

An APCD will give consumers, employers, medical providers and policy makers the information they need to make informed decisions about buying and using health care.

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BETTER DECISIONS THROUGH BETTER INFORMATION

MAKING HEALTH CARE DATA TRANSPARENT AND AVAILABLE

Would a contractor buy parts for your bathroom remodel without knowing their price? Would you purchase any item, price tag unseen?

The same principle applies to health care. Without access to information, consumers, health care providers and health care purchasers do not know how much services cost and whether there's a better value or choice available to them.

This is where an all-payer claims database, or APCD, comes into play. An APCD includes data derived from multiple sources — doctor visits, hospital care and laboratory. An APCD will give consumers, employers, medical providers and policy makers the information they need to make informed decisions about buying and using health care. An APCD can be a powerful tool to help these parties, in addition to the state, which pays for health care services for almost 2 million people, make informed choices on health care.

BACKGROUND

Recent evidence demonstrates that transparency, in the form of an APCD, can reduce U.S. health care spending by \$61 billion. In fact, providing such information promotes free-market solutions to the problem of rising health care costs. To be useful, however, an APCD requires broad participation to ensure enough useful data are available. Today, providers know their charges and patients know their out-of-pocket costs, but insurers alone know what services were provided for each enrollee and the associated cost.



Washington is making significant progress in making health care data available. Recent legislation (House Bill 2572, enacted in 2014) provides the foundation for an APCD, but uses price data from just Public Employee Benefits Board (PEBB) plans and Medicaid, leaving considerable data untapped. Other legislation (Senate Bill 6288, enacted in 2014) requires health insurance carriers to develop cost calculators for their plans. These cost calculators are useful tools for individuals and families to compare costs and choose providers within their existing insurance plan network. But these calculators are of no use to employers or individuals looking to compare cost and quality among various health insurance carriers.

LEGISLATIVE ACTION NEEDED

New legislation (SB 5084 and HB 1437) has been introduced this session to address this problem. Businesses, providers, consumer groups and insurers support the adoption of this approach that would address the most pressing issues related to building a comprehensive APCD:

- » An effective APCD must contain an adequate sample size from both public and private sector sources. Participation should be mandatory, as it is in at least 11 states. Relying solely on PEBB, Medicaid and voluntary participation from large employers provides an incomplete picture of the state's health care market.
- » To create statistically valid reports, the 25 percent cap must be lifted. This restriction on the amount of data from any one source — coupled with the small number of health insurers dominating the market in our state — makes it all but impossible to do so.

These limitations on sample size and data collection defeat the Legislature's stated purpose (RCW 43.371.020) for the APCD "to support transparent public reporting of health care information ... to assist patients, providers and hospitals to make informed choices about care ... enable purchasers to identify value ...

and promote competition based on quality and cost." Instead, employers, other purchasers, providers and consumers are left in the dark about the true costs and value of the health care they receive.

BUILDING ON SUCCESS

Quality and performance measures have been developed through the Governor Inslee-appointed Performance Measures Coordinating Committee, the Washington Health Alliance and the National Committee for Quality Assurance. Combining cost information with these quality measures provides the information consumers and purchasers need when purchasing health care. Consumers need this information as more people pay larger out-of-pocket amounts for care. Employers and other purchasers of health care need to know the value of the services they are purchasing. Providers need to understand what changes they need to make to be more effective and efficient.

EVERYONE BENEFITS

As we have seen in other states, an APCD can serve the needs of consumers, purchasers, providers and policy makers. Once claims data is incorporated from all payers:

- » Consumers will be able to search for the price charged by different providers for different procedures, giving them important information to choose the best health care for themselves and their families.
- » Purchasers of health care insurance will be able to assess the costs and provider network quality of different plans to offer the best overall value to consumers.
- » Providers will find new ways to improve patient care and cut costs by analyzing reasons for admission, prior care history, lengths of stay and factors that lead up to costly readmissions.
- » Policy makers can use the reports to assess competition, or lack thereof, in the market.