



Peterson-Milbank
Program for Sustainable
Health Care Costs

To Transparency and Beyond

Snapshots of States Using Cost Growth Targets
to Improve Health Care Affordability

By Martha Hostetter



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Introduction

Health care costs have been rising for decades, far outpacing growth in incomes and the economy – and eating into other state, employer, and family investments. How can we work together to make health care more affordable? Enter health care cost growth target programs, which are designed to create a pathway for health care affordability by creating an annual statewide goal for health care spending growth called a target or benchmark. With this information, everyone in the state can work together to create data-driven solutions to promote affordability.

For nearly four years, the Peterson-Milbank Program for Sustainable Health Care Costs has been supporting pioneering states – Connecticut, New Jersey, Oregon, Rhode Island, and Washington – as they implement cost growth target programs, which serve as a vehicle to achieve more affordable health care. [*Making Health Care More Affordable: A Playbook for Implementing a State Cost Growth Target*](#) outlined the types of activities required for success:



Program planning, development & sustainability



Public-private stakeholder engagement



Establishing the target methodology & value



Measuring performance against the target



Understanding the drivers of cost growth



Accountability and action to slow cost growth

This series of state profiles shows how each state in the Peterson-Milbank program has approached one or two of these activities, underscoring that any state initiative must be customized to that state's needs and health policy environment. Read these snapshots for a look at how dedicated state officials and their health care stakeholders are taking on the seemingly intractable problem of health care costs by opening the black box of spending.

Connecticut

Designing a Holistic Health Care Reform Program

Connecticut's health care cost growth target initiative began with Governor Ned Lamont's January 2020 [executive order](#) stating that the rate of growth in health care costs was negatively impacting individuals, businesses, and the state budget and calling for annual cost growth targets. The program was codified into law in 2022.

"Starting with the executive order worked well and allowed us some flexibility that starting off in legislation might not have," says Deidre Gifford, MD, MPH, executive director of Connecticut's Office of Health Strategy, which is leading the work. "And I think it helped tailor the legislation."

Taking a Holistic Approach

Connecticut began by convening a technical advisory board to develop a methodology for setting an annual cost growth target for per-person health care spending. Members developed a formula combining 80% of the forecasted growth in median household income and 20% of the per capita potential gross state product, a forecast for statewide economic growth. While other states have put heavier weight on economic growth, Connecticut's formula prioritizes affordability for consumers.

Connecticut is complementing these efforts by seeking to increase spending on primary care to 10% of total health care expenditures by 2025. In 2021, spending on primary care was 5% of the state's total health care expenditures. The state is also rolling out new quality measures and benchmarks for all public and private payers.

To guide its work, the state convened a steering committee of technical experts, consumer advocates, health care provider groups, pharmaceutical companies, and insurers. Unlike boards in Washington and other states, neither the technical advisory board nor the steering committee vote or have other formal statutory power but instead make recommendations to state leaders.

Understanding Cost Drivers

Before gathering data on total health care spending, Connecticut leveraged its all-payer claims database to understand the historical factors driving health spending. A [Connecticut Office of Health Strategy report](#) published in 2021 found that medical spending for commercially insured adults increased 21% from 2015 to 2019 and consumers' out-of-pocket spending on deductibles, coinsurance, and copayments had increased even more, by 28%. (By comparison, annual rates of inflation ranged from less than 1% to just over 2% in those years.) The analysis pointed to particularly high spending growth for hospital services, with price increases – rather than greater use of services – driving costs.

