

Health Care Transparency and a New Era for Consumers in the US

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About HCCI

HCCI is a non-profit, independent, non-partisan research institute dedicated to promoting research and information on the drivers of health care costs and utilization

Founded in 2011 by Aetna, Humana, Kaiser Permanente, and United Healthcare – 4 of the largest commercial insurers in the US but independent of them

- **Research** - We currently hold claims, with allowed amounts, for more than 50 million Americans, from 2007 onward which we make available for academic, non-commercial research
- **Transparency** – Guroo.com is an independent, free, user-friendly source of price information for consumers of health care services based on billions of current claims
- **Support** from insurers and private foundations

Governing Board

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Nancy Powell Centennial Professor in
American Economic Principles in the
Department of Economics at the
University of Texas-Austin.

Jonathan Gruber, Ph.D., Professor of
Economics, MIT

Stephen Parente, Ph.D., Professor of
Health Finance and Insurance, University
of Minnesota

Theodore A. Prospect, F.S.A., M.A.A.A.,
Chief Actuary, UnitedHealth Center for
Health Reform and Modernization

Dale Yamamoto, F.S.A., M.A.A.A.,
F.C.A., Independent Actuary

Charles Phelps, Ph.D., retired former
Provost, University of Rochester

Current and Future HCCI Data

*HCCI currently holds claims data on **50 (100) million** Americans*

2015

- Administrative Claims
 - employer-sponsored insurance
 - individual insurance
 - Medicare Managed Care (40%)
 - All 50 states and D.C.
- Updated annually
- Compliant with privacy and antitrust requirements
- State data – Vermont
- **HCCI holds data on ~20% of the commercially insured under age 65 population in NC**

2016

- By end of 2016 (additional 50 million):
 - Medicare (elderly) through Qualified Entity Program
 - Part A (100%) - hospital
 - Part B (100%) - doctors
 - Part D (~40%) - drugs
 - Medicaid (low-income) and CHIP (children)

Everything HCCI does is HIPPA and anti-trust compliant and protective of company information

HCCI Public Reporting

All HCCI reports are free and available online

- Annual cost and utilization reports as well as issue briefs
- Academic articles
- Cited source of data

The collage features three overlapping report covers. The top-left cover is for the 'Health Care Cost and Utilization Report: 2010', showing a yellow line graph with an upward trend. The bottom-left cover is for the '2014 Health Care Cost and Utilization Report', featuring icons of a stethoscope, a pill, and a cross. The right-side cover is for 'Insurance Trends', showing a yellow line graph with a downward trend.

The image displays two academic articles. The top article, 'Trends Underlying Employer-Sponsored Health Insurance Growth For Americans You Than Age Sixty-Five', is by Carolina-Nicole Herrera, Martin Gaynor, David Neuman, Robert J. Town, and Stephen T. Parente. The bottom article, 'Health Spending Slowdown Is Mostly Due To Economic Factors, Not Structural Change In The Health Care Sector', is by David Dranove, Craig Garthwaite, and Christopher Odly. Both articles include abstracts and full text.

Academic Research

HCCI has established an academic research partnership program to make our data more available to independent academic researchers interested in studying health policy and health economics questions using large claims data.

HCCI's current academic partners include:

Dartmouth

University of Minnesota

M. D. Anderson

Academy of Actuaries

MedPAC

University of Pennsylvania

University of Michigan

Northwestern University

Society of Actuaries

Congressional Budget Off.

