Health Care Affordability Advisory Task Force

June 24, 2026

Today's Objectives

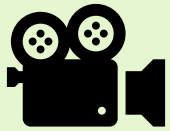
- Share feedback from the PPATF and consumer advocates on the priority topic areas
- Provide an opportunity for the task force to weigh in on the Center's plan to develop affordability goals
- Review results of the May post-meeting survey
- Discuss the priority topic areas and determine which have the most momentum

Today's Agenda

- Where We've Been and Where We're Going – **Co-Chairs/CHCA**
- Consumer Advocates Meeting Summary – **CHCA**
- Health Care Affordability Goals – ***Co-Chairs/CHCA***
- *Break*
- Recap and Reactions: Survey Summary and Provider and Payer Advisory Task Force Meeting - **Mathematica**
- Priority Topic Discussion – **Mathematica**
- Closing and Next Steps – **CHCA**

Housekeeping

- Slides will be available on the Center's website
- Bathrooms are outside the room at the end of the hallway
- Please remain on mute when not speaking
- Tech problems? Please try logging back in, or email Health.Affordability@state.mn.us.



This meeting is being recorded.

Closed captioning is available.

Where We've Been and Where We're Going

Alex Caldwell | Director, Center for Health Care Affordability

The Task Forces' Work to Date

	Sep – Dec 2025	Jan –Mar 2026	Apr – May 2026	June 2026
HCAATF	**September through December:** Grounding, principles, & high-level areas of interest	**February:** Brainstorming ideas (non-value-added spending and high & variable prices)	**April & May**: Refining priorities	**June**: Recommend initial priority topics
PPATF		**January:** Grounding & principles, areas of opportunity **March:** Value-based payment and insurance design		**June**: Perspective on HCAATF emerging priorities

What's Next

1. HCAATF co-chairs will summarize HCAATF recommended priority topics for research and policy development in writing to MDH, **to be submitted by early July**

2. The task forces will convene in a joint meeting to discuss **moving forward on priority topics** and the **long-term vision for the Center for Health Care Affordability**

Group Discussion

- What questions do you have, if any, about the work of the two task forces and the process to date?
- Do you have any questions about the process moving forward?

Consumer Advocates Meeting Summary

Alex Caldwell | Director, Center for Health Care Affordability

Community Conversation with Advocates Recap

HCAATF priority topic areas as presented to the group:

- Provider prices and price growth
- Concentrated health care markets
- Pharmacy benefit managers (PBMs)
- Private equity ownership in health care
- Health insurance affordability

Key discussion themes:

- The priority areas identified by HCAATF are connected and cannot be addressed in isolation from each other
  - Provider prices and price growth were a particular focus of concern
- Several of the topic areas were considered part of a broader trend toward “corporatization” of health care
- Strong interest in structural action such as market oversight and price regulation
- Concerns and questions about data availability to address market consolidation and private equity ownership
- Administrative costs associated with a multi-payer system were identified as another opportunity

Quotes from the Community Conversation on 5/20

- "All **these priorities are interconnected** and self reinforcing..."
- "I think of private equity and consolidation as a broader pattern of **corporatization**."
- "I'm grateful we've been brought into the conversation. I think providers are currently underutilized in the crafting and implementation of solutions."
- "Agree that **administrative costs are** a huge problem. Direct price regulation and prohibiting conflicted business models (e.g., insurer-, PBM, and private equity-ownership or control of health care providers) and practices (e.g. prior auth) would help eliminate administrative cost drivers."

Group Discussion: Consumer Advocates Meeting

- What are your reactions to the feedback from the consumer advocates?

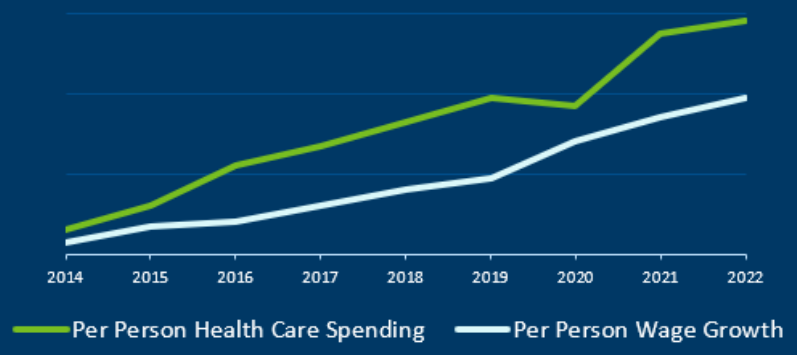
Health Care Affordability Goals

Alex Caldwell| Director, Center for Health Care Affordability

Our North Stars

Minnesota's health care spending will **grow at a slower, more sustainable rate**

Right now, healthcare spending is growing faster than wages, making it harder for Minnesotans to afford the care they need.