IMPLEMENTATION ACTIVITY



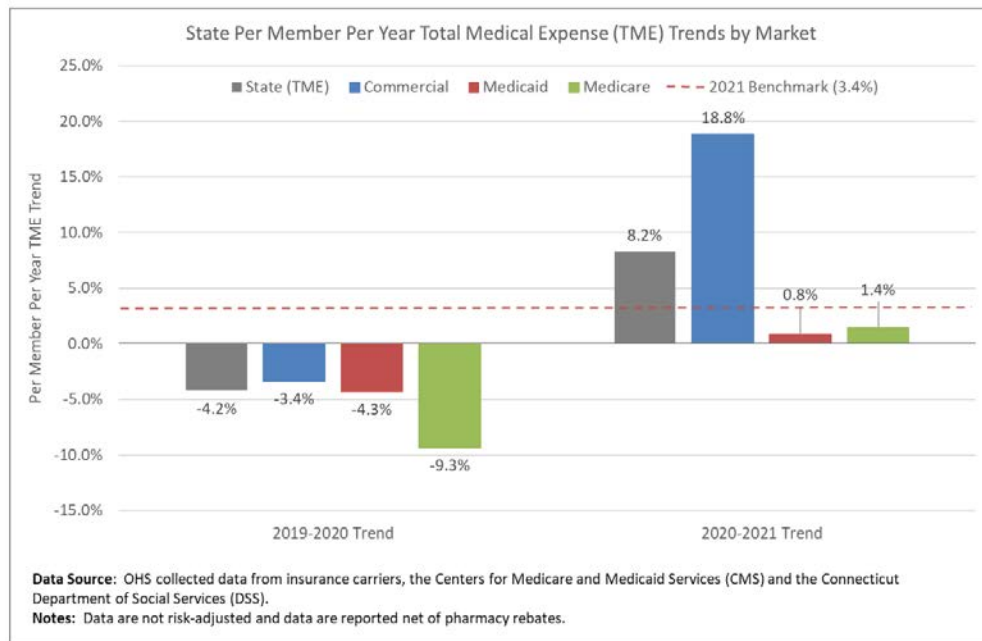
Understanding the Drivers of Cost Growth

Cost growth driver analyses provide the basis for identifying the greatest opportunities for mitigating cost growth and getting stakeholders to accept and promote these strategies.

Learn more in **MODULE 5** of [Making Health Care More Affordable: A Playbook for Implementing a State Cost Growth Target](#).

Then, in March 2023, the Office of Health Strategy published its first performance [report](#), which found that total health care spending had grown 6% from 2020 to 2021, exceeding the 3.4% benchmark. Spending on outpatient hospital services (e.g., infusions or imaging) was the most significant contributor to increases in the commercial market, increasing by 33.1% per person from 2020 to 2021.

Figure 5. State Per Member Per Year Total Medical Expense (TME) by Market



Source: Connecticut Office of Health Strategy. Healthcare cost growth benchmark and primary care spending target initiatives - 2020 and 2021 performance. <https://portal.ct.gov/-/media/OHS/Cost-Growth-Benchmark/2020-2021-Benchmark-Report/OHS-Cost-Growth-Benchmark-Final-Report-PY2020-and-PY2021-3-30-2023.pdf>. Published March 31, 2023. Accessed March 5, 2024.

At a public hearing in June 2023, Connecticut resident Margaret Lewis testified about filling a prescription to manage complications from a stroke and being faced with a bill of more than \$3,000 for a three-month supply of just one medication. “We have good insurance, but there’s a deductible for insurance coverage of our prescriptions,” Lewis says. “People should not have to decide between paying for their mortgage or paying for necessary medication..”

Moving toward Policy Solutions

“We understand why providers and insurers have questions about the data in this relatively new process, but we want to get past arguing about the data and into talking about policy solutions,” says Gifford, pointing to some initial efforts that may help.

For example, state [legislation](#) passed in 2022 targets some anti-competitive practices, while [legislation](#) passed in 2023 prohibits hospitals or health systems from collecting facility fees on certain outpatient health care services. There is more work to be done to address price growth, the primary driver of costs.

Gifford is also hopeful that, in the long term, the state will reduce overall health care spending through its efforts to strengthen primary care.

“It’s very true that all health care is local benchmark. You can read about what’s happening nationally with affordability. But when you put it in terms of ‘In our state, at these providers and facilities, these are the cost trends,’ it resonates with people and helps you craft policy solutions that are tailored to what your actual problem is.”

– Deidre Gifford,
Executive Director,
Connecticut Office
of Health Strategy

New Jersey

Creating a Blueprint for Health Care Affordability

In January 2021, New Jersey Governor Phil Murphy signed an [executive order](#) creating an Interagency Health Care Affordability Working Group, tasked with designing a health care cost growth benchmarking program. The group, led by the administration's Office of Health Care Affordability and Transparency and comprising department leaders from across the state, developed the Health Care Affordability, Responsibility, and Transparency (HART) Program, which sets targets for annual increases in health care spending and analyzes cost drivers.

