



All Payer Claims Database Development

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Overview

- What is an APCD?
- Why create one?
- What does it take to create one?
- Status of current state APCDs
- Data submission, timing and privacy issues
- Use of an APCD for risk adjustment.

What is an APCD?

- APCD = All Payer claims database
- Data from all insurance companies on their business
- Eligibility and claims information at minimum
- Insurance plan/product information, lab tests results, and other information possible
- Age, gender and other information on each enrollee
- Diagnosis codes, procedure codes, dates, costs, cost sharing and other information on each claim

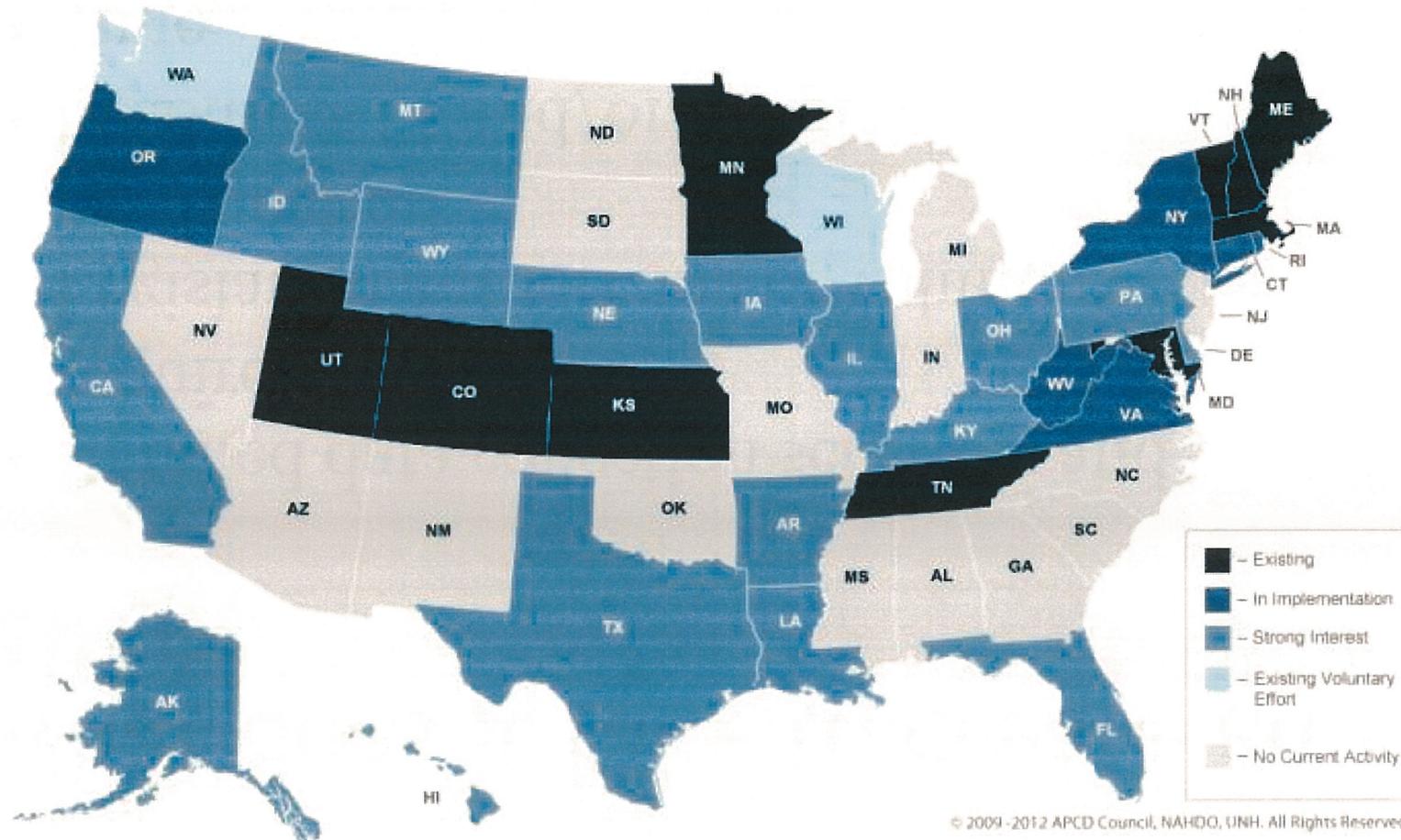
Why Create an APCD?

