

## SB 454/HB 2128 Improved Transparency in Healthcare Reporting

### Public Comments

National Association of Health Data Organizations (NAHDO)

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Thank you for this opportunity to speak today about the proposed provisions in legislation to establish a statewide All Payer Claims Database (APCDs). As the Executive Director of the National Association of Health Data Organizations (NAHDO) since 1999, I have the privilege of working with states and their private sector partners to implement and improve their health care data systems that support market and policy decisions. NAHDO is a national nonprofit association, established in 1986 by the Washington Business Group on Health and its mission is to improve state health care data systems and promote public availability of that data for multiple users and uses. As the former Director of the Utah Office of Health Data Analysis, I understand very well the challenges and benefits of establishing statewide health care data reporting. In my Utah position, I oversaw the implementation of Utah's hospital inpatient and Emergency Department data reporting systems, ambulatory surgery reporting, and Utah's HMO Performance Reporting System.

Today, 48 states have some form of statewide hospital inpatient reporting programs and a growing number of states are adding Emergency Department and Ambulatory Surgery reporting requirements. While these data provide useful information about hospital utilization and population health, their capacity to support health care reform decisions and support transparency initiatives is limited. States are seeking data that extends beyond the hospital setting to evaluate the financial aspects of health care delivery, understand and evaluate episodes of care, and guide plan benefit design and planning decisions. In Maine, Maryland, and New Hampshire, the APCDs were established in response to escalating health care costs and premiums. In Utah, the APCD will support that states' health care reform efforts.

*Understanding the true cost of health care is critical for reform to move forward. Without it, it will be difficult to hold all stakeholders, including consumers, accountable for better health outcomes and greater participation in health care decision-making".*

*Rep. David Litvack (D-Salt Lake), Member of the Utah Health Care Reform Task Force.*

### What is an All Payer Claims Database?

The APCDs collect detailed information from payers and are defined as follows:

Medical and pharmacy claims file submissions from insurance carriers, including Third Party Administrators and Pharmacy Benefit Managers, as well as public payers. The APCDs are composed of service-level remittance information containing member demographics, provider information, charge/payment information, and clinical diagnosis/procedure codes from all non-denied adjudicated claims for each billed service. These data are reported at the visit, service, or prescription-levels.

Medical Eligibility File is a data file composed of demographic information for each individual member eligible for medical, pharmacy, or dental insurance benefits for one or more days of coverage any time during the reporting month.

**States are at various stages of APCD system implementation**

Six states have solved the political and technical challenges related to statewide APCD reporting. Several models have been established, but Maine’s model has proven to be the most transferrable to other states and flexible for a wide range of public and private applications. Maine’s model is in place in VT, MN, NH, and VT and will be in place soon in UT and MN.

Existing APCD Systems	Early Implementation of APCDs	Actively Exploring APCD Feasibility
MD*, ME, NH, VT, MA, KS*	MN, UT, WI*	CA, CT, FL, HI, NY, OR, PA, RI, TN, WA, WV

\*models of APCD differ

NAHDO and the Regional All Payer Health Information Council (RAPHIC) actively respond to state inquiries and the transfer of technical solutions across states. In short, due to the lessons learned in these early states, later adopting states, like Oregon, benefit by leveraging a standard platform serving these six states, thus realizing reduced costs to both the state to implement, but also reducing the reporting burden for payers.

**Lessons Learned**

States vary in the scope of the data they initially collect. For example, states do not capture workers compensation and smaller insurers. Experience has proven that the value of a statewide APCD is not dependent on the complete universe of claims and several states are going back and expanding collection to include more services and/or payers. It is also important to note that all of the APCD states have statewide hospital inpatient reporting

systems and continue to rely on the facility databases for public health, research, and policy purposes. The APCDs do not replace facility reporting---the APCDs supplement these systems. The APCD states are using the claims data for a wide range of market and policy purposes, including consumer-oriented websites.

### **Strengths of APCDs**

The APCD data are the only feasible source of profession and ancillary claims data for the insured population in a state. Because they leverage existing connections and data flows between providers and payers, the payer reporting burden is reduced and standardized formats and codes used for billing are used. APCDs fill important data gaps in states:

- Charges, payments, and member liabilities
- Private insurance market information
- Inpatient, outpatient, pharmacy, physician dental information
- Episodes of care

### **Limitations of APCDs**

As with any data system, APCDs have limitations. The data are not a complete universe of the state's population and the following exclusions are common:

- Denied claims
- Uninsured
- Premium information
- Workers compensation
- Administrative and capitation fees
- Contractual adjustments
- Clinical information (e.g. lab results)
- Out-of-state residents
- Medicaid in some states with heavy MCO penetration

### **Example of APCD Uses by States**

- Assess physician services and reimbursement policies
- Per-capita expenditures and utilization for the insured
- Private payer rates for relative value units (RVUs)
- Payment for non-participating commercial providers
- Effectiveness/value of high-cost drugs

- Employers can evaluate total payments (facility/professional/co-pay)
- Provide web pricing tools for insured and uninsured
- Chronic disease prevalence by payer type
- Payment rate benchmarking by payer
- In-state patient migration patterns for outpatient care

## Resources

Regional All Payer Health Information Council (RAPHIC): [www.raphic.org](http://www.raphic.org)

National Association of Health Data Organizations (NAHDO): [www.nahdo.org](http://www.nahdo.org)

## About NAHDO

*The National Association of Health Data Organizations (NAHDO) is a national nonprofit association dedicated to improving the collection and dissemination of health care data and promoting the public availability of these data to improve health care cost, quality, and access.*