Delivering the Promise of BIG Private Insurer Data for Consumer Info on Cost and Quality

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Health Care Cost Institute (HCCI)

- Non-profit - Incorporated as a 501(c)(3)
- Public mission - improving US health system by creating comprehensive data infrastructure and analytics
- Non-partisan - HCCI does not advocate policy
- Independent board comprised principally of academic health economists
- We hold roughly 9 billion claim lines, all with allowed amounts, for more than 50 million Americans, from 2007 onward – national repository for claims and other data

HCCI Public Reporting and Research

By Carolina-Nicole Herrera, Martin Gaynor, David Newman, Robert J. Town, and Stephen T. Parente

Growth Of Per Capita Employer-Sponsored Insurance Spending Slowed To Historically Low Levels, 2007–11

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ABSTRACT Little is known about the trends in health care spending for the 156 million Americans who are younger than age sixty-five and enrolled in employer-sponsored health insurance. Using a new source of health insurance claims data, we estimated per capita spending, utilization, and prices for this population between 2007 and 2011. During this period per capita spending on employer-sponsored insurance grew at historically low rates, but still faster than per capita national health expenditures. Total per capita spending for employer-sponsored insurance grew at an average annual rate of 4.9 percent, with prescription spending growing at 3.3 percent and medical spending growing at 5.3 percent. Out-of-pocket medical spending increased at an average annual rate of 8.0 percent, whereas out-of-pocket prescription drug spending growth was flat. Growth in the use of medical services and prescription drugs slowed. Medical price growth accelerated, and prescription price growth decelerated. As a result, changes in utilization contributed less than changes in price did to overall spending growth for employer-sponsored insurance.

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There are several trends driving data

ARRA funding for electronic medical records – we have data

Technology that allows for "big" data – we can deal with data

Emphasis on triple aim – there is a purpose

Changing benefit designs that shift burden to consumers – there is potential widespread demand

Interest in comparative and cost effectiveness – there is a potential return on investment