The HART program development was informed by an advisory group of health care providers, health insurers, policy experts, labor leaders, employers, and consumer advocates, the majority of whom signed a voluntary [compact](#) committing to work together to try to make health care more affordable. The program complements other state efforts, including recent legislation that caps out-of-pocket costs for insulin, EpiPens, and asthma inhalers for some eligible residents and places greater oversight on pharmacy benefit managers by requiring them to use rebates to lower premiums and out-of-pocket costs for consumers.

"The out-of-pocket issues are big," says Maura Collinsgru, director of policy and advocacy for [New Jersey Citizen Action](#), a coalition and grassroots membership organization that advocates for social, economic, and racial justice, and one of the members of the HART advisory group. "Many people face huge deductibles, so they put off seeking care and then they end up having a much bigger problem that costs much more money for them and the system."

Commemorating Discussions

In March 2022, the state published a [blueprint](#) that lays out the "why, what, when, how, and who" of the HART program, commemorating the months of work it took to get there. "It was really important to be able to document the process, the decisions, and the discussion, so that we could share with interested parties and say, 'Right, this is what we agreed to do,'" says Shabnam Salih, MPA, chair of the interagency working group and director of the Governor's Office of Health Care Affordability and Transparency.

Setting a Benchmark for Cost Growth

To develop the benchmark for cost growth, participants developed a set of criteria to ensure the target would

- be predictable over time,
- be based on objective data sources,
- take into account the real-world incomes of New Jersey residents, and
- effectively reduce spending over time.

IMPLEMENTATION ACTIVITY



Establishing the Target Methodology & Value

The methodology used to determine the target value is critical in helping stakeholders, including the public, understand the policy and reasoning behind the target. For the most part, states have tied their targets to measures like state economic growth or household income growth. These targets help limit cost increases to what households and the economy can support over the long term. Learn more in [MODULE 4 of Making Health Care More Affordable: A Playbook for Implementing a Health Care Cost Growth Target.](#)

These criteria led the state to a methodology combining 75% of projected median household income and 25% of potential gross state product, or the expected growth rate of New Jersey’s economy. With the recognition that the historical and projected rate of growth is unsustainable, the goal was to establish and work toward a more reasonable rate of growth that is aligned to growth in the economy and in families’ incomes, according to Salih.

This approach translated to an initial target of 3.5%. The program has established an independent expert panel of neutral parties, including health and labor economists, who will regularly advise on broader economic forces to be monitored and considered as appropriate.

New Jersey’s Health Care Cost Growth Benchmarks

2022	Transition year – reporting but no benchmark
2023	3.5%
2024	3.2%
2025	3.0%
2026	2.8%
2027	2.8%

Getting a State-Specific View

New Jersey is in the process of aggregating data on total health care spending for the pre-benchmark baseline year, taking into account three main categories: (1) payment for medical services and pharmaceuticals as well as for incentives and other value-based payments to providers, (2) patient cost-sharing such as copayments and deductibles, and (3) the cost of private health insurance.

The HART program also began analyzing data to identify cost drivers, a more labor-intensive process than in other states that have all-payer claims databases. The first report, expected in the spring of 2024, will outline spending trends across the state and identify variation by geography, service category, and patient demographics. It will also report statewide performance related to measures of health care quality, access, affordability, and equity.

“It will be really important to have this state-specific data. We haven’t had this before.” – Shabnam Salih, MPA, Director, New Jersey Governor’s Office of Health Care Affordability and Transparency

Oregon

Building Support and Moving Toward Actions to Increase Affordability

Oregon's [Sustainable Health Care Cost Growth Target Program](#), established by the state legislature in 2019, resulted from extended conversations among health care providers, insurers, employers, and legislators about how to tamp down rising health care spending.

