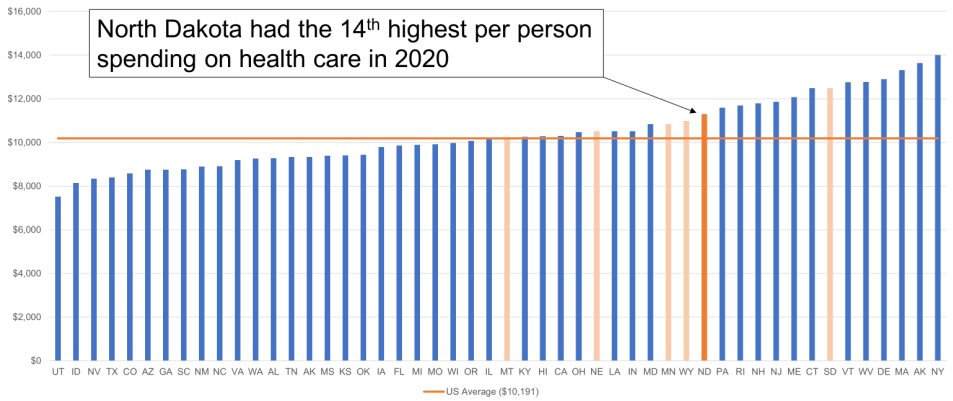
- Some state-level analyses have been conducted in the past on an ad hoc basis by the Insurance Department
- **Legislative Management Interim Healthcare Study**, published in 2021
  - Looked at hospital utilization, expenses and revenues in the state from 2010 to 2019
  - Used data collected from hospitals and supplemented by other sources on utilization such as number of admissions, inpatient days and ED visits; and financial indicators such as net patient revenue, operating revenue, payroll expenses and margins
- **Private Health Insurance Market Report**, published in 2019
  - Looked at North Dakota health insurers' spending from 2014 to 2018
  - Using data collected through a survey of insurers on enrollment, earned premiums, incurred claims, loss ratios, non-benefit costs, rate increases, health care expenditures, and cost drivers

Other Sources of Data on Health Care Spending and Utilization

Source	What Data It Contains	Access/Cost
Health Care Cost Institute	Commercial claims data obtained from health insurers (Aetna, Blue Cross Blue Shield, Humana, Kaiser)	Must submit research application, and analyses are limited to proposed research; $45k per year for two users
FairHealth	Claims data from over 75 national and regional payors and third-party administrators across the US	Offers packaged and customized products; Cost unknown, likely $100k to $200k
Hilltop Institute Hospital Price Transparency Data	Pricing data from hospital websites that allow for across-hospital and across-state comparisons of hospital services; currently only contains data for four hospitals	Free to download from website
NASHP Hospital Cost Tool	Combined data from over 4,600 hospitals' annual Medicare Cost Report	Free to download from website
Centers for Medicare & Medicaid Services	Health expenditures by state of residence and state of provider	Produced every five years; Free to download from website

Examples of North Dakota Data from National Sources Presented to the Task Force in Previous Meetings

Health Care Spending in the State is High



Source: State Health Expenditures by State of Residence, 1991-2020, Centers for Medicare & Medicaid Services.

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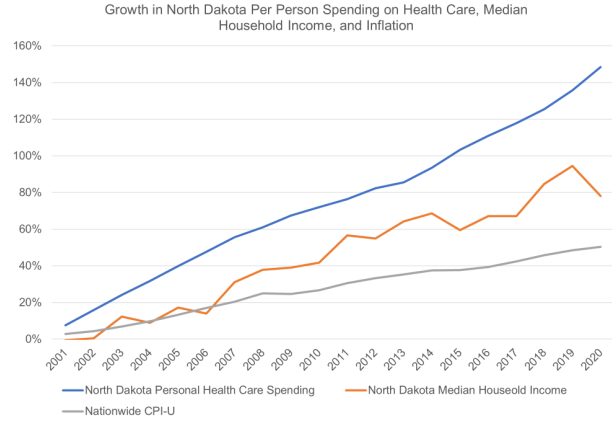
Growth in Health Care Spending is Outpacing Growth in Other Economic Indicators of Well-Being

Over the last two decades, per person spending on health care has grown at almost twice the rate of growth in median income, and approximately three times the rate of growth in inflation.



Source: State Health Expenditures by State of Residence, 1991-2020, Centers for Medicare & Medicaid Services.

