SUSTAINABILITY REPORT

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ACHI is a nonpartisan, independent, health policy center that serves as a catalyst to improve the health of Arkansans.

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Table of Contents

Introduction 2

Sustainability Opportunities 2

State Approaches to APCD Sustainability 3

Sustainability Opportunities in Arkansas 5

Academic research 5

Federal program requirements and partnerships 6

State program requirements and partnerships 6

Providers 6

Other 7

Data Delivery and Reports 7

Ongoing Operations and Maintenance 9

Conclusion 9

Figure 1: Yearly Operations and Maintenance Estimate for APCD Sustainability 9

Table 1: Summary of APCD Financial Sustainability in Other States 3

Table 2: Potential Arkansas APCD Cost and Fee Schedule for Data Sets 8

Table 3: Arkansas APCD Revenue Projections by Source 8

Introduction

The Arkansas Center for Health Improvement (ACHI), in partnership with Arkansas Insurance Department (AID)—Health Insurance Rate Review Division (HIRRD), has developed an all-payer claims database (APCD) that provides an infrastructure to collect healthcare claims information. ACHI is charged with developing this Sustainability Report as part of this project. This report will provide sustainability approaches used by other states with an APCD, examples of APCD sustainability opportunities in Arkansas, pricing for potential data sets, costs for ongoing operations and maintenance, and potential sources of revenue.

During ACHI's work on the APCD project, the 90th General Assembly passed the Arkansas Healthcare Transparency Initiative Act of 2015 ("Act"),[a] which mandates certain entities to submit healthcare claims information to the APCD. The Arkansas Healthcare Transparency Initiative ("Initiative") immediately increases scope of the data collected and therefore the long-term value of the APCD by shifting from a voluntary to mandatory data collection model. The Initiative activities are contingent upon available funding, prompting the need for a sustainability plan that reflects the added value of the APCD.

The Act authorizes AID to establish rules to collect claims data and creates a board ("Initiative Board") to advise AID on matters concerning the Initiative. ACHI is the statutorily designated administrator of the APCD and is responsible for development and implementation of a sustainability plan subject to data use and disclosure requirements, which have yet to be determined by rule.

ACHI intends to work with AID and the Initiative Board to develop a comprehensive sustainability plan detailing sustainability goals and objectives for the Initiative. At this time, there is some degree of uncertainty concerning data release and other important factors that will affect sustainability. Once the governance structure is established and operational, sustainability options will become more apparent. This report will serve as a guide for future decisions related to the sustainability of the Initiative.

Sustainability Opportunities

The APCD collects healthcare claims information from a variety sources, providing a comprehensive tool used to address complex needs and support healthcare improvement efforts in the state. This tool helps alleviate the problem of fragmented healthcare information, offering potential value to consumers, policymakers, healthcare industry leaders, researchers, and other stakeholders. While some APCDs in other states collect individually identifiable information, policymakers in Arkansas considered and rejected a requirement of entities subject to the Act to submit "direct personal identifiers," which are described as "primary or obvious identifiers, such as the individual's name, street address, e-mail address, telephone number, and Social Security number." Instead, the APCD will collect unique anonymous identifiers that will enable distinction between but not identification of individuals. As the APCD matures and the benefits become more evident, the utility of linking with other data sources may be more promising (e.g., linking of claims to clinical records for outcome-based quality assessments), allowing for more complex data analyses. The ability to provide a useful data asset to support multiple healthcare efforts is crucial for the APCD's sustainability. This section will identify ways other states have generated revenue to sustain their APCD and potential opportunities in Arkansas.

[a] Act 1233 of 2015

State Approaches to APCD Sustainability

Funding to support APCDs varies among states. Many factors contribute to the various approaches, including staffing, vendors, services provided, and available resources. Most states benefit from some state general revenue appropriations. Other funding sources include the following:

- **Data Purchase.** The APCD may charge a reasonable fee for access and use of data sets. Additional fees may be applied to cover costs of developing customized reports. These fees vary based on the number of records requested and the intended purpose. Discounts or exemptions may apply to certain types of organizations. Historically, APCDs have not been maintained from data purchases alone.
- **Governmental Sources.** Federal, state, and local funds are used to support APCDs. For example, the U.S. Department of Health and Human Services (HHS)—Center for Consumer Information and Insurance Oversight (CCIIO) has issued grants to several states to enhance or establish data centers like APCDs.
- **Shared Resources with Other Entities.** APCDs may join forces with state agencies or other partners to develop a mutual solution to data needs.
- **Assessments on Premiums.** Health insurers pay a tax on premiums to support various operations, and, in some states, a portion of this fund is dedicated to the APCD.
- **Membership or Subscription Fees.** Access to data is given to members or subscribers for research and analyses. Groups that typically apply for this access include payers, providers, and other healthcare organizations.
- **Research Grants.** APCDs have been used to generate and promote new scientific evidence, particularly in population health, patient safety, disparities, and chronic disease.
- **Penalties.** Regulatory agencies may impose penalties for non-compliance by the data submitters.