Two years earlier, a legislative task force had convened to examine Maryland's [global hospital budgets](#). Participants decided that they needed to focus on more than just fee-for-service hospital payments, eventually landing on the notion of accountability for total health spending, following the example of Massachusetts and other early states. "There was a lot of messaging in that time period about squeezing the balloon: you can't just address health care prices, you can't just address utilization," says Sarah Bartelmann, MPH, the cost growth target and health care market oversight program manager at the Oregon Health Authority.

"The idea of health care spending as a shared responsibility had a lot of buy-in." – Sarah Bartelmann, MPH, Cost Growth Target and Health Care Market Oversight Program Manager, Oregon Health Authority

Engaging Consumers and Employers

Oregon's leaders have drawn on hearings, committee meetings, webinars, and comments posted on social media or sent by email to hear from members of the public about how health care costs were affecting them. The Oregon Health Authority received [100 comments](#) from members of the public, including families, retirees, health care professionals, businesspeople, and others. People shared concerns about rising health care costs and the difficulties they face accessing care.

At a public hearing in September 2023, the AARP shared results of a [survey](#) of Oregonians age 45 and older in which 91% of respondents said being able to afford health care expenses was extremely or very important, up from 78% in 2020. Sarah Duckwall, project and communications director for Duckwall Fruit, a 104-year-old family business in Hood River that packages and ships pears around the world, shared challenges her company faced in [providing health insurance](#) for its 63 full-time employees, one of whom had just gone through a heart transplant. "We understand how important insurance is to our employees and we want to do our best to ensure quality coverage is available," Duckwall said. "However, with untenable cost increases it is getting harder to carry the burden on employers' back."

IMPLEMENTATION ACTIVITIES



Public-Private Stakeholder Engagement

The factors driving health care cost growth are complex, and the impact of the target on affordability will occur over the long term, so explaining the benefits and progress of the target program requires clear and ongoing communications. Likewise, earning and maintaining stakeholder buy-in amid inevitable changes in state administrations, the economy, and other circumstances demands consistent engagement. Learn more in **MODULE 2** of [Making Health Affordable: A Playbook for Implementing a Cost Growth Target](#).



Accountability & Action to Slow Cost Growth

Setting a target, in and of itself, is not sufficient to slow cost growth. States and their partnering stakeholders need to take individual or collective action to implement strategies to slow cost growth and enable the state to meet the target. Learn more in **MODULE 6** of [Making Health Care Affordable: A Playbook for Implementing a Cost Growth Target](#).

Leveraging Accountability Tools

Along with Massachusetts and California, Oregon is using more than just public reporting to encourage insurers and provider organizations to hold down costs. The [2019 legislation](#) launching the health care cost control program specified the state could institute performance improvement plans (PIPs) and other levers, with the goal of having various options available.

“Legislators were concerned that if we only have one tool in the toolbox, we’ll be afraid to use it.” – Sarah Bartelmann

PIPs are collaborative processes in which health plans or provider organizations with unjustifiably high cost growth take responsibility for identifying ways to reduce their spending. According to Oregon’s [draft guidelines for PIPs](#), insurers or providers organizations that undertake improvement plans will be required to state their goals for reducing spending or spending growth and strategies for achieving them, as well as how they will measure progress. “It is about continuous quality improvement; it’s not a punishment,” says Bartelmann. “It is your opportunity to get technical assistance, to have really focused efforts on your cost drivers.” In January 2023, the state agreed to delay implementation of these plans by one year, given payer and provider organizations’ concerns that the high costs of health care labor and other inflationary pressures would make it more difficult to meet the target.