With Arnold Foundation, State Health Policy Research

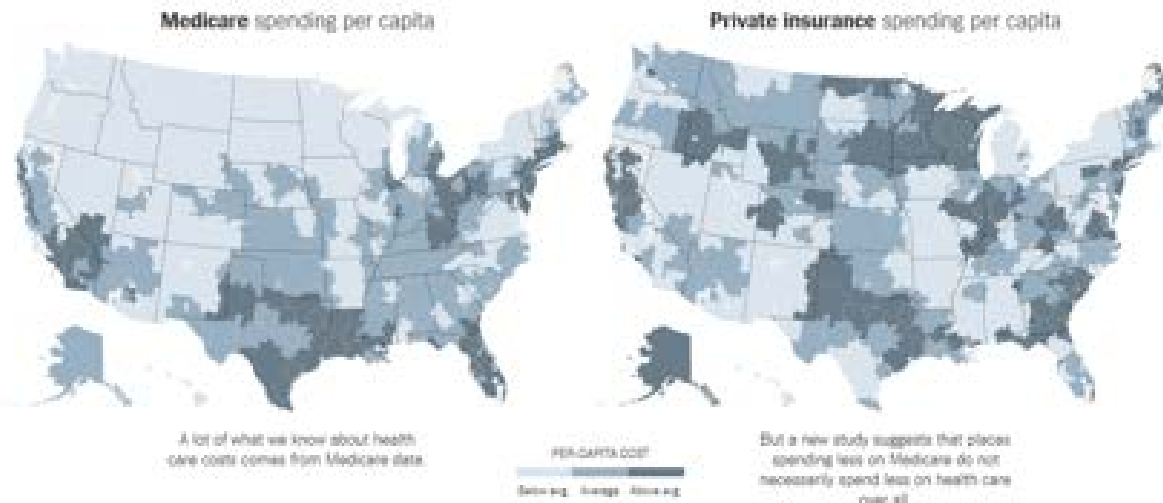
Academic Research

Recent (12/15/15) NY Times story based on HCCL data

The Experts Were Wrong About the Best Places for Better and Cheaper Health Care

By KEVIN QUINLY and HANCOCK SANGER-BATES DEC. 15, 2015

These maps look nothing alike. Their big differences are forcing health experts to rethink what they know about health costs in Washington and across the country.



GRAND JUNCTION, Colo. — As part of his push for the Affordable Care Act

Research Projects Underway

<http://www.healthcostinstitute.org/current-research-projects>

Includes:

THE EFFECT OF HEALTH CARE DELIVERY SYSTEMS ON PRICES, SPENDING, AND QUALITY. Kate Bundorf, Laurence Baker, and Dan Kessler of Stanford University

THE PRICE AIN'T RIGHT? HOSPITAL PRICES AND HEALTH SPENDING ON THE PRIVATELY INSURED. This study by researchers at Carnegie Mellon University (Martin Gaynor), Yale University (Zack Cooper), and the London School of Economics (John Van Reenen)

HEALTH CARE COSTS FROM BIRTH TO DEATH. - Dale Yamamoto

IMPACT OF PARITY LEGISLATION ON USE AND COSTS OF ORAL CANCER MEDICATIONS. Stacie Dusetzina (University of North Carolina) and Nancy Keating (Harvard)

CONSUMER RESPONSES TO COST SHARING. Jon Gruber of the Massachusetts Institute of Technology

DIALYSIS MARKET CONSOLIDATION. Leemore Dafny and Christopher Ody of the Kellogg School of Management and David Cutler of Harvard University

A Few More Points . . .

- HCCI does not engage in any commercial proprietary research for anyone
- The data contributors do not gain access to the combined dataset
- HCCI does not perform commercial proprietary research for the data contributors
- **All research is in the public domain and free**
- We believe we are building out an essential part of the nation's health services research infrastructure – join the effort

Why Transparency?

- New insurance plan designs require price and quality information
- New insurance products such as those based on reference pricing require information
- Desire that consumers purchase “value” in health care – taking into account price and quality
- Research shows that transparency can reduce costs

Providing patients, physicians, employers and policymakers more information on healthcare prices could reduce U.S. healthcare spending by an estimated \$100 billion over the next decade

West Health Policy Center/Rand Study

A JAMA study found a 14 percent drop in costs for laboratory tests, a 13 percent decline for imaging and a 1 percent decline in primary care visits, when insureds used a transparency tool.