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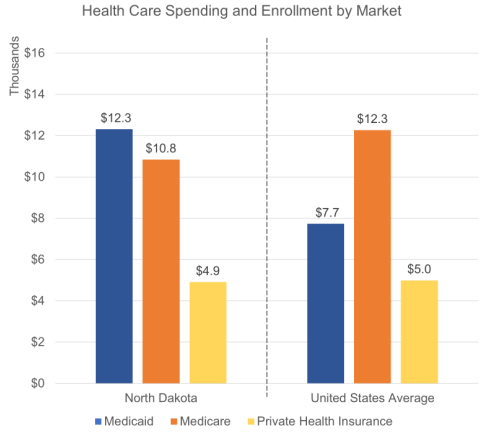
Per Enrollee Spending on Health Care by Market

In North Dakota, two-thirds of enrollees are enrolled in commercial insurance, 18% are in Medicare, and 13% are in Medicaid.

The average spending for those with private health insurance is about $4,900 per enrollee, compared to $12,300 and $10,800 for Medicaid and Medicare, respectively.

Source: State Health Expenditures by State of Residence, 1991-2020, Centers for Medicare & Medicaid Services.



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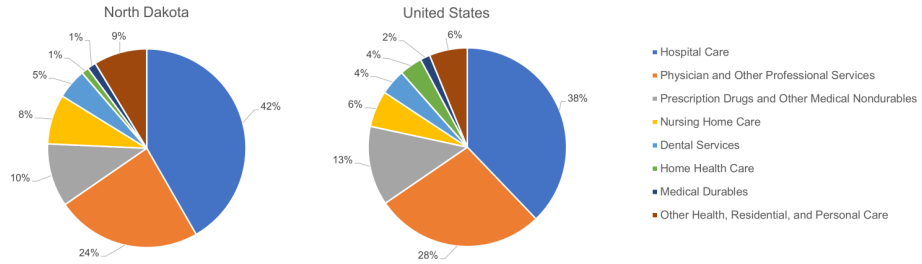
Distribution of Health Care Expenditures by Service

The greatest proportion of health care spending in North Dakota was on hospital care, followed by physician and other professional services. North Dakota had a greater proportion of spending that went towards hospital and nursing home care, relative to the US average.



Source: State Health Facts: Distribution of Health Care Expenditure by Service by State of Residence, 2020, Kaiser Family Foundation.

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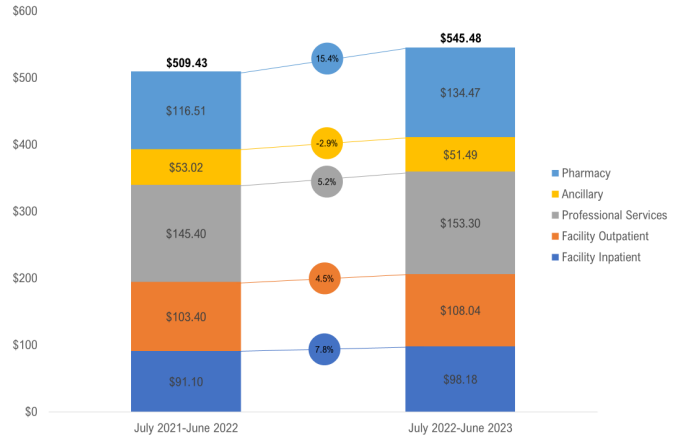
Examples of Data from North Dakota Sources Presented to the Task Force in Previous Meetings

Per Member Per Month Spending and Spending Growth by Service Category

Per member per month (PMPM) spending* grew 7.1% from 2022 to 2023.

This growth was driven by growth in pharmacy (15.4%) and inpatient hospital (7.8%) spending.



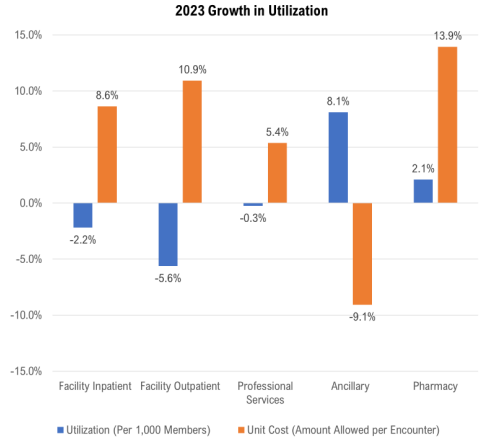
* Based on allowed amounts.