Fewer Minnesotans will report **foregoing or delaying needed care due to cost**

Today, almost a quarter of Minnesotans report skipping treatment and medications because they can't afford it.

1 in 4

Minnesotans skip treatment + medication due to cost

Defining Affordability Goals

- Total health care spending benchmarks
  - **Example**: Set a goal for how much total health care spending in Minnesota should grow each year
- Affordability for households
  - **Example**: Determine how much of a Minnesotan's household budget should reasonably go toward health care expenses

Overview: Total Health Care Spending Benchmarks

- States with affordability benchmarks use them to define a shared goal for health care spending growth
- Benchmarks are usually measured as total health care spending per person per year
- Many states with benchmarks tie them to broader economic measures, such as income, wages, or state economic growth
- **A benchmark is not a spending cap.** It is a tool to measure trends, support public reporting, and inform future policy decisions
- Some states layer on additional benchmarks for primary care spending, behavioral health investment, or alternative payment model adoption

Total Health Care Spending Benchmarks: State Examples

- **8** states have implemented a type of affordability benchmark called a cost growth target program including: California, Connecticut, Delaware, Massachusetts, New Jersey, Oregon, Rhode Island, and Washington
- States generally use a public process to:
  - Set the benchmark
  - Define what spending is included
  - Identify who reports data
  - Decide how results will be shared publicly
- Some programs were created through statute; others began through executive or administrative action

How Benchmarks Can Be Used

- **Transparency**: Publicly report whether spending growth is above or below the benchmark
- **Analysis**: Identify what is driving spending growth, such as prices, utilization, pharmacy costs, or service mix
- **Oversight**: Inform rate review, market oversight, or other regulatory processes
- **Policy planning**: Use findings to prioritize future affordability strategies
- **Accountability**: Ask entities with high spending growth to explain drivers or develop performance improvement plans

Overview: Affordability for Households

- Cost growth benchmarks measure whether total health care spending is growing too quickly
- Household affordability measures whether people can afford health care costs today
- States define household affordability in different ways, often using:
  - Premiums
  - Out-of-pocket costs
  - Household income
  - Basic living expenses
- These measures can help show whether health care costs are manageable for families, not just whether system spending is slowing

Affordability Thresholds for Households: State Examples

Connecticut

Defines health care costs as unaffordable if they exceed about **7% to 11% of a household's budget**

- Uses the Connecticut Healthcare Affordability Index
- Includes premiums and out-of-pocket costs
- Varies by household size and composition

Vermont

Uses multiple affordability thresholds:

- Premiums: employee-only premiums are unaffordable if they exceed **9.02% of household income**
- Cost sharing: unaffordable if expected cost sharing exceeds **10% of household income**
- For households below 200% FPL, cost sharing threshold is **5% of household income**

Massachusetts

Uses a **"high burden"** measure for determining family health care cost burden

- Families are considered high burden if total health care spending exceeds **25%** of total compensation
- Includes premiums, out-of-pocket costs, and over-the-counter health care spending

Reference: Millbank.org

Future Work

- Additional research into how other states have designed affordability benchmarks or goals
- What data infrastructure is needed to support ongoing monitoring
- How Minnesota could use these affordability goals to inform future policy discussions

Group Discussion: Health Care Affordability Goals

- What role should this task force play in shaping the affordability goals?
- What value would affordability goals have for the task force's work?
- Does the current framing make sense?