“The savings will increase as more and more of the estimated 150 million Americans with employer-sponsored insurance gain access to information on prices and quality,”

Dr. Neeraj Sood, author of JAMA study

Goals of the Transparency Initiative

1. Create a common consumer experience that is the private sector equivalent to www.medicare.gov
2. Provide consumers with cost and quality information, regardless of insurance status **at no cost**
3. Give consumers a credible, accurate data source through an independent nonprofit
4. Improve markets by providing accurate information to consumers
5. Offer nationwide portal

Other Benefits of Transparency

- Achieves economies of scale with a single source of consumer education that also has deep data to inform education
- Can serve Medicaid and Medicare managed care
- Can drive standards on quality and cost; more reliable reported values through use of bigger data
- Attract new partners around integrated delivery and new payment models



Numbers no one else has
guroo

HCCI APCD Strategy

HCCI APCD Strategy

Benefits of HCCI Approach

- one data feed
- masked data – antitrust/HIPAA
- expertise with data
- greater value added
- contribute to better national reporting

Benefits of HCCI Approach

- faster
- massive economies of scale
- more protective of data
- higher P(success)
- greater value added
- positive strategy

States with Existing APCDs

VT, ME, MA, NH, RI, CO, Others

- HCCI wants to play supportive role:
 - * Methods
 - * Benchmarking
- HCCI potentially adds to its data holdings

Other States

Assist as Requested

States Actively Contemplating APCD

Voluntary or Mandated

- HCCI plays either a lead or supportive role
- One data feed to entity with demonstrated expertise on range of concerns to insurers
- HCCI acquires data

None of this is cheap!

HSRI

RFP # 201207352: Health Data Warehouse

Section 3.0 Cost Proposal

**State of Maine
Maine Health Data Organization
COST PROPOSAL FORM
RFP #201207352
Health Data Warehouse**

Note: The cost proposal must be quoted on the bidder's total all inclusive maximum cost for the scope of work described in the request for proposal. For example all licensing and support costs must be included in the total all inclusive maximum price.

Bidder's Organization Name: Human Services Research Institute (HSRI)

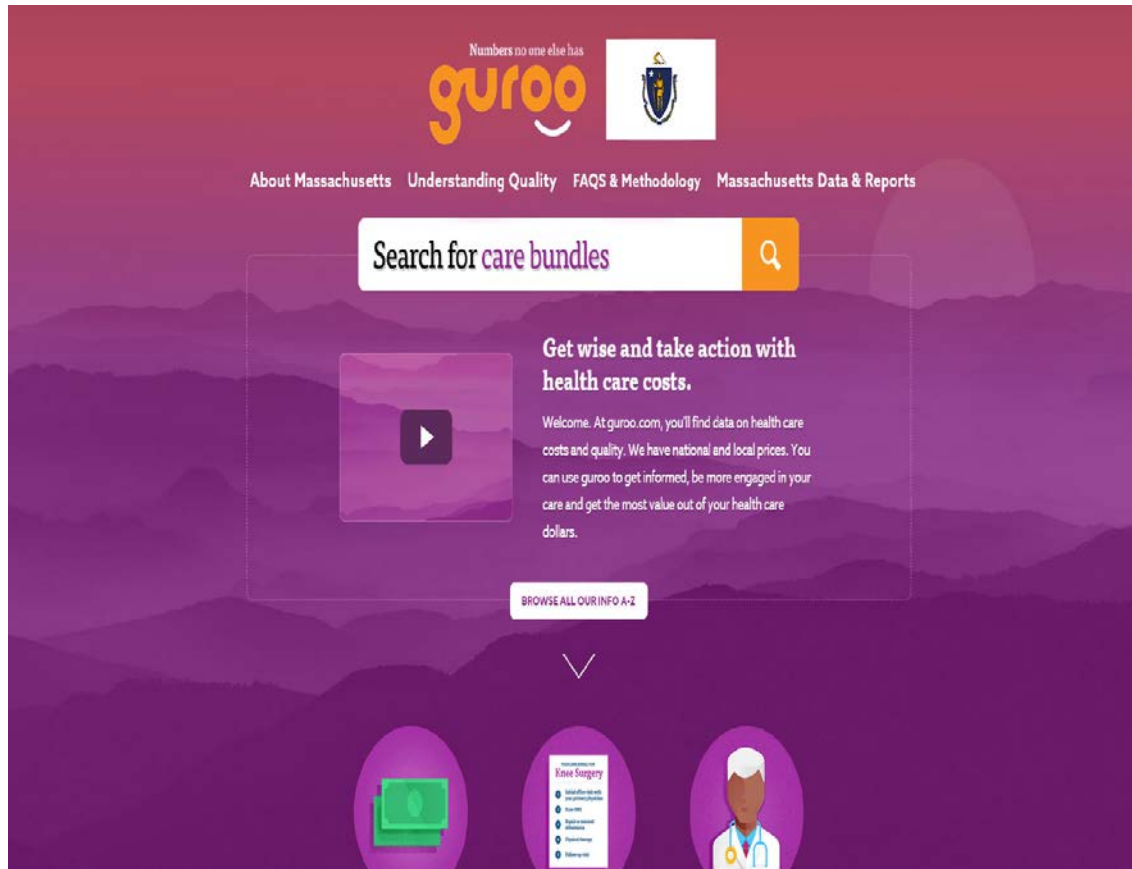
Phase	Contract Period	Description	Cost Proposal
1	October 1, 2012-June 30, 2014	Refer to Part 2 for Scope of Services	\$3,496,082
2	July 1, 2014-June 30, 2015		\$2,170,908
3	July 1, 2015-June 30, 2016		\$2,217,887
4	July 1, 2016-June 30, 2017		\$535,693
5	July 1, 2017-June 30, 2018		\$548,178
6	July 1, 2018-June 30, 2019	Operations	\$613,839
7	July 1, 2019-June 30, 2020	Operations	\$574,394
8	July 1, 2020-June 30, 2021	Operations	\$588,157
9	July 1, 2021-June 30, 2022	Operations	\$602,377
Total Cost			\$11,347,514