The following table describes approaches states have used to sustain their APCDs. This is not an exhaustive list of funding sources but is a sampling of ideas that may be of interest in Arkansas.

Table 1: Summary of APCD Financial Sustainability in Other States

State	Approach to Sustainability
Colorado	The Center for Improving Value in Health Care (CIVHC), a nonprofit, nonpartisan organization responsible for administering the APCD, received over $5.8 million in start-up funding from the Colorado Health Foundation and the Colorado Trust that will expire spring 2016.[1] CIVHC also received funding from the Colorado Department of Health Care Policy and Financing. Long-term sustainability will rely on fees for non-public data sets and reports.
Connecticut	Connecticut received a Level Two Establishment Grant from CCIIO to develop the state's Health Insurance Exchange and supplemental funding to support the state's APCD.[2]
Kansas	Kansas imposes an assessment on insurance companies, health

	maintenance organizations, group self-funded pools, and other reporting entities sufficient to cover the anticipated expenses to gather, receive, and compile data.[3] The assessment is an annual fee charged in proportion to respective shares of health insurance premiums, subscriber charges, and member fees.[b] Other funding sources include gifts, donations, and grants.[4]
Maine	Data purchases and assessments provide funding for the Maine APCD.[c] The Maine Health Data Organization (MHDO), the entity that oversees the APCD, has the authority to impose assessments on hospitals, healthcare facilities, and carriers. In addition, MHDO was awarded CCIIO Cycle III ($2.62 million) and IV ($1.17 million) grant funding for the APCD.
Maryland	The Maryland Health Care Commission, an independent regulatory agency responsible for the Medical Care Data Base (MCDB), the state's APCD, is funded through user fee assessments on hospitals, nursing homes, payers, and the licensing process of the health occupational boards.[5] The Maryland Insurance Administration received CCIIO Cycle III ($2.89 million) and Cycle IV ($1.17 million) grant funding to enhance the MCDB.[6]
Massachusetts	The Center for Health Information and Analysis (CHIA), the agency responsible for the Massachusetts APCD, generates revenue with data purchases; however, these efforts result in small net gains due to the cost of reviewing data requests and providing customized data files.[7] CHIA partners with other state agencies to perform various services in return for financial backing, which includes Affordable Care Act grant funding to support the APCD. In addition, work is underway with the Group Insurance Commission, the state benefits office, to perform some of the data warehousing activities for the fully insured population.
New Hampshire	The New Hampshire (NH) Comprehensive Health Care Information System, the state's APCD, is maintained by the NH Department of Health and Human Services and the NH Insurance Department (NHID). NHID received CCIIO Cycle III grant funding[d] to add data elements to the APCD.[8]
Utah	The Utah APCD receives state funding through state general revenue and Medicaid match funds.[9] As of July 1, 2015, the state

[b] Entities subject to the fee include reporting insurance companies (as defined by K.S.A. 65-6805), health maintenance organizations, and group self-funded pools.

[c] 22 M.R.S. § 8706. The annual assessment cap was set at $1,346,904 in fiscal year 2002-03. In subsequent fiscal years, the annual assessment may increase above $1,346,904 by an amount not to exceed 5 percent per fiscal year.

[d] NHID received $3.02 million in Cycle III funding to improve rate review transparency, enhance health-pricing transparency, and enhance the APCD and $1.17 million in Cycle IV funding.

	will be able to collect fees for data requests. The Utah Department of Health (UDOH) will use Cycle III and Cycle IV grant funding to enhance the existing capacity and functionality of the state's APCD.[e]
Vermont	The Green Mountain Care Board (GMCB), the entity responsible for Vermont's APCD (Vermont Health Care Uniform Reporting and Evaluation Systems),[10] uses a "bill-back" approach for expenses, which allows for billing as costs are incurred rather than a prospective fixed fee that may not cover unanticipated costs.[f] GMCB also receives a portion of annual state tax imposed on health insurers.[11] GMCB received CCIIO Cycle IV grant funding to support health reform activities and increase medical pricing transparency.[12]
Virginia	Virginia Health Information (VHI) was provided with $2.56 million from the Virginia Hospital and Healthcare Association and the Virginia Association of Health Plans to support the Virginia APCD during its first thirty months, which ends in 2015. VHI anticipates generating revenues through the sales of reports and corporate subscriptions.[13]
Wisconsin	The Wisconsin Health Information Organization (WHIO) is a member-based organization that leads a voluntary initiative to collect claims information. State general purpose revenue, physician assessments, grants, and membership and subscription fees from payer groups, providers, and other healthcare organizations fund the Wisconsin APCD.