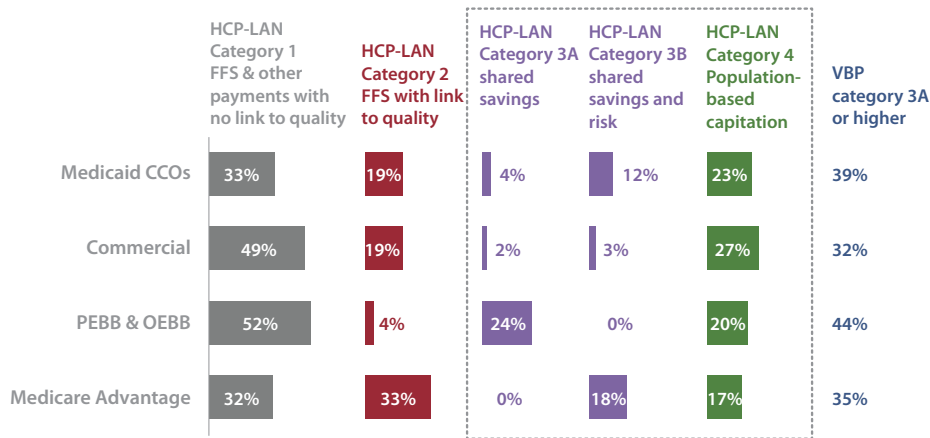
Oregon’s cost growth target implementation committee is also [discussing financial penalties](#), which would vary based on the amount by which the entity exceeds the target, the entity’s size, and its willingness to work with the state to reduce health care spending. Penalties would only be used if a health plan or provider organization exceeds the target for multiple years without good reason, taking into account statistical certainty, the entity’s solvency, and any other penalties it may face.

Promoting Value-Based Payment

Oregon is also encouraging more payers and providers to adopt value-based payment approaches. In 2021, it created a [Value-Based Payment Compact](#), a voluntary commitment to participate in and spread advanced value-based payment models, with the goal of having 70% of health care spending under some form of value-based contract by 2025. As of September 2023, 48 insurers or provider groups had signed on to the voluntary agreement, representing nearly three-quarters of Oregon residents.

The effort builds on long-standing payment reforms in Oregon, including [Comprehensive Primary Care Plus](#), but it is encountering challenges, according to Bartelmann. Several providers have noted significant challenges in adopting value-based approaches, including the variety of existing models and lack of data infrastructure, while others have said they’re unwilling to take on financial risk. To try to overcome some of these barriers, the state created a [toolkit](#) and is offering technical assistance to participants.

Oregon's Health Care Payment Arrangements in 2021



Note: The percent of payments for Medicaid CCOs in the payment categories may not sum to one hundred percent due to differences between the APAC Payment Arrangement File data and audited financial data

Abbrev.: HCP-LAN=Health Care Payment Learning & Action Network; CCO=coordinated care organization; PEBB=Public Employees Benefit Board; OEGB=Oregon Educators Benefit Board.

Source: Oregon Value-Based Payment Compact Annual Progress Report. Oregon Health Authority and Oregon Health Leadership Council. <https://orhealthleadershipcouncil.org/wp-content/uploads/2023/08/VBP-Compact-2023-Annual-Report-FINAL-revised.pdf>. Published August 2023. Accessed March 5, 2024.

Finding Synergies and Building Momentum

Oregon's sustainable health care cost growth target program is complemented by other state reform efforts, including one focused on [health care market oversight](#). Some research has found that [consolidation in health care](#) markets leads to higher prices without improving health outcomes. [Legislation passed in 2021](#) directs the Oregon Health Authority to review proposed mergers, acquisitions, and other business deals to assess how they affect the state's goals of advancing health care quality, equity, access, and affordability. The authority can approve, approve with conditions, or disapprove proposed transactions; as of November 2023, it has approved five transactions without conditions and four with conditions.

Bartelmann suggests that other states considering cost growth target initiatives should build on related work to find synergies and create momentum.

Rhode Island

Measuring and Publishing Statewide Spending Performance

For over a decade, Rhode Island has been a leader in promoting health care affordability through value-based contracts, affordability standards, and insurance rate review policies.

In 2018, the state launched the [Health Care Cost Trends Collaborative Project](#) to spur public-private engagement and a collective approach on affordability. The project convened a steering committee of health care providers, employers, consumer representatives, and insurers to set a target for annual growth in per capita health care spending. Members of the committee then signed a voluntary compact agreeing on the target – an annual growth rate of 3.2% for 2019–2022, which is in line with the projected growth of Rhode Island’s potential gross state product – and pledging to take steps to meet it. This work was codified by executive order.

