



# Colorado All Payer Claims Database

## FAQs - General

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### Where does the data come from?

The CO APCD data warehouse includes health insurance claims from major commercial health plans for individual, large group fully-insured, small group and some self-insured lives, as well as Health First Colorado (Colorado's Medicaid Program) and Medicare. These claims represent more than 4 million unique covered lives and over 80 percent of the insured population in Colorado.

### What does the CO APCD do?

The CO APCD provides Coloradans access to aggregate claims information (cost, diagnosis, location, provider type) to identify the costs, utilization and quality of health care services provided in Colorado. By aggregating, analyzing and reporting these claims data, the CO APCD helps consumers, providers, state agencies, researchers, health plans and other organizations by answering the following types of questions:

- How much will my surgery be?
- Where should I go for the best quality and lowest price health care services?
- Which part of the state has the highest obesity rate?
- Which procedures cost the most and have the highest variation in price?
- Which hospitals have the lowest prices?
- Are people visiting the Emergency Room for services they could get for less somewhere else?
- What is the average length of time people use antidepressant medications?
- Which facility charges the least for chemotherapy treatment?
- How far do people in rural areas travel for health care services?
- How can we incentivize providers to provide high value care by changing the way we pay for care?

### Why do we need an APCD in Colorado?

We cannot manage what we cannot measure. Every state throughout the country is struggling with increasing health care costs that are far outstripping inflation. Additionally, it is estimated that 30-40% of the care provided is not contributing to better health. Without a firm understanding of how, where and how much health care spending occurs, Colorado is not in a position to change this trend. Additionally, consumers don't have information at their fingertips to make smart health care shopping decisions to drive the market towards high value care. Gathering all health care claims helps us create a far more complete picture of our health care system and helps us identify opportunities to support achieving better health, better care and lower costs.



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The CO APCD empowers individuals, businesses and anyone paying for health care by giving them the information to help inform their choices about cost and quality. Ultimately Coloradans cannot effectively bend the health care cost curve in Colorado if we do not know what is driving it.

### What can be done with claims data?

Claims data includes information such as costs, facility type and diagnosis that allow us to identify areas for improvement across our health care system. The CO APCD has the ability to inform opportunities to improve health, improve quality of care and lower costs. A wide variety of stakeholders can and are using the CO APCD to answer important questions.

- **Local health alliances and communities** are using the CO APCD to identify opportunities for improvement, returns on investment, establish baselines and track trends in cost of care, utilization and population health.
- **Legislators, policymakers and public health officials** are using the CO APCD data to evaluate trends such as regional variations in spending and disease prevalence, estimate impacts of policy changes, and support evaluation of health insurance rates submitted by payers.
- **Consumers** are using the CO APCD to shop for high value health care services based on transparent price and quality information.
- **Employer purchasers** (both private and public sector) are able to use the CO APCD to analyze impacts of different benefit designs and make value-based decisions about insurance coverage for their employees.
- **Providers and facilities** can benchmark costs and utilization compared to their peers in order to identify ways to improve care delivery. They can also use CO APCD data to develop new value-based payment strategies that reward improving population health and providing high quality care.

### How do organizations and individuals use this information?

All stakeholders agree that our health care system is cumbersome, confusing and costly. While the specifics of those views vary, all share a common theme: changing this starts with better data. Here are some needs and concerns that have emerged in CIVHC's conversations with Colorado's health care community and how the CO APCD helps address those concerns:

- **Individuals:** Facing higher out-of-pocket expenditures, they need better and more accessible information about the cost and quality of the care available to them. The CO APCD can provide specific information on the actual cost of common procedures and how various providers compare in cost, utilization and quality.
- **Employers:** They want to see the cost of health coverage stabilize and get value for their, and their employees', premium dollar. And, more than ever, they want to have good data about provider quality to drive their purchasing decisions.



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- **Clinicians:** They want to understand how their cost, utilization and quality compares to their peers so that they can continue to improve the care for their patients. The CO APCD can provide a comprehensive risk and severity-adjusted view of their performance relative to other providers across all insurers.
- **Health care policy experts:** They look for trends in cost and utilization, and meaningful ways to measure quality, in order to develop targeted policy interventions.
- **Health care finance experts:** They seek to understand where health dollars are spent and why, and the relationship between short-term investments and long term health status.
- **Public health agencies:** They want to understand the trends in disease diagnosis and treatment, and whether specific public education campaigns are followed by increased preventive services provided to patients.
- **Researchers:** They want to explore the effects of investments in emerging technologies and interventions on the cost of care and the rate of hospitalizations.