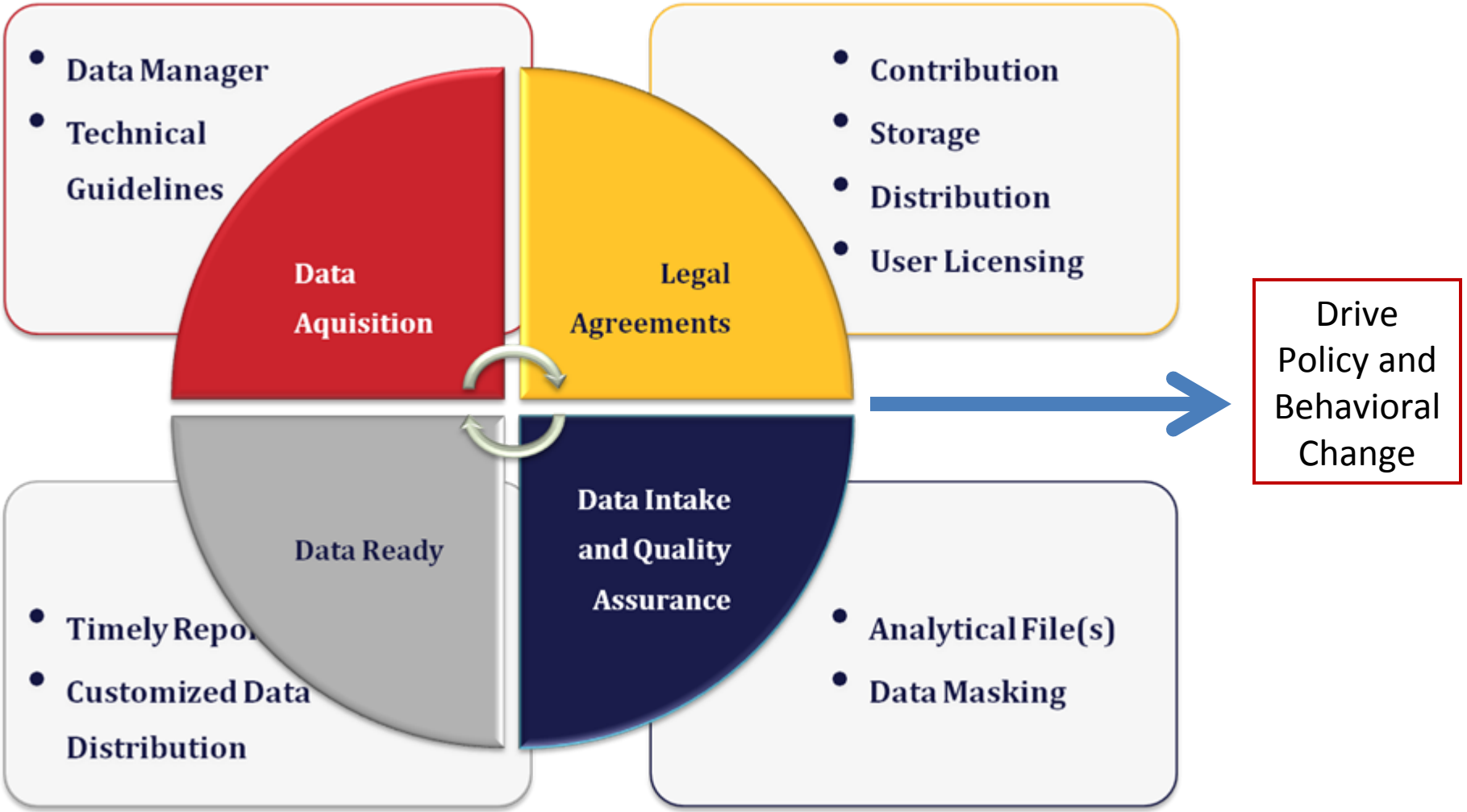
Demand for Data

HCCI studies have documented that consumers are shouldering an increased burden of health care costs – consumers want to know what it is going to cost.

The ACA does not eliminate the need for better pricing information - if you buy a plan on an exchange, your annual out-of-pocket costs can be as high as $6,350 for individuals; $12,700 for a family of two or more in 2014.

As costs continue to rise, purchasers want data on both cost and quality in order to acquire “value”. Hence, push by employers for data too.