This total includes \$786,335 in infrastructure and licensing costs as detailed below.

Phase 1	\$173,335
Phase 2	\$71,000
Phase 3	\$71,000
Phase 4	\$71,000
Phase 5	\$71,000
Phase 6	\$116,000
Phase 7	\$71,000
Phase 8	\$71,000
Phase 9	\$71,000
Total	\$786,335

State of Maine RFP # 201207352

Co-Branded Guroo Site



An important, but expensive, application of an APCD is consumer price transparency. This too is expensive – need a website, cost calculation algorithms, quality metrics, and content.

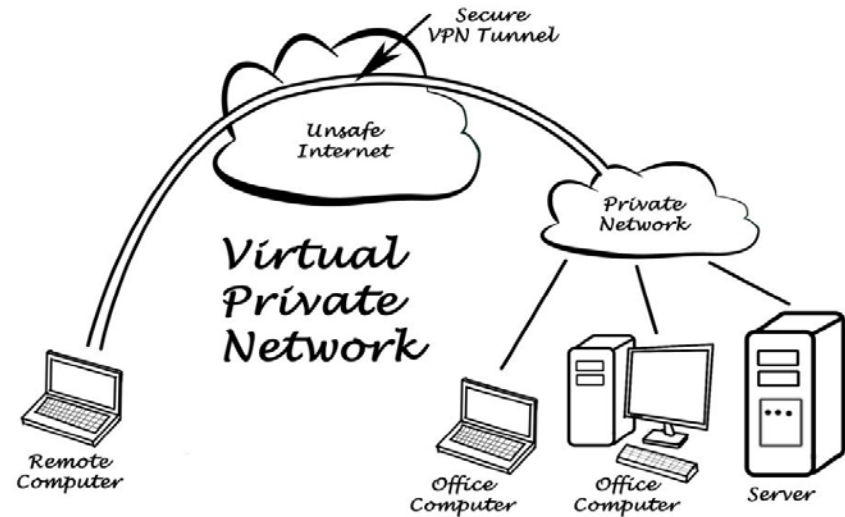
HCCI shares this technology with states that partner offering a low cost, standard tool that permits consistent cross-state searches. State just pay for state-specific enhancements and the shared costs of operation.