“Having this global target for health care cost growth has given us unifying logic to our health reform efforts. It’s helped people in the health care industry and those in government understand how all the pieces fit together.” – Cory King, MPP, Health Insurance Commissioner

Measuring Performance Against a Cost Growth Target

Among the five states that [reported cost trends for 2021](#), Rhode Island was the only one to meet its statewide target. Spending in the commercial market increased by 9.7% – the lowest rate of increase among the five states. Spending in the Medicare market also increased (by 8%), but decreased Medicaid spending pulled down the statewide average.

While spending on outpatient hospital services (such as colonoscopies, imaging, and other diagnostic services as well as other preventive, rehabilitative, and curative treatments) went up by 10% in Rhode Island, that rate of increase was less than in three other states (Connecticut, Delaware, and Massachusetts) and on par with Oregon. King attributes this, in part, to Rhode Island’s cap on hospital price growth. For commercial insurers, the state limits increases in prices for hospital services to the Medicare price index plus one percentage point.

IMPLEMENTATION ACTIVITY



Measuring Performance Against the Target

Once the target is set, states need to measure the change in annual health care spending against the target. This is done using aggregate claims and non-claims spending data collected from payers. Learn more in **MODULE 4** of [Making Health Care Affordable: A Playbook for Implementing a Cost Growth Target](#).

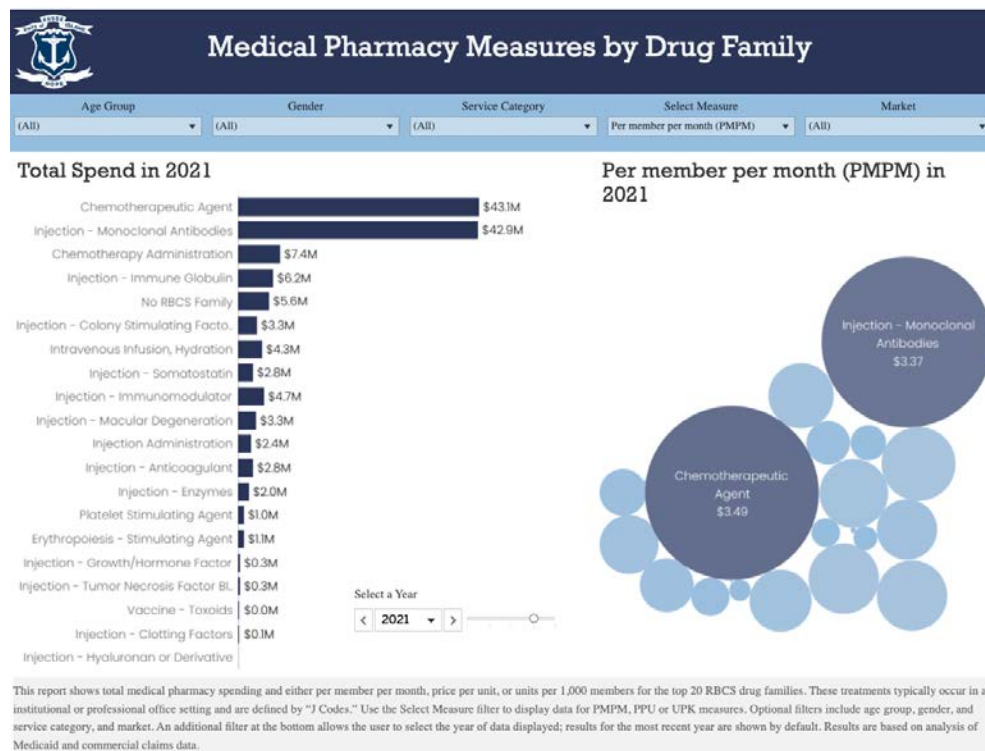
The Rhode Island Office of the Health Insurance Commissioner (OHIC) shared the findings in a [public forum](#) on May 8, 2023. The forum also included an introduction to the state’s dashboard (the OHIC Data Hub), a review of pharmacy spending growth, and a discussion with state stakeholders on current and planned efforts to address rising health spending.

Drilling Down into the Cost Drivers

To shed light on what’s driving health care costs, OHIC partnered with researchers to build its [data hub](#). The hub uses data from the state’s all-payer claims database to enable more detailed analyses on cost and use trends than are possible with the aggregated data submitted by payers for the cost target analysis.