### How is this information useful to patients?

Imagine buying a car without being able to compare its features or consumer satisfaction ratings compared to other brands. Now imagine having no idea what the car will cost you until you receive a bill in the mail.

The CO APCD data can allow you to find the best care at the lowest price. The public website, [www.comedprice.org](http://www.comedprice.org), includes reports that give you an estimate of the amount that a hospital, and eventually a surgery center, physician, or other health care professional receives for its services, and how much you will have to pay out of pocket for that service.

The CO APCD is designed to help Coloradans make informed decisions about their health care. Similar to how you shop for other products and services, the CO APCD can let you compare hospital and physicians to find high value services and decide how to spend your health care dollar.

### Do other states have APCDs and how is Colorado's different?

More than 15 states have implemented an APCD or are in the process of doing so, and many others express strong interest, according to the [national APCD Council](#). Implementation of an APCD is seen as one of the most important steps a state can take to improve the care and lower the cost of health care.

The CO APCD is unique in that it is administered by CIVHC, a non-profit, non-partisan organization, rather than a state department or state agency. This unique structure is beneficial in that it allows us to provide reports and information publicly, provide custom data reports, and receive financial support through grants and other mechanisms rather than relying on taxpayer dollars.



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### **What has been the experience in other states with APCDs?**

The potential of APCDs is being demonstrated in the states that have implemented this technology. The citizens of these states are beginning to benefit from the increased transparency and data availability. However, as APCDs are quite new, it will take several more years to determine their long-term impact on improving quality and controlling costs.

Initial uses have been to publish data that allow the public to compare health care prices and quality and to allow better understand statewide variations in in the amounts paid amounts for health care. Each state with an APCD has utilized the information in ways unique to its own population and specific needs.

### **Will this information go into some sort of national database?**

There is no national APCD database nor is there any known basis upon which the federal government could compel states to contribute to such a database.

### **Will the CO APCD bring about competition that lowers costs?**

We do expect increased competition to be just one of the many outcomes of the CO APCD. As transparency of cost and quality grows, it is expected that purchasers of health care services will go to those providers who provide the highest value. This same cost and quality data will also benefit providers and, for the first time, give them aggregated data that illuminates how their cost and quality compares to other providers. We feel the combination of this transparency will lead to improvement of quality and more competition on cost and quality performance.

### **What if providing transparent prices actually encourages hospitals and physicians with lower costs than their peers to raise their rates?**

That's certainly a potential unintended consequence. Experience in other states that have had APCDs for longer than Colorado, however, demonstrates that purchasers and consumers migrate toward the providers who demonstrate high quality and low costs in the APCD—we've seen that happen in Massachusetts, for example, as consumers have used the data in that state's APCD. And when consumers vote with their feet and their checkbooks in that fashion, other providers don't want to miss out. They look for ways to change the way they provide care in order to improve quality and lower costs.

### **If Colorado does indeed move toward more integrated, Kaiser-like health systems—which don't process "claims" in the same fashion as other health plans—won't that make the CO APCD obsolete?**

Not at all. The majority of the information collected from payers is the same regardless of the payment mechanism and will allow understanding of utilization, effectiveness, quality and overall costs. The CO APCD will allow services and their costs to be aggregated so that appropriate



comparisons can be made. Over time, elements of how health plans submit their data to us will evolve along with the payment mechanisms. But there will still be a need for the type of information in the database.

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### **How do hospitals and providers feel about having their prices publicized?**

CIVHC can't speak for any industry group. But Colorado's hospitals have embraced the notion of transparency for some time, with the hospital report card that shows charges and some quality information. They themselves are not able to provide the kind of data the CO APCD gathers, and it is useful for both them and their patients. CIVHC works collaboratively with all facilities and providers to ensure they are provided an opportunity to weigh in on the quality measures displayed on the site and also are provided a chance to review their prices before they go public.