HCCI – NORC Secure Data Enclave

The HCCI and NORC have built a secure data enclave to host our commercial claims datasets.

HCCI is putting its QE Medicare data into the enclave, and we are offering states the ability to put their Medicaid data there too. The goal is to develop an expedited approval process for States to access their Medicare data in the enclave and use the enclave as a functional APCD – combining Medicare, Medicaid, and commercial data in one secure location.

Enclaves solve a lot of problems. In Florida we will offer the state a state specific secure workspace for Florida specific research.



The enclave offers a variety of statistical tools, including SAS, STATA, R, SPSS, DBeaver, and MATLAB, as well as the Microsoft Office Suite and GIS software.

A Few Modest Comments and Suggestions

1. Assembling and analyzing data is not easy and not cheap
 - a) there is a limit to the return on data – give thought to how you are going to use 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 or attractive**. It ain't that easy. Driving behavioral change on the part of consumers, providers, and institutions requires more. This is the most difficult part.

A Few Modest Comments and Suggestions

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 the data – deidentified data can be reidentified

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. HCCI has been finding:
 - a) high growth in ERs
 - b) high growth in kids spending
 - c) increased use of psychotropic drugs
 - d) granular geographic variation in prices
 - e) Appropriate policy responses, if any, are not necessarily clear

A Few Modest Comments and Suggestions

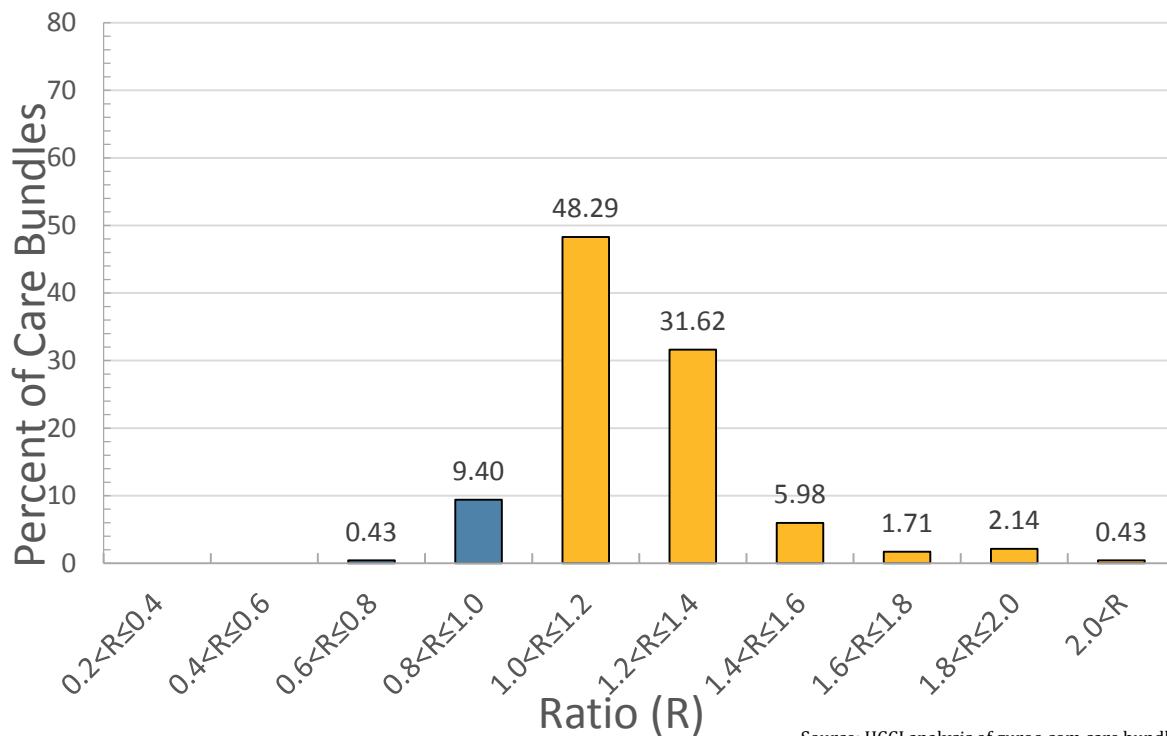
5. Licensing data is not easy nor is it necessarily a money-maker
 - a) Are you refreshing data?
 - b) Custom datasets?
 - c) Merged files?
 - d) No limit to problems