“Before, when health care costs went up every year – more than inflation or economic growth – we didn’t have the data to understand what was happening at a granular level,” says King. “Now we have the capacity to do the kind of storytelling you need to for journalists, legislators, and the general public to build awareness of high and rising costs and create a sense that these are problems that are worth solving.”

For example, the data hub illustrates the high and growing costs for brand-name drugs. Some states have proposed legislation to tackle this issue, for example a policy that would set reference pricing for high-cost drugs and fine insurers that pay more than the reference price. Another proposal would levy a tax on revenues for which prices rise beyond the rate of inflation. King would like to see a multistate coalition formed to assess these and other strategies and develop shared approaches that could give individual states greater leverage to control drug prices.



Source: OHIC Data Hub. <https://ohic.ri.gov/data-reports/ohic-data-hub>. Accessed February 7, 2024.

Sam Salganik, executive director of the Rhode Island Parent Information Network, a nonprofit that leverages peer networks to help parents navigate social and health services for kids with disabilities, is a member of the cost trends steering committee. As members delve further into data, he wants to make sure they can identify whether spending increases are driven by higher use or higher unit prices. “A great deal of research indicates that unit prices are at least as important to the cost puzzle as is utilization,” he says. “And the systemic interventions that might impact unit prices are very different than those focused on utilization.”

Salganik also wants to make sure people are focused on efforts not just to control costs but also to improve quality and outcomes. The latest version of the voluntary compact now includes public health and equity measures to be tracked alongside cost targets.

“We still have a lot of work to do to bring down health care costs. But through this process we’ve developed enough trust to have good-faith discussions and debates and try to get work done together.”

– Cory King, MPP, Cap Health Insurance Commissioner

Washington State

Creating a Health Care Cost Transparency Board to Steward Its Affordability Initiative

In 2020, Washington State passed legislation launching the [Health Care Cost Transparency Board](#), tasked with determining the state's total health care expenditures, setting a per capita cost growth target, and reporting annually about cost drivers and ways to rein them in. The board was the brainchild of two longtime state leaders who had trained as nurses and had reputations for getting things done. Eileen Cody, RN, often focused on unsustainable health care costs during her 28 years in the state legislature, and Sue Birch, MBA, BSN, RN, directs the Health Care Authority, overseeing Medicaid, public employees, and the community behavioral health system.

Cody, Birch, and other leaders were inspired by Massachusetts' [success in holding down health care cost increases](#). But they went about the cost control work in their own way, convening health care providers, insurers, consumer advocates, and others to work together. "Washington is a state that prides itself on citizen engagement, inclusivity, and stakeholder input," says Birch. "Having the board gives us a neutral body that reports out to the legislature and is not seen as something that would be fleeting with one governor."

California and Massachusetts have also set up formal governing boards to lead their health care cost control work.

Developing a Shared Understanding

Nine of the 14 members of Washington's Health Care Cost Transparency Board are consumer, business, or labor representatives appointed by the governor; the other five are the state insurance commissioner, the Health Care Authority administrator (Birch), the director of the Department of Labor and Industries, the CEO of the Health Benefit Exchange, and a representative of a local government that purchases health care.

It's been particularly helpful to have large employers on the board, according to Birch. "They are keenly interested in understanding why we have all this variation and what we can do to get costs down," says Birch. "They have had to become health policy experts with us on this journey."

Board members are advised by an advisory group of health care providers and insurance carriers, many of whom have been lobbying to adjust the cost growth target to account for rising wages for health care workers and other operational costs. Another advisory group consists of data experts offering technical support, while a third group is developing recommendations for how to meet the state's goal to devote 12% of total health expenditures to primary care.

IMPLEMENTATION ACTIVITY



Program Planning, Development & Sustainability

States interested in establishing targets need to engage in planning in advance of program authorization to facilitate support among a wide array of stakeholders and pave the way for statutory codification to ensure continued success of the program. This process includes obtaining the necessary authority to establish the program, identifying a governance structure, and ensuring program sustainability. Learn more in [MODULE 1 of Making Health Care More Affordable: A Playbook for Implementing a Cost Growth Target](#).