- Information on quality
- Studies on effective care delivery
- Benchmarking for cost and quality improvement initiatives
- Payment reform
- Risk adjustment
- **You can't improve what you can't measure**

What does it take to create an APCD?

- Detailed data collection schedule and requirements
- Legislation authorizing or voluntary participation
- Resources (\$ and/or people)
- Time
- **MUST CREATE INCENTIVE FOR HEALTH PLANS TO SUBMIT ACCURATE DATA**

Status of APCDs*



Existing: 10 States
In Implementation: 6 States

*source: apcdouncil.org (11/21/2012)

Schedule of APCD Data Submission

Submission Schedule	KS	UT	UT	OR	MN	WI	NH	CO	TN	WA	VT	MA	ME
Annual Submission			X										
Semi-Annual Submission					X	X ²				X			
Quarterly Submission	X								X				
Monthly Submission		X					X ³	X ³			X ³	X ³	X ³
Variable Submission				X ¹									

Notes¹: First submission due July '11, 2nd: Oct '11, 3rd: Jan '12, 4th: May '12, Quarterly afterwards

Notes²: Implied from published information indicating that the WHIO datamart is refreshed twice a year.

Notes³: Monthly for carriers with more than two thousand covered lives, quarterly otherwise.

Challenges of getting accurate data

- Submitted correctly, in uniform format
- Accepted correctly
- De-identified, but not too much
- Published correctly
- Checks and balances at each step require resources (health plan, APCD staff / vendors)

Timing (Example)

- Data becomes available to a carrier (90 days) and then submitted
- Accepted and loaded by state or vendor (30 days)
- Data cleansing / auditing by state or vendor (30 days)
- Carrier responds to data audit (30 days)
- 5 – 7 Months total