Sustainability Opportunities in Arkansas

The evolving healthcare environment in Arkansas creates a heightened demand for data collected by the APCD, offering a valuable opportunity for state healthcare transformation efforts. ACHI plays an active role in these efforts and leverages involvement in these activities to identify potential APCD sustainability opportunities. ACHI anticipates working with AID and the Initiative Board to further identify, refine, and prioritize sustainability strategies in order to develop and implement a sustainability plan required by the Act. Using information collected from other state strategies and work with Arkansas stakeholders, the following section profiles opportunities for the APCD to provide data support and generate funding for sustainability.

Academic research

- ACHI has experienced first-hand the demand from researchers at the University of Arkansas for Medical Sciences (UAMS) from recent requests for data from the Arkansas Health Data Initiative. Due to the statutory and contractual limitations on external data use of data in

[e] UDOH received $3.25 million in Cycle III funding and $1.17 million in Cycle IV funding.

the Health Data Initiative, UAMS supported the Act and its promise for access to data. ACHI will work with UAMS and others in the academic community to identify data to support research needs in Arkansas.

Federal program requirements and partnerships

- **Quality Rating System.** Qualified Health Plans (QHPs) operating in the Arkansas Health Insurance Marketplace (AHIM) must report quality measures as part of the HHS Quality Rating System (QRS) requirements in 2016. QHPs must report to AHIM, and AHIM must display these quality ratings on its website to assist consumers with the selection of QHPs. APCD data may be used to derive state-specific quality measures or provide statewide benchmarks.

State program requirements and partnerships

- **Assessment of PCMH Costs across Payers.** The Arkansas Health Care Payment Improvement Initiative (AHCPII) is a multi-payer reform model aimed at increasing healthcare quality and reducing the cost of care. A key part of the AHCPII is the adoption of the patient-centered medical home (PCMH) model. PCMHs benefit providers by offering per-member per-month payments to support care coordination and shared savings for providers that achieve risk-adjusted spending below the established threshold or meet a minimum two percent savings rate during the performance year.[14] Currently, participating providers receive a report from each payer describing costs of care. The APCD can benefit PCMH providers by providing total cost-of-care reports across payers. The APCD can also provide PCMH programmatic evaluations by assessing quality and cost among participants versus non-participants.
- **Medicare Assessment for AHCPII.** Officials at Arkansas Medicaid, Arkansas Blue Cross and Blue Shield, and ACHI have conducted regular discussions with federal officials to align on a potential path for Medicare participation in Arkansas's PCMH model. To facilitate Medicare participation in the model, Medicare data and quarterly reports must be provided to active PCMH providers. The Arkansas APCD may serve as an efficient channel for Medicare data to support Arkansas PCMH provider reporting needs. A portion of necessary Medicare per-member per-month payments could potentially be designated for state administrative costs, including APCD use. Further, the Arkansas APCD could be used to generate profiles for episodes of care delivered under Medicare payments, which could be used as a tool for PCMH practices to make more efficient and higher-quality specialist referrals.

Providers

- **Community Health Needs Assessment.** Non-profit hospitals must complete a Community Health Needs Assessment (CHNA) at least once every three years to maintain their non-profit status.[15] The CHNA includes an analysis of community needs and an implementation strategy suggesting how the hospital will meet those needs. The in-depth analysis of community needs may be supported by the APCD, providing population-based healthcare data. Many hospitals engage consulting firms to complete analyses and documentation required for CHNAs. The APCD may provide a lower-cost option for completing the CHNA

requirement, as well as offer a tool for evaluation of targeted programs to meet the needs identified by CHNAs.

- **Accountable Care Organizations (ACOs).** ACOs are groups of doctors, hospitals, and other healthcare providers who come together voluntarily to give coordinated high-quality care to their Medicare patients. Providers intending to form ACOs may use APCD data sets to assess providers for inclusion in the ACO. Once formed, ACOs may use APCD data for quality measurement and determining shared savings.
- **Nursing Home Quality Reporting.** In combination with Medicare Nursing Home Compare, the APCD may provide information about cost and quality of the state's nursing homes using Medicaid data in addition to Medicare data.

Other

- **Office of the Arkansas Attorney General Settlement Funding.** Funds from settlements in favor of the state are managed by the Office of the Attorney General. The Attorney General may disburse funds from a settlement agreement to a state agency having a nexus to the underlying litigation or direct excess funds that does not require a specified disbursement for other purposes.[16] Requesting a percent of these funds may be a potential revenue source for the APCD. There is a clear nexus between recent healthcare fraud settlements and the purpose of the Act.
- **Arkansas Bureau of Legislative Research**. The Arkansas Bureau of Legislative Research could use APCD data to support legislative requests.
- **Premium Tax and Assessments.** Arkansas health insurance carriers pay a tax on all premiums, which has historically been offset by a tax credit that has been legislatively eliminated. Additionally, the AHIM Board of Directors must develop recommendations for an assessment on participating carriers to support the AHIM operations. There is potential for the allocation of a portion of premium taxes or assessments to evaluate the impact of the AHIM on access and efficiency and to provide a quality rating of each QHP.