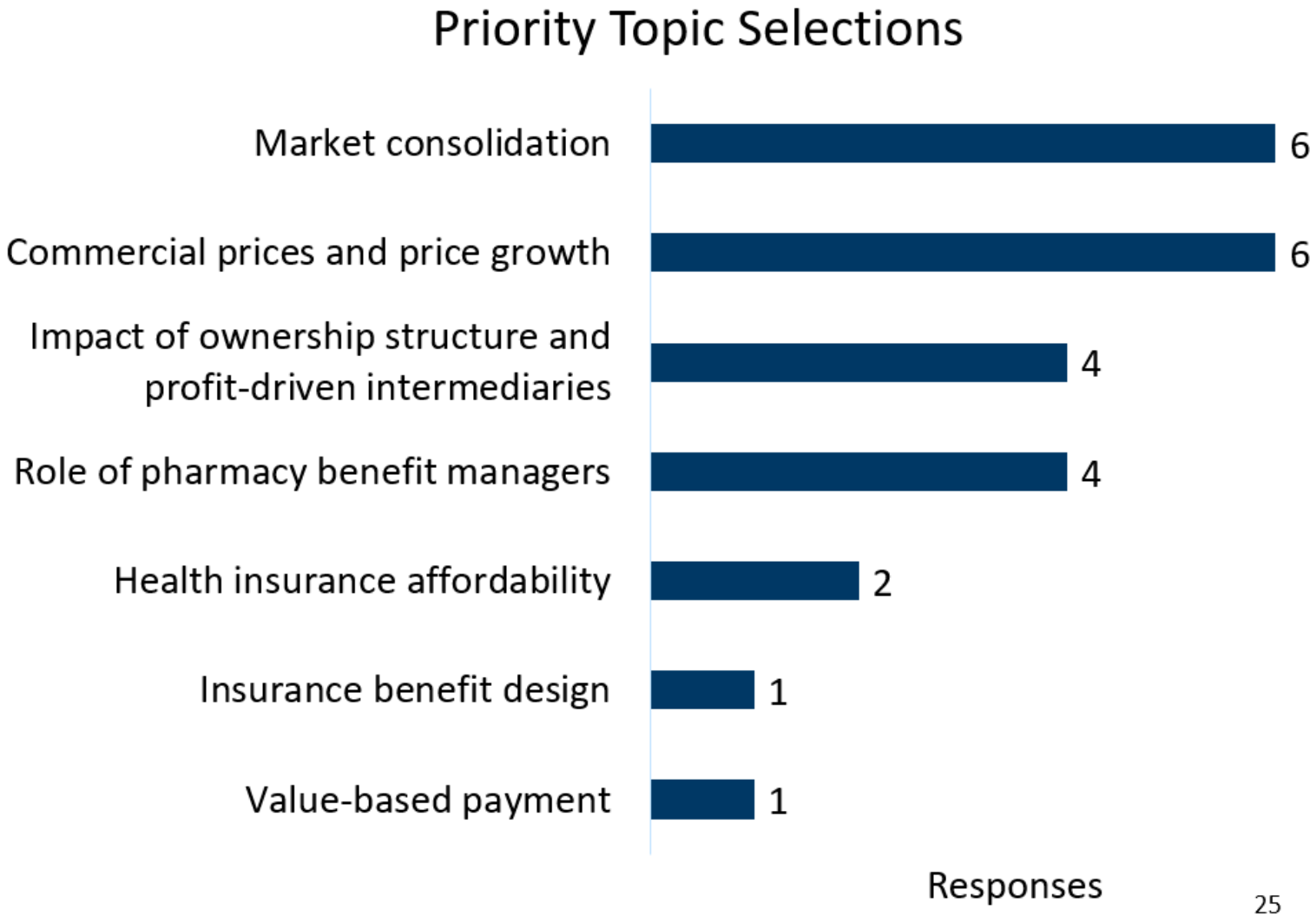
Break

Recap and Reactions: Survey Summary and Provider and Payer Advisory Task Force Meeting

Julie Sonier| Mathematica

Summary of Results

- **12 of 15** task force members responded to the survey
- **Market consolidation** and **commercial prices and price growth** emerged as the most selected priority topics



Suggested Edits to Priority Topic Descriptions

- **Impact of ownership structure and profit-driven intermediaries**
  - Recommendation to broaden the ownership transparency priority to any ownership structures that affect healthcare spending; not just "non-clinician"
- **Market consolidation**
  - In addition to mergers and acquisitions, one respondent suggested adding anti-competitive conduct as an area of additional research and exploration
- Include language that would incentivize self-funded employers to include the measures to improve affordability
- Consider combining insurance benefit design and value-based payment into one topic area that focuses on encouraging the use of high-value care/providers and discouraging the use of low-value care/providers