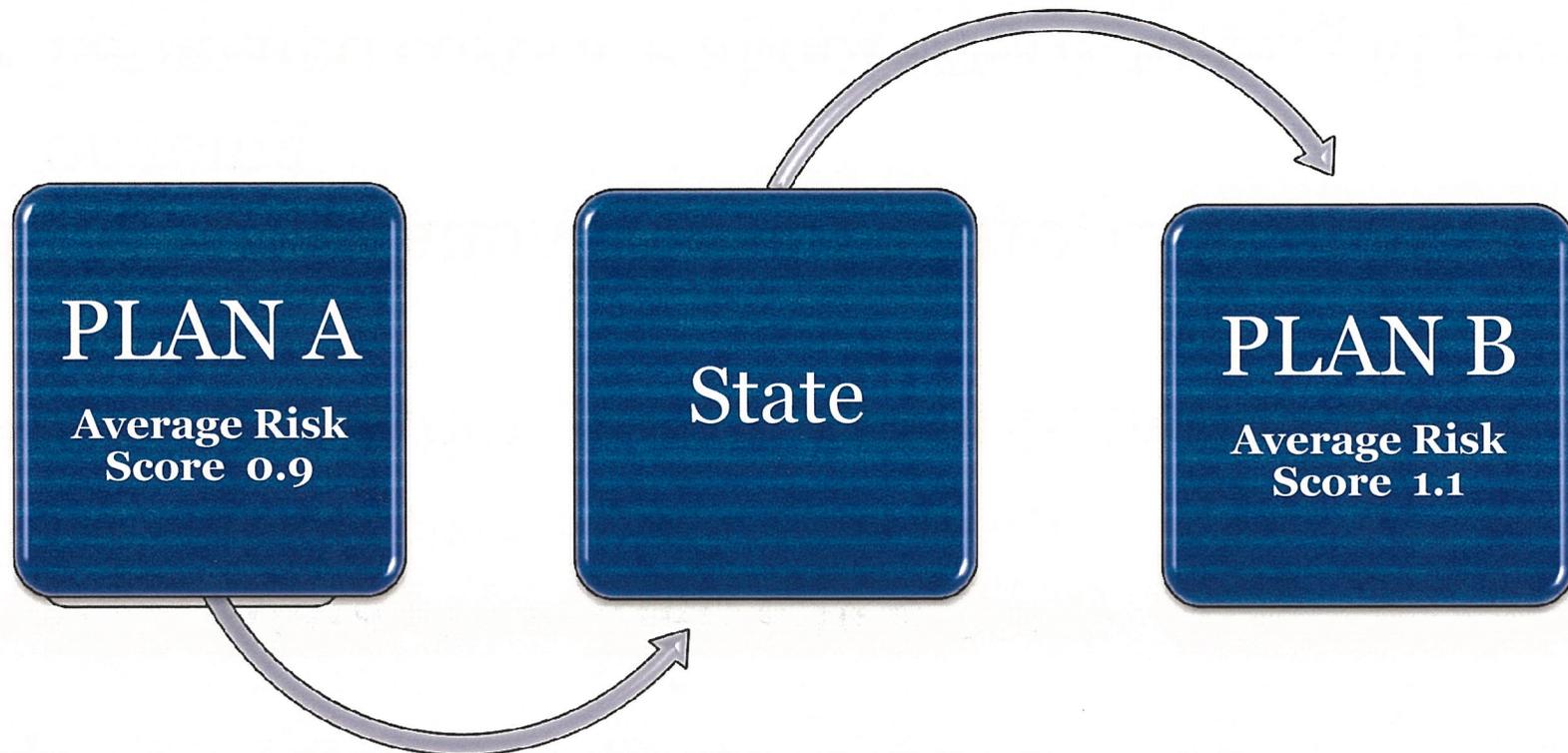
Privacy and Encryption

- Privacy of information a major concern
- Remove name, SSN, birthdate, etc.
- But how do you track a person across time periods, separate claims, across carriers, etc.?
(important for longitudinal and other studies)
- Encryption methods – solutions require careful planning

Specific States & Costs

- NH – data submitted since 2005
- OR – legislation passed in 2009
- RI – legislation passed in 2008, but funding issues
- CO – legislation passed in 2010, development ongoing
- Estimated costs are about \$750k to \$1.5 M per year

What is Risk Adjustment? (At Plan Level)



Average Premium Rate = \$500 PMPM

Plan A pays Plan B \$50 PMPM

What is Risk Adjustment? (At Member Level)

Example 1: John Smith, 32, has the following medical history:

Risk Marker	Risk Weight
Male, Age 32	0.22
Diabetes with significant co-morbidities	1.32
Asthma/COPD	0.96
Low cost dermatology	0.30
Total Risk Score	2.80

If the average risk score is 1.0, John Smith is expected to be 180% more costly than the average enrollee.