6. Real thought needs to be given to who gets the data and how they may use it; beyond what any statute says, how do you want the data used and what does the public expect
 - a) Many academics wear “multiple hats”
 - b) What starts as deidentified data needs to remain deidentified
 - c) What gets licensed to one entity needs to stay with that entity

7. Easy to do wrong and tough to do right

Distribution of Average NC Prices to Average National Price Ratios

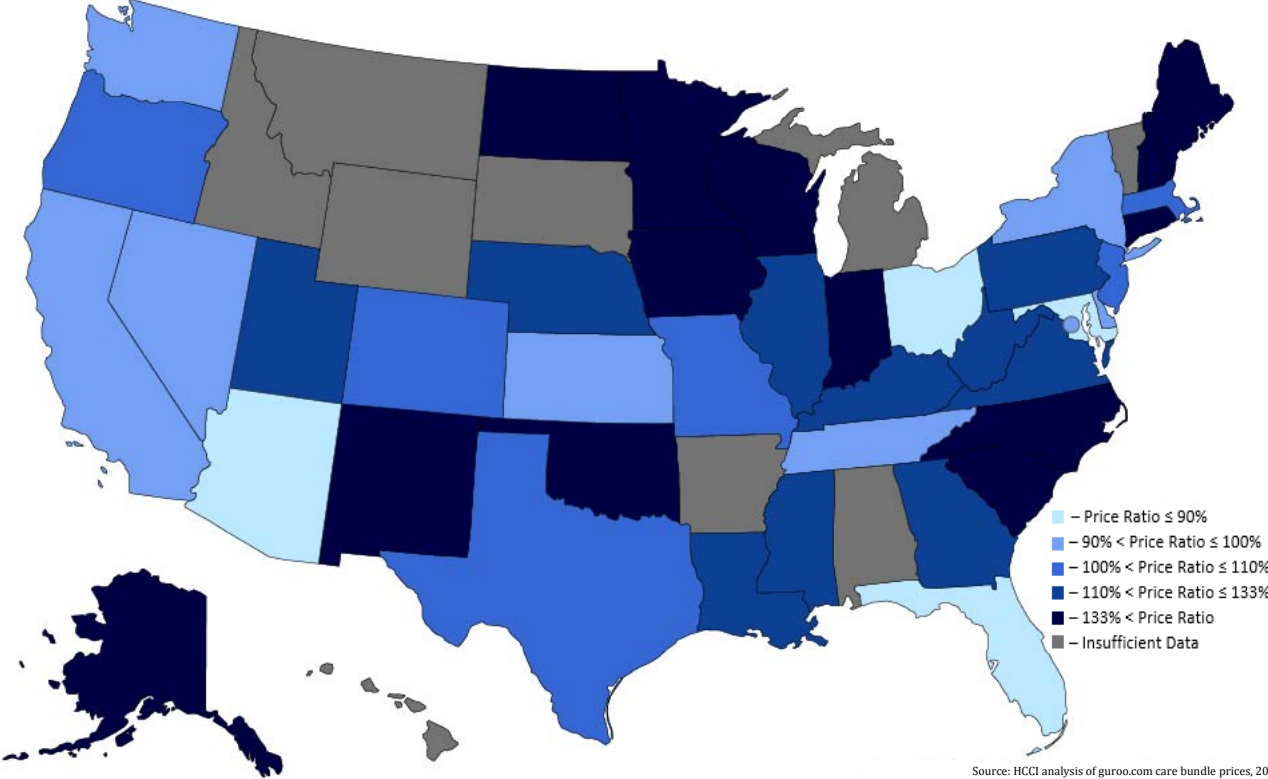
(Can't do this with a single state APCD)