In August 2023, Washington's Health Care Cost Transparency Board [reported](#) on the drivers of health care costs from 2017 through 2021. It found that:

- total expenditures showed high growth in all markets except Medicaid fee-for-service,
- the highest spending category was for inpatient services,
- spending on outpatient services grew, driven by increases in utilization rather than price increases, and
- prices for prescription drugs increased by 25%.

Moving toward Accountability

In 2020, Emily Brice, JD, who worked in Massachusetts' health insurance marketplace, where she had a front-row seat to that state's health care cost control efforts, moved back to Washington to take a job at Northwest Health Law Advocates, a consumer advocacy nonprofit.

Brice felt that consumers didn't really understand the potential of the Health Care Cost Transparency Board. "Folks didn't know what it was and perhaps thought of it as a sleepy program focused on transparency, which doesn't ring many bells from a consumer perspective," Brice says. She and others brought consumers, employers, and labor representatives into the [Fair Health Prices Washington](#) coalition and enlisted members of this and other groups to testify at public meetings.

Last year, they partnered with legislators to introduce a [bill](#) that would expand the board's scope. The bill – which passed in the House but stalled in the Senate – would direct the state to conduct an annual survey to understand how many residents are underinsured. It would also modify the stakeholder advisory committee, adding consumers and other stakeholders to the group of health care providers and carriers to round out the discussions.

The bill, reintroduced this session, would also authorize the Health Care Cost Transparency Board to require performance improvement plans and, if needed, impose fines on health care providers or insurers that have persistently high spending, as has been done in California, Massachusetts, and Oregon. Performance improvement plans are collaborative processes in which providers or payers are responsible for finding ways to reduce spending.

In addition to these accountability mechanisms, Birch says other state policies could tamp down health care expenditures. One example is the state's new [public option plan](#), which has already helped hold down premiums in the individual insurance market. Enrollment so far in 2024 has increased substantially from 2023, with more returning and first-time customers. The state is also working through Medicaid (through a newly approved waiver) to provide social supports, which could pay long-term dividends in terms of better health. "As we dive more into housing, employment, and other health-related social need programs, I hope we gain a sense of ... the appropriate amount of spending ... on that social side to reap gains in health," says Birch.

Keeping the Transformation and Momentum Going

Mich'l Needham, MPA, chief policy officer for the Health Care Authority, says communication will be key to keep the efforts moving. "We need to show how high health care costs are affecting consumers and identify additional policy solutions that can help contain costs," she says.

"States have to simplify and keep the momentum going. There's a huge amount of resistance; many people don't want to look at any of this. But we hear from families all the time who've skipped services or gone without care. That is simply not okay. As a state committed to coverage and access, we simply have to drive toward greater value." – Sue Birch, MBA, BSN, RN, Director, Washington State Health Care Authority

About the Author

Martha Hostetter recently joined the Harvard Business School (HBS) as a senior researcher in the Mid-US Research Center. Prior to joining HBS, she led Pear Tree Communications, producing case studies, policy briefs, and white papers for health care organizations, think tanks, and philanthropies. Martha holds a BA from the University of Pennsylvania and an MFA from Yale University.



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The Peterson Center on Healthcare is a non-profit organization dedicated to making higher quality, more affordable healthcare a reality for all Americans. The organization is working to transform U.S. healthcare into a high-performance system by finding innovative solutions that improve quality and lower costs, and accelerating their adoption on a national scale. Established by the Peter G. Peterson Foundation, the Center collaborates with stakeholders across the healthcare system and engages in grant-making, partnerships, and research. For more information, visit petersonhealthcare.org.

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About The Peterson-Milbank Program for Sustainable Health Care Costs

The Peterson-Milbank Program for Sustainable Health Care Costs supports state-led efforts to make health care more affordable for everyone. Starting with setting a target for reasonable cost increases, states across the country are collecting data on their annual health care spending and analyzing it to find the cost growth drivers. With this information, everyone in the state who has a stake in health care can work together to identify community-wide solutions to improve affordability. For more information, visit [The Peterson-Milbank Program for Sustainable Health Care Costs](#).