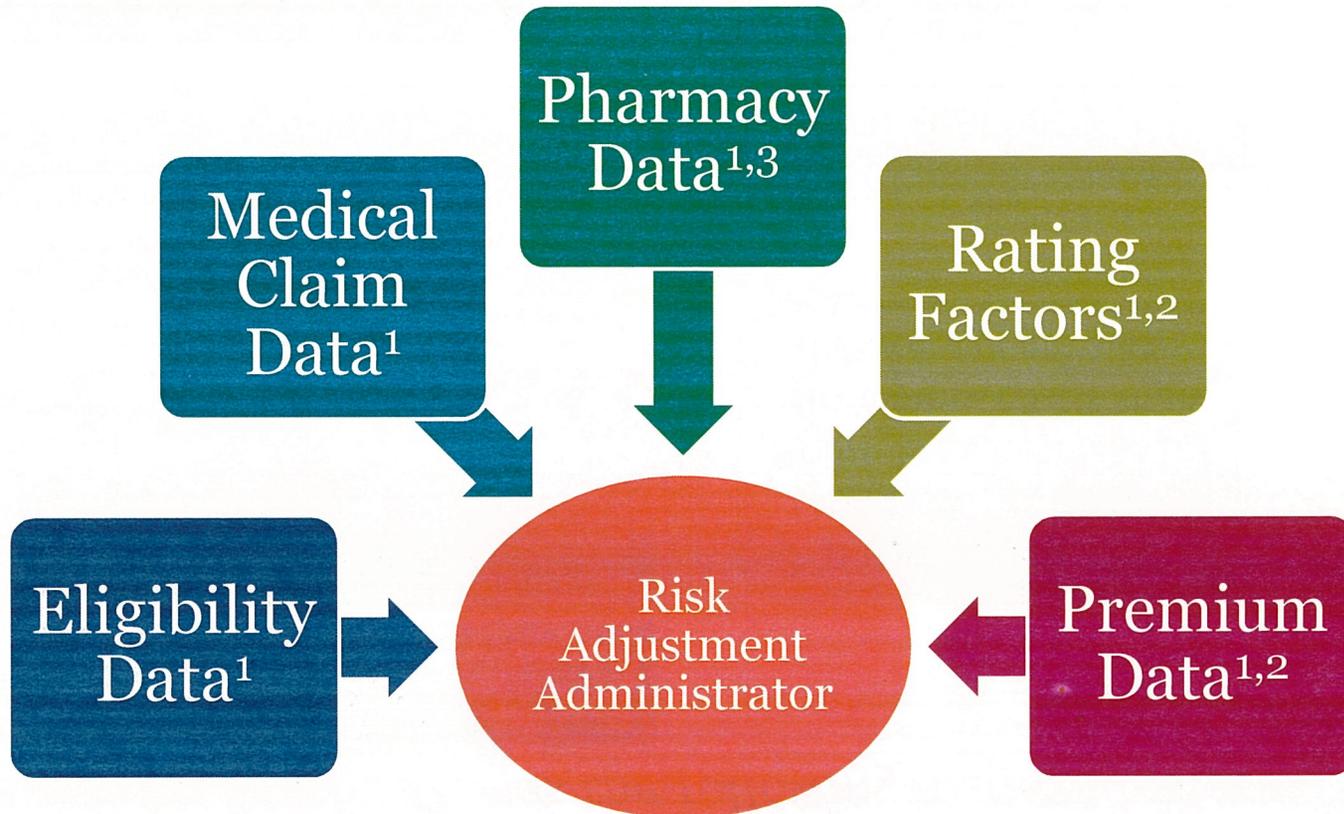
Source: American Academy of Actuaries: Issue Brief, "Risk Assessment and Risk Adjustment," 5/2010

Example 2: Mark Johnson, 32, has no medical history:

Risk Marker	Risk Weight
Male, Age 32	0.22
Total Risk Score	0.22

If the average risk score is 1.0, Mark Johnson is expected to be 78% less costly than the average enrollee.

