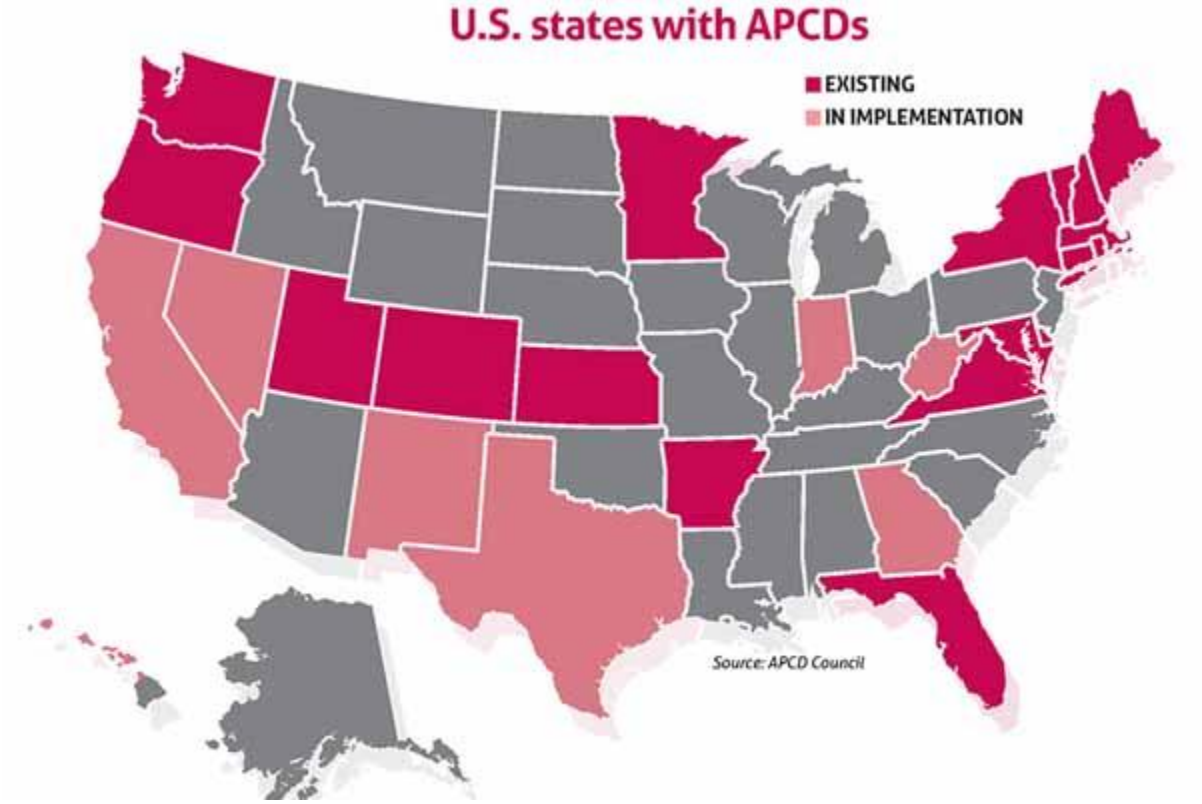
Power Data: Texas' Claims Database Will Help Clarify Care Costs

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Price transparency. Reduced health care costs. More informed care decisions. Better care quality.

Achieving these goals may not be as far-fetched as it may sound now that Texas has joined 22 other states in establishing an all-payer claims database. Nearly a decade in the making – with the help of the Texas Medical Association's advocacy for improved price transparency – the database will collect health care claims from public and private health insurance plans with the stated goals of improving price transparency and supporting a more competitive marketplace.

Passed during the 2021 Texas Legislature and sponsored by Rep. Dustin Burrows (R-Lubbock), TMA-backed House Bill 2090 put the full concept into motion and took effect on Sept. 1, 2021. The law allocates funding to expand a voluntary claims database established in 2015 by the Center for Health Care Data (CHCD) in Houston at UTHealth, which already accounts for nearly 70% of covered Texans.

Rick Snyder, MD, an interventional cardiologist in Dallas and chair of TMA's Board of Trustees, serves on the state advisory group overseeing the database's development and operation, for which TMA advocated. He knows firsthand the challenges patients face when trying to ascertain health care costs.

Many of his patients need heart catheterizations, for instance, but find it almost impossible to shop around, Dr. Snyder says. The all-payer claims database, however, could help them determine the price difference between receiving the surgery at a local hospital versus an ambulatory surgical center, which might mean the difference between getting care and not.

