

RESPONSE TO FORMAL REQUEST FOR INFORMATION
THE HOUSE SELECT COMMITTEE FOR STATEWIDE HEALTH CARE COSTS

CHAIR: REP. GREG BONNEN

RESPONSE SUBMITTED BY:

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TOPIC INTERIM CHARGE 1:

Examine the primary drivers of increased health care costs in Texas. This examination should include a review of:

- Current health care financing strategies;
- Fragmentation of the care delivery administrative burden;
- Population, health, and social factors that contribute to rising rates of chronic disease and poor health;
- Insurance coverage and benefit design;
- Lack of transparency in the cost of health care services;
- Regional variations in the cost of care;
- Consolidation and lack of competition in the provider and insurance markets;
- Health care workforce capacity distribution; and
- Fraud, abuse, and wasteful spending;

The most efficient method to meet many of the challenges of Interim Charge 1 would be through the services of an All Payer Claims Database (APCD) which could be administered at The Center for Healthcare Data (CHCD) at the UTHealth School of Public at University of Texas Health Science Center Houston (UTHealth). Specifically, an APCD at UTHealth could provide real-time, transparent analysis of healthcare costs, population health trends, insurance coverage analysis, and regional variations of costs and coverage (or lack thereof). The UTHealth APCD

could routinely collect complete enrollment data and health care claims (paid and denied) and encounters (medical and pharmacy) from health insurance carriers that operate in Texas, including state employee health plans, state university health plans, Medicaid, Medicare and commercial carriers that provide fully insured health plans, market plans, supplemental plans, Medicare Advantage plans, and ideally self-funded health plans (which are often under the jurisdiction of ERISA and are not subject to state mandated APCDs but may opt out/in). An APCD would then be a source of data for all insured persons in the state, with the exception of those covered by Veteran's Affairs and TriCare. Information on the services provided to the uninsured could also be submitted to the APCD by providers, State and County public hospitals and clinics, Federally Qualified Health Plans (FQHCs) and other safety net facilities.

The aggregated data collected and analyzed by a qualified, independent APCD operated by a public academic institution like UTHealth would allow for non-biased reporting and policy evaluations, such as those specifically required by this charge. Currently, the CHCD at the UTHealth School of Public Health houses several large datasets that cover health care utilization for more than 80% of the Texas population. Within the CHCD, researchers work to foster research and inform the public, academia, and other constituents about health care costs and utilization with the goal of contributing to the discussion on improving efficiency, improving health outcomes for patients, and controlling health-care costs in Texas.

Additionally, the Center for Health Care Research Data is the only certified Qualified Entity (QE) serving the State of Texas for the purpose of supporting public health in our state. QEs are certified by the Centers for Medicare and Medicaid Services (CMS) with the expectation of providing data for transparency. The CHCD is also the only academic-based QE in the nation, and is non-profit and guided by a mission of dedication to the State of Texas and its citizens. In its current structure and capacity, the CHCD is viewed by national organizations as the provider of a voluntary claims data collection effort for Texas (<https://www.apcdouncil.org/state/map>). With this foundation, state supported efforts to expand the capacity of the CHCD through regulation requiring data submission, the CHCD would be able to easily and quickly position to be the source of data for the state in its efforts to drive understanding of health care utilization and costs statewide.

Transparency and Regional variations in the cost of care : Already, the CHCD is working to address the issues of transparency in health care. The CHCD has created a public website called The Health of Texas (www.healthoftexas.org) that reports variations across the state of annual healthcare costs, rates of utilization, health status and disease prevalence, risk assessment ratings, and various quality metrics. Data are reported across years and are grouped by population (Medicaid, Medicare and Plans Over 65, and Commercial) as well as detailed by age and gender. Transparency efforts could be expanded to include average in-network pricing for select services, by region and/or by provider to provide consumers with accurate estimates for services.

Insurance coverage and benefit design: With complete member enrollment information that includes plan type and benefits design, the APCD could conduct important analysis of how plan design impacts consumer health care utilization, costs of services, and delivery of services. These important questions can contribute to policy discussion and can inform purchasers of health plans. Examination of the impact of coverage and benefit design will include the

assessment and discussion of value based strategies and other **current health care financing strategies**, such as medical homes, accountable care organizations, and reference pricing.

Consolidation and lack of competition in the provider and insurance markets: Access is an important issue in the large state of Texas, much of which covers rural areas. Availability of specialists and mental health services varies widely. The CHCD has conducted several studies relating to the travel time required for specialized care, or even routine care for some rural areas. Complete data, such as that gathered by the APCD would allow further exploration of access issues. For example, with complete, aggregated claims data for the state, we could evaluate such important access issues as (1) the impact of closures of rural hospitals, (2) the change in the utilization and application of telemedicine, (3) plan design and contract rates in areas with limited carrier options, (4) the impact of narrow network designs, and more.

Population, health, and social factors that contribute to rising rates of chronic disease and poor health: In addition to chronic disease data and the UTHealth Health of Texas webtool, The CHCD has also amassed a large collection of public data relating to various social determinants of health reported by county, census tract, and/or zip code. These include things such as food insecurity, access to exercise, rate of disconnected youth, exposure to violence, transportation, income, education, and many more. This data has been successfully integrated with the aggregated claims data to assess the impact of social determinants of health on health care utilization, costs, risk, and development of disease states. Findings generate informative discussions on intervention strategies, service delivery methodologies, and consumer and provider education.