PPATF Meeting Recap: Overview

- Members agreed that the priority topics are **interconnected** and should be considered against both north stars: slower spending growth and fewer Minnesotans delaying or skipping care because of cost
- Across topics, members urged HCAATF to **examine root causes**, including financial pressures, payer mix, staffing and technology costs, regulatory incentives and barriers, administrative complexity, and affordability concerns for patients
- Members generally supported continued work on all the priority areas, but advised **prioritizing which to address first** based on data availability, topic complexity, and where the Center can add the most value

Cross-Cutting Advice

- Consider Minnesota context in making policy recommendations:
  - Where in the state is the issue occurring, who is affected, how quickly it is changing, and what data are missing?
- Segment analysis by geography, service line, market segment, ownership type, and payer mix rather than assuming one statewide policy will fit all settings
- Pair cost and spending analysis with consideration of access, quality, outcomes, patient experience, and provider financial stability
- Evaluate potential unintended consequences, including cost shifting, reduced access in rural areas, added administrative burden, and policies that discourage useful innovation

Group Discussion: Recap and Reactions

- Did anything surprise you about the results of the survey?
- Do you have any additional comments or questions concerning the survey?
- What are your reactions to the feedback from the PPATF?
- What, if anything, resonates with you?

Priority Topic Discussion

Julie Sonier| Mathematica

HCAATF Statement of Affordability Priorities

- The statement includes:
  1. A recommendation to develop a shared affordability goal for Minnesota
  2. Descriptions of the priority topics for future discussion; and
  3. Requests from MDH and the Center for support and analysis
- A finalized statement will be sent to the Commissioner of Health in **early July** prior to the joint task force meeting on **July 28th**

Goals for Today's Discussion On Selected Priority Topics

- Reflect on how the priority topics are framed and discussed in the Statement of Health Care Affordability Priorities
  - Identify what, if anything, needs to be clarified, defined, or altered in the priority topic descriptions to capture the intended scope of future research interests
- Identify potential gaps in the requested areas of support and analysis
- Consider which topic(s) to start with later in 2026

Priority Topic #1

- **High prices and price growth**: Assess the degree to which high prices for commercially insured patients contribute to high spending and spending growth. Develop and evaluate state policy options to reduce commercial prices and/or price growth to improve affordability, such as reference prices, all-payer pricing, market or service-specific price caps, price uniformity, and prospective price growth reviews.

PPATF Feedback: Priority Topic #1

- Members agreed that addressing commercial prices and price growth are central to improving affordability but cautioned that policy options should be evaluated against access, network adequacy, and provider financial stability
- Options such as reference pricing, all-payer pricing, price caps, price uniformity, and price growth reviews require careful analysis of likely effects
- Members noted that federal changes enacted through HR1 will increase financial pressure on providers, and especially those serving large numbers of Medicaid enrollees. They noted that lowering commercial reimbursement without understanding payer mix and cross-subsidization could affect provider financial sustainability, essential services, and rural access
- Consider whether avoided spending or savings could be redirected toward higher-value services, including primary care, prevention, chronic disease management, and coverage continuity

Priority Topic #1 Discussion

- What, if anything, needs to be clarified, defined, or altered in the description to capture the intended scope of this issue?
- Are there resources or perspectives that are missing from the request to MDH and the Center for support and analysis?

Priority Topic #2

- **Consolidated healthcare markets**: Develop deeper understanding of health care market consolidation, including mergers and acquisitions involving both Minnesota-based and out-of-state entities, and how it affects health care prices and spending, and identify policy options to reduce its impact

PPATF Feedback: Priority Topic #2

- Members viewed consolidation as a structural issue with mixed effects. It can raise prices or reduce competition, but may also preserve access, support technology to improve care, or keep services available in smaller communities
- Examine why consolidation occurs, including staffing costs, technology investments, administrative complexity, payer mix, revenue pressures, and access to capital
- Review existing legal and regulatory processes to identify gaps in how affordability, access, quality, rural viability, and post-transaction effects are considered
- Monitor post-merger outcomes, including whether prices rise, access improves or worsens, quality changes, and promised community benefits or service commitments are maintained

Priority Topic #2 Discussion

- What, if anything, needs to be clarified, defined, or altered in the description to capture the intended scope of this issue?
- Are there resources or perspectives that are missing from the request to MDH and the Center for support and analysis?