Utilization, Unit Cost and June 2022-June 2023 Growth in Utilization and Unit Cost by Service Category

Utilization is highest for professional and pharmacy services, while unit cost is highest for facility inpatient and outpatient services.

For all service categories except ancillary services, spending growth was driven by an increase in unit cost rather than utilization.

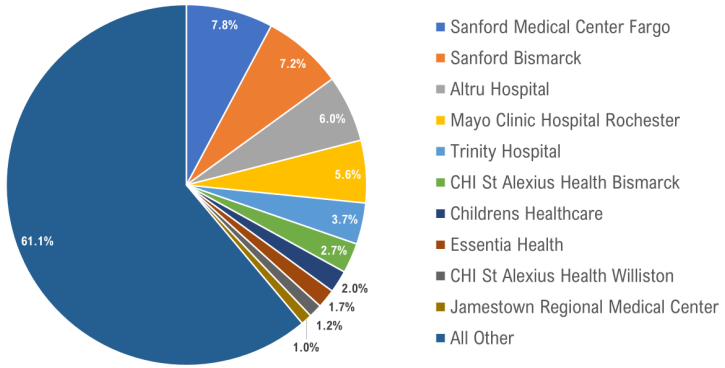
	2023 Utilization (Per 1,000 Members)	2023 Unit Cost (Allowed Amount per Encounter)
Facility Inpatient	51	$23,881
Facility Outpatient	2,515	$609
Professional Services	13,092	$177
Ancillary	1,706	$391
Pharmacy*	9,009	$152



* Average days per prescription is 45.

Spending Attributed to the Top 10 Providers

Approximately 40% of spending can be attributed to 10 providers.

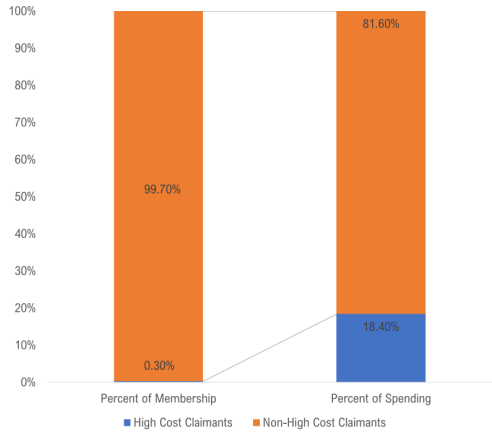


Spending on High Cost Claimants, June 2023

In 2023, high cost claimants* represent less than half a percent of members but account for 18% of total spending.

The top 5 diagnostic categories for high cost claimants, for which total spending ranged from $5m to $7m, were:

- Gastroenterology;
- Hematology;
- Neurology;
- Cardiology; and
- Endocrinology.



* High cost claimants are members with claims exceeding $200k.

Options for Ongoing Data Collection and Monitoring

Option	Pros	Cons
1. Use existing data sources	• Does not require significant additional resources from the state	• Disparate data sources do not allow for apples-to-apples comparisons • Data are limited to Medicaid and NDPERS • Does not allow for deeper dives
2. Conduct annual or bi-annual survey	• Expands population included in the data analysis • Does not require significant additional resources from the state	• Does not allow for deeper dives • Greater burden on payers to submit data and may limit changes from year to year • Greater uncertainty about whether analyses are developed to specifications
3. Purchase external data	• Greater certainty about analyses being developed to specifications • Allows for apples-to-apples comparisons within market	• Can be expensive to purchase • Analysis is resource intensive • Depending on data source, ability to use data for other analyses may be limited
4. Build an APCD	• Only option that truly allows for apples to apples across all markets • Provides flexibility for state to conduct deep dives to explore specific issues of interest	• Resource intensive • Takes years to build (and would still require interim solution) • Greater burden on payers to submit data

Discussion

- How helpful was it to see and understand the data presented at the Task Force meetings?
- Do these data represent the type of information legislators might want to see on an ongoing basis?
- What questions did these data raise?
- What questions did these data answer?
- What other data would you have liked to see?
- Who would be responsible for data collection and analysis?

FACT SHEET ON MEDICAID FINANCING

Purpose of the Fact Sheet on Medicaid Financing

- The purpose of the fact sheet is to give legislators a common set of information and data about Medicaid financing and spending so that they can make informed decisions about the program.
- To identify what a fact sheet on Medicaid expansion and hospital financing should include, it is useful to think about what are key areas of confusion about how the Medicaid expansion financing works.
- The draft fact sheet that we will review today includes information on the Medicaid expansion program and its financing, as well as types of hospital payments.