"You can have every clinical indication for a procedure, but if there are not the financial resources to pay for it, that's a big barrier," he said. On a macro level, Dr. Snyder hopes the database will help engineer a course correction in health care spending, leaving Texans feeling more connected to care and less overwhelmed by its expense.

"If you can look at the cost comparisons for seemingly the same procedure, and the quality is the same, why can't we identify these trends and recommend policies that encourage a different kind of service?" he asked.

Scaling up

Building on Texas' database to include more up-to-date and comprehensive data has the potential to "offer a broader perspective on cost, service utilization, and quality that any single entity can provide," according to a December 2020 report by the Commonwealth Fund analyzing other states' mechanisms. Researchers then can use this aggregated data to identify cost variations across services and regions, according to Texas 2036, a Dallas-based public policy think tank.

Physicians and other players in the health care system stand to benefit from their findings.

Practices may be able to improve referral patterns, identify potential gaps in care, and target services to underserved communities, TMA wrote in testimony submitted during the 2021 legislative session. Patients and physician employers may be able to make more informed decisions about health care spending. Organized medicine and lawmakers may be able to develop evidence-based policies that address cost variations – and then to confirm whether those policies are working.

In Texas, the Center for Health Care Data will serve as the administrator for the statewide all-payer claims database, and its existing infrastructure will help keep start-up costs down.

Cecilia Ganduglia Cazaban, MD, an assistant professor at UTHealth School of Public Health and co-director of CHCD, says the jump from voluntary claims data submission to compulsory submission "will give us much better, comprehensive data on the whole state as well as access to much more current data."

CHCD currently acquires datasets with a lag time of about a year. "With COVID and the pandemic, being able to do surveillance and understand things with a shorter lag, we understand how important it is," she said.

CHCD is in the midst of building its data warehouse and establishing its processes and procedures for accepting dataset contributions, with a goal of debuting the all-payer claims database by the end of 2023, Dr. Cazaban says.

Once it's up and running, the database will include a public component that allows physicians, patients, and others outside the research world to access some of the aggregated data. This tool will build on CHCD's Health of Texas Dashboard, which provides dozens of stats pulled from government and commercial claims data, including an entire section on social determinants of health, thanks to input from TMA members and others.

"The whole idea is that this is going to be user-friendly, so it could be somewhere physicians could refer patients – and something physicians could use themselves," Dr. Cazaban said.

On the ground impact

TMA's advocacy for a strong statewide database paid off.

An earlier version of the concept under House Bill 1907 had spurred concerns "that any [all-payer claims database] legislation must incorporate safeguards to protect patient privacy, ensure data security and integrity, establish strong stakeholder input and collaboration, and prevent misuse of data," said TMA's written testimony submitted in April 2021 to the Texas House Committee on Insurance.

HB 1907 ultimately died. In its place, HB 2090 passed with bipartisan support and addressed TMA's concerns by improving patient privacy protections and providing a mechanism for physician engagement in the form of the advisory group.

Meanwhile, other states are seeing results.

The New Hampshire Insurance Department launched a website in 2007 using data from the state's all-payer claims database to estimate prices paid to health care facilities for common medical services, as cited in the Commonwealth Fund report. In the five years since its launch, the website led to a 4% reduction in patients' out-of-pocket costs for

certain medical imaging procedures, while overall price variation narrowed, according to a 2014 research paper.

All-payer claims databases have also proved useful during the ongoing COVID-19 pandemic. Colorado and Wisconsin used their databases to report on populations at risk of serious illness from COVID-19, and Wisconsin's Medicaid agency used this information to reach out to high-risk patients, per the Commonwealth report.

And the myriad uses for such databases can help offset their operating costs. Three such databases for which recent budget information is publicly available – in Colorado, Washington, and Vermont – had annual budgets ranging from $1.6 million to $4.4 million in 2020.

"[I]f the uses of [all-payer claims database] data ... facilitate even tiny reductions in health care spending or equivalent improvements in any other aspects of health care system performance, then state investments in [all-payer claims databases] generate benefits that greatly exceed their costs," according to an October 2020 report by the USC-Brookings Schaeffer Initiative for Health Policy.

Dr. Snyder is hopeful the all-payer claims database will expand health care access in Texas by helping direct physicians, patients, payers, and policymakers to the highest-quality, lowest-cost options.

"I firmly believe in market forces," he said. "If you unleash market forces, primarily through transparency, so that the customers, i.e., the patients, can compare [prices], that's going to drive some of the waste out of the system."

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