Priority Topic #3

- **Private equity ownership of healthcare entities:** Assess how ownership structures like private equity firms and other investor-owned, profit-driven intermediaries are affecting health care spending and consider options to reduce or prevent negative impacts on affordability

PPATF Feedback: Priority Topic #3

- Build an understanding of private equity and investor-owned influence in Minnesota health care, including gaps in transparency and reporting
- Define the issue by impact on value, not ownership label alone
  - Members noted possible benefits from investment, technology, and service preservation, as well as risks to staffing, patient care, and affordability
- Examine why ownership changes are happening, including financial pressure on independent practices and rural providers, technology and staffing costs, 340B incentives, and integration of profit-driven intermediaries to handle billing, claims, etc.

Priority Topic #3 Discussion

- What, if anything, needs to be clarified, defined, or altered in the description to capture the intended scope of this issue?
- Are there resources or perspectives that are missing from the request to MDH and the Center for support and analysis?

Priority Topic #4

- **Health insurance affordability**: Develop and assess options to improve affordability by strengthening Minnesota's insurance regulatory process, such as setting benchmarks for acceptable provider reimbursement growth, price variation for selected services, expectations for insurer contracting and payment strategies, and risk pool considerations

PPATF Feedback: Priority Topic #4

- Members emphasized the patient out of pocket spending, including premiums, deductibles, copays, facility fees, and whether cost causes people to delay or skip needed care
- Future analysis should examine insurance enrollment and affordability, drivers of premium increases, administrative costs on both payer and provider sides, and variation by health system and service line
- Members raised questions about how Medicaid, Medicare, Medicare Advantage, and commercial reimbursement affect provider finances differently, and how pressure in one market can affect another
- Tools such as cost growth benchmarks or expectations for insurer contracting need careful design to avoid cost shifting, access problems, or unintended effects on provider viability

Priority Topic #4 Discussion

- What, if anything, needs to be clarified, defined, or altered in the description to capture the intended scope of this issue?
- Are there resources or perspectives that are missing from the request to MDH and the Center for support and analysis?

Priority Topic #5

- **Pharmacy benefit managers (PBMs)**: Analyze PBM financial practices in Minnesota including rebates, spread pricing, administrative fees, and vertical integration. Identify policy options that could improve consumer affordability and transparency along with fair pricing for pharmacies.

PPATF Feedback: Priority Topic #5

- Members agreed that prescription drug costs and PBMs are important affordability issues, but emphasized that the topic is complex and may require additional subject matter expertise
- HCAATF should understand Minnesota-specific PBM rules, recent state and federal policy changes, the work of the Prescription Drug Affordability Board, and how PBM practices relate to drug prices and pharmacy reimbursement
- Concerns included unclear financial practices, rebates, spread pricing, administrative fees, vertical integration, pharmacy steering, delays in medication access, and limited price predictability for patients
- Members cautioned that PBMs should not be considered in isolation from the broader prescription drug system, including manufacturer prices, benefit design, pharmacy access, and market concentration

Priority Topic #5 Discussion

- What, if anything, needs to be clarified, defined, or altered in the description to capture the intended scope of this issue?
- Are there resources or perspectives that are missing from the request to MDH and the Center for support and analysis?

Looking Ahead

- **Insurance benefit design**: Explore and assess options for how insurance benefit design can improve affordability, by improving incentives to use high-value, lower-cost services
- **Value-based payment**: Assess barriers to adoption of value-based payment arrangements and identify strategies to address them

Focus in Future Months

- Given the feedback from the PPATF, the results of the survey, and the discussions about each priority topic, **where should this group focus its efforts in the coming months**?

Next Steps

What: Joint Task Force Meeting

When: July 28th, 9 am to 1 pm

Where: Wilder Foundation, Auditorium A

Thank You!

Center for Health Care Affordability

Health.Affordability@state.mn.us

References

- Flaherty, G., & Bailit, M. (2025, June 12). *Health care affordability: Definitions and options for states to track progress*. Milbank Memorial Fund. https://www.milbank.org/2025/06/health-care-affordability-definitions-and-options-for-states-to-track-progress/