Data Delivery and Reports

ACHI will provide a range of data offerings to support the long-term sustainability of the APCD. The cost and time to support data delivery and reports depends on a variety of factors. ACHI will approach many requests as custom independent bodies of work, scoping and budgeting each based on the level of effort required to fulfill the request. In addition, ACHI can produce a standard data set to be used for multiple purposes. The standard data set could be available to purchasers for one-time use or multiple uses. Multiple-use purchasers may receive a refreshed data set as the APCD is updated. Multiple use purchasers could receive a discount for purchasing multiple years of data; however, the APCD would benefit from this type of pricing model because the advance purchase of the data will help offset the upfront cost of the initial development. The standard data set may not meet every customer's needs; in that case, ACHI can develop a custom data set. Custom data sets allow only relevant data points to be included. This will require additional analytic work by ACHI; therefore, these data sets should be priced separately.

The cost to develop a data set listed in Table 2 includes the analytic requirements, creation of an analytic plan, production of the data set, and supporting documentation. As more custom data requests are fulfilled, it is likely the cost to develop these data sets would be reduced as ACHI may be able to use existing analytic plans to replicate similar requests. There will be marginal costs to refresh the standard data set as part of future updates, allowing ACHI to recoup costs of these data sets beyond the initial year of sales. However, major changes (e.g., transition to ICD-10) must be anticipated and appropriately budgeted to maintain viability. The projected pricing of a data set takes into account prices at which similar products have been sold in other states, what potential customers are willing to pay as well as consumer demand, and desired profits. Many APCD pricing models used in other states categorize the fee structure to offer discounted rates to certain entities (e.g., academic researchers or non-profits). Table 2 accounts for this variance by representing prices as a range.

Table 2: Potential Arkansas APCD Cost and Fee Schedule for Data Sets

Type of data set	One time cost to develop	Projected pricing – single use	Projected pricing – multiple use*
Standard data set	$8,000 - $10,000	$2,000 - $5,000	$4800 - $12,000
Custom data set	$8,000 - $10,000	$10,000 - $20,000	NA

* Multiple use is defined as three years of data offered at a 20 percent discount.

Table 3 provides annual estimates of the potential volume of requests, price, and revenue from sources identified in the Sustainability Opportunities in Arkansas section above. Academic research includes requests for standard and custom data sets. Additional analytics may be required to produce custom reports. This is reflected in the price range. Federal and state program requirements and partnership pricing estimates are based on similar contracts and potential opportunities. The revenue source Other includes requests for standard and custom data sets.

Table 3: Arkansas APCD Revenue Projections by Source

Revenue source	Potential volume of requests	Price range	Potential revenue
Academic research	2 - 6	$2,000 - $50,000	$120,000 - $300,000
Federal program requirements and partnerships	1 - 3	$50,000 - $1,000,000	$50,000 - $1,000,000
State program requirements and partnerships	2 - 3	$50,000 - $ 75,000	$125,000 - $225,000
Providers	1 - 2	$30,000 - $50,000	$40,000 - $100,000
Other	2 - 5	$2,000 - $150,000	$230,000 - $300,000
Total potential revenue			**$565,000 - $1,925,000**

Ongoing Operations and Maintenance

The APCD operations and maintenance estimate shown in Figure 1 is based upon the analogous costs of APCD development, using expert judgment to predict future requirements. This estimate falls within the range of APCD operations and maintenance costs for other state APCDs. An item not accounted for in this estimate is the potential use of volunteer services. ACHI anticipates partnering with academic institutions to explore the possibility of student internships and projects, which may have an impact on costs.

Figure 1: Yearly Operations and Maintenance Estimate for APCD Sustainability

APCD Management, Outreach, and Indirect Costs	**$590,000 - $770,000**
APCD Operations and Technical Maintenance	**$690,000 - $860,000**
Infrastructure and Security	**$760,000 - $1,310,000**
Analytics and Reporting	**$110,000 - $200,000**
Total Annual APCD costs	**$2,150,000 - $3,140,000**

(The estimates have been rounded to the nearest ten thousand)

Conclusion

To effectuate the vision of the APCD as a multi-functional utility and to provide a range of products that will support sustainability, additional long-term strategic planning with AID and the Initiative Board is necessary. This work will include finding the right balance between transparency and privacy, having clear objectives for dissemination, and formalizing privacy protections. This report is intended to provide useful information as sustainability efforts continue.

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