The Technical and Policy Challenges



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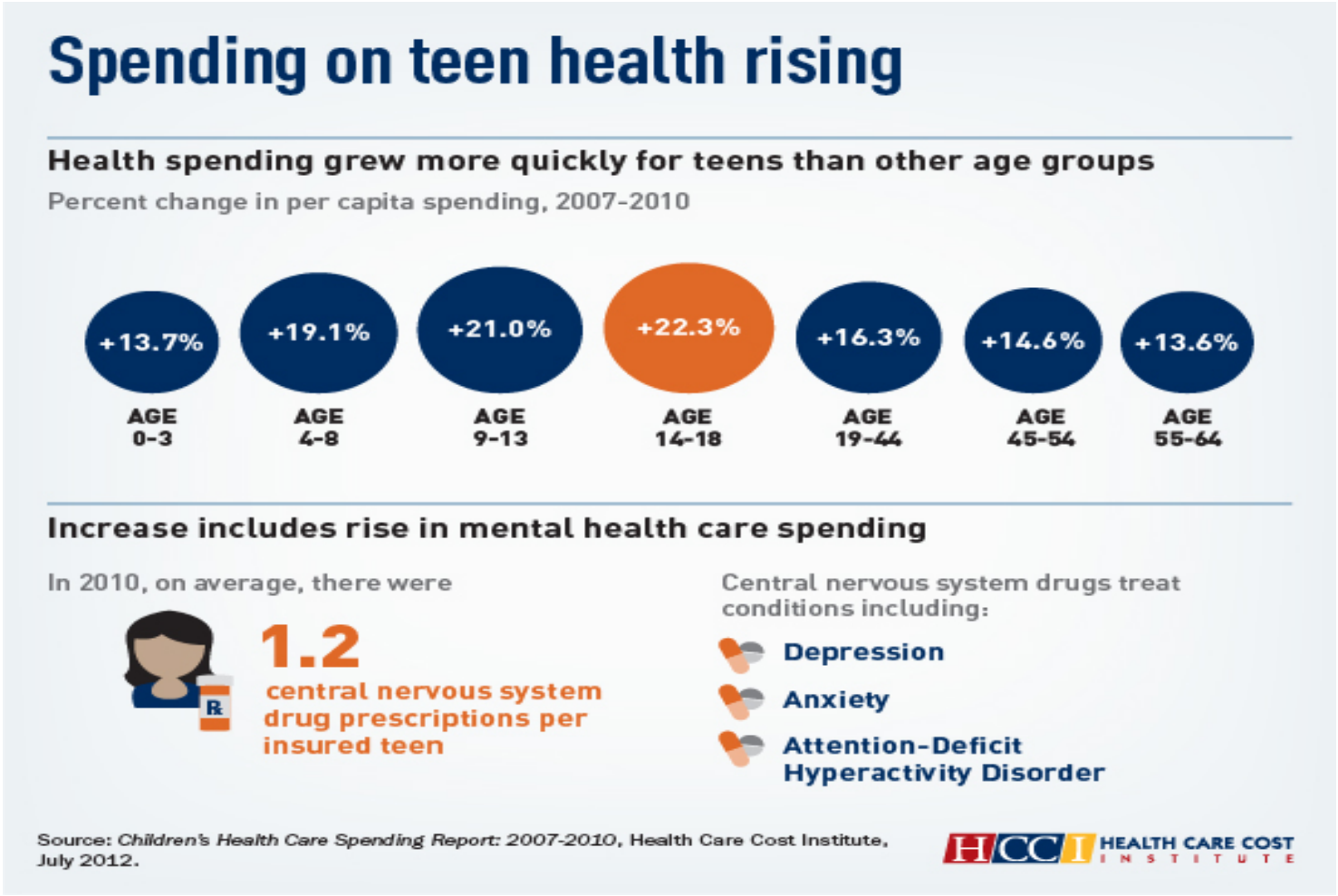
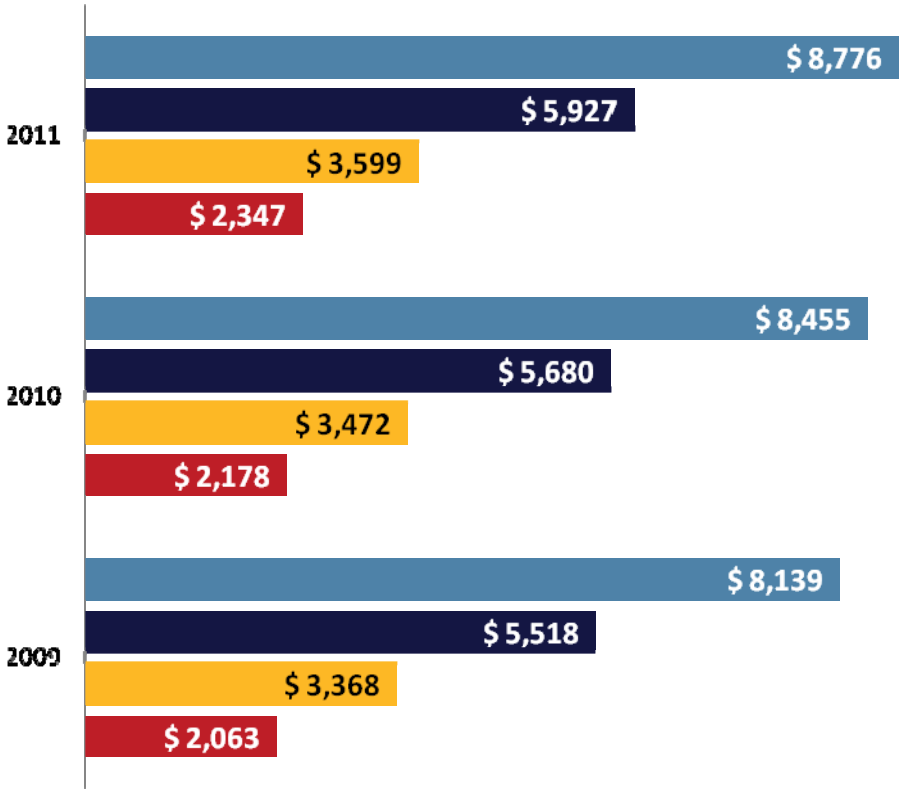
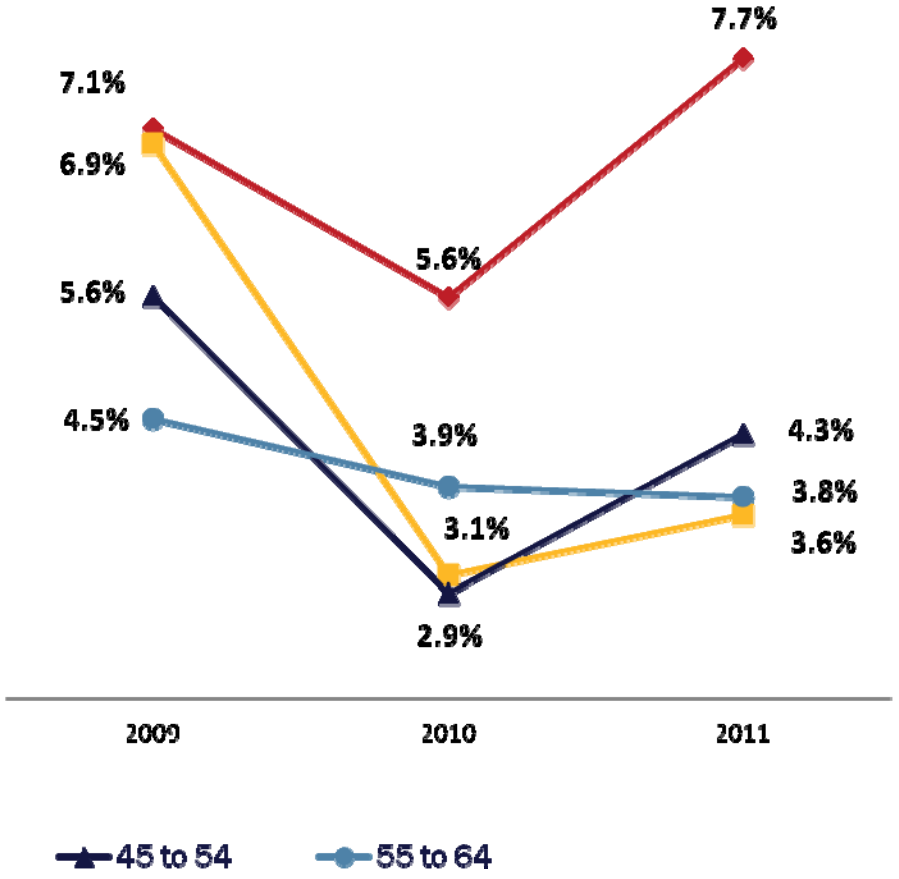
Information Needs to Be Actionable