Based on 234 care bundles in NC

Cataract Removal (with Lens Implant)

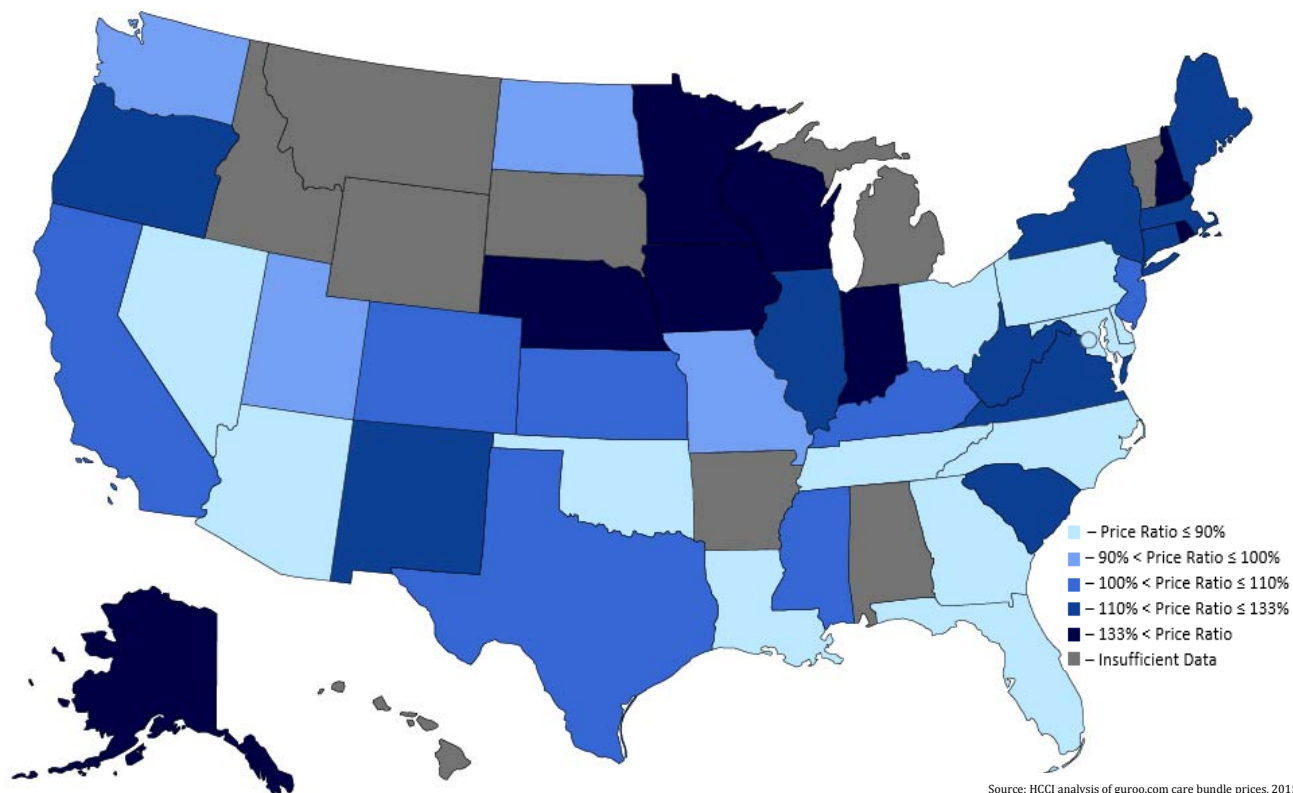
Ratio of Average State Price to Average National Price, by State



Source: HCCI analysis of guroo.com care bundle prices, 2015.

Biopsy - Colon

Ratio of Average State Price to Average National Price, by State



Source: HCCI analysis of guroo.com care bundle prices, 2015.