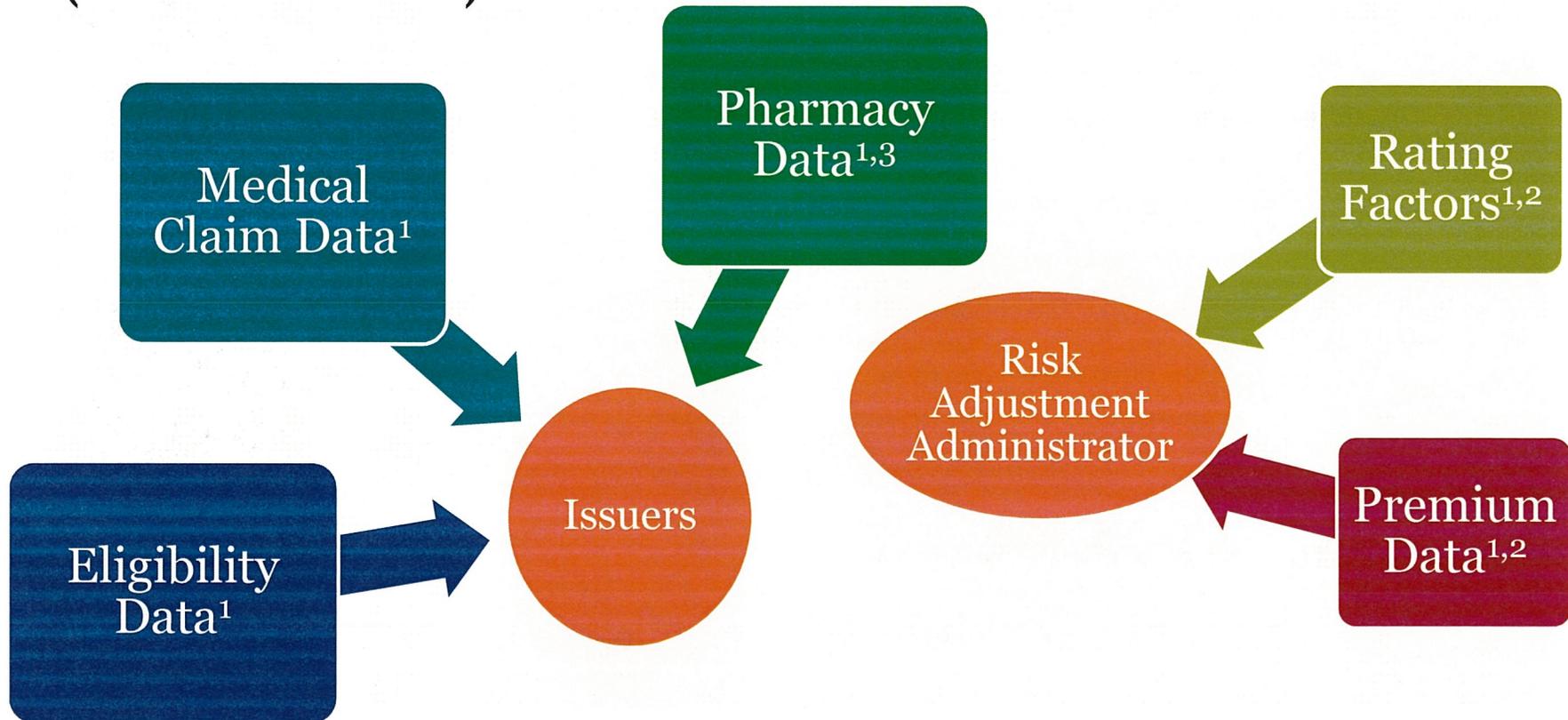
Risk Adjustment Model and Methodology (Centralized)



Source:

1. Issuers (Health Plans, TPAs, Medical Facilities)
2. DOI
3. PBMs

Risk Adjustment Model and Methodology (Distributed)



Source:

1. Issuers (Health Plans, TPAs, Medical Facilities)
2. DOI
3. PBMs

Data Needed for Risk Adjustment Model

Data	Element	Use
Eligibility	Unique Person Identifier	Assign a member-level risk score
Eligibility	Date of Birth	Apply demographic risk weights
Eligibility	Gender	Apply demographic risk weights
Eligibility	Enrollment	Assess credibility and attribution
Medical	Unique Person Identifier	Link to eligibility data
Medical	Diagnosis codes	Apply clinical grouping, assess risk score
Medical	Procedure codes	Exclude diagnostic codes (see below)
Medical	Service dates	Extract experience period
Pharmacy	Unique Person Identifier	Link to eligibility data
Pharmacy	NDC Code	Apply clinical grouping, assess risk score
Pharmacy	Service dates	Extract experience period

APCDs

- Important
- Many states have them
- Data quality challenges
- Timing challenges
- Use will drive data quality