Data and Analytics Can Tell Us Things We Did Not Know

Spending rose with age, but fastest for children





Note: All dollar amounts are per capita spending in current dollars.
Source: Health Care Cost Institute, (2012). *Health Care Cost and Utilization Report: 2011.*

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Lessons Learned from Building a Claims Field of Dreams -1

1. Assembling and analyzing data is not easy and not cheap
   a) there is a limit to the return on the data
   b) in order to maximize ROI, take advantage of economies of scale and scope; partner with other states and other stakeholders to bring down costs; align methods
2. Do not presume that if you build it, they will come; if you collect it, it can be used; if you analyze it, it will be useful; or that telling someone a result, will make it actionable. It ain't that easy. Driving behavioral change on the part of consumers, providers, and institutions requires more. This is the most difficult part.

Lessons Learned from Building a Claims Field of Dreams -2

3. Privacy and data protection is critical and it goes beyond legal requirements (which go beyond HIPAA)
   a) citizens are correctly concerned about what you are doing with their data
   b) perhaps more problematic is what licensees may be doing with their data
4. Data can inform decision-making and direct inquiry, however, it does not always provide clear guidance as to how to respond, particularly in complex systems:

a) HCCI has been finding high growth in ERs
b) HCCI has been finding high growth in kids spending
c) HCCI has been finding increased use of psychotropic drugs
d) Appropriate policy responses, if any, are not necessarily clear

Fortunately, We are Now Getting Support for Research to Find the Best Consumer Tools

- JUST ANNOUNCED two weeks ago: Robert Wood Johnson Foundation funding for developing claims data to create metrics for CONSUMERS to use to guide decisions.
  - Competitive price index
    - *'Do you have room to Bargain well in your Metro Area?'*
  - Medical Productivity / effectiveness index
    - *'Who Provides the Best Service for the Least Price?*
  - Market basket index
    - *'What's price range in my area for a new knee?'*

- JUST ANNOUNCED two weeks ago: Funding from the Commonwealth Foundation to license the data for additional studies focused on cost and quality.

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