



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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March 23, 2018

Dear Senator Cassidy:

We are writing in response to your request for feedback on transparency in health care pricing and the role the federal government can play in encouraging increased transparency around the cost and quality of healthcare services. The State of Washington is in the process of creating an All Payer Claims Database (APCD), a tool that we believe is fundamental to price transparency and to controlling the cost of health care spending.

Washington's APCD contains health insurance enrollment and claims data from 25 commercial and Medicaid plans for residents across the state. The state has embraced this as a critical resource for understanding what's happening in healthcare across the full population, including cost and quality of care.

State-based APCDs have been essential components of reliable consumer price transparency reporting at a regional level. Washington's initiative includes a HealthCareCompare consumer website, which will be launched in July 2018. This website will provide consumers and other users with access to provider pricing and quality information for approximately 150 facility and professional services that have been identified as "shoppable" procedures. The website leverages data collected through the state's APCD in concert with an episode grouping methodology to generate 60 cost and quality metrics that will be updated regularly and displayed on a public website.

There are several ways in which the federal government can assist in making these efforts more impactful. First, as a result of a recent ruling by the Supreme Court (*Gobeille v. Liberty Mutual*), APCDs can no longer mandate the inclusion of commercial insurance data from employers who "self-insure." This ruling deprives APCDs of a significant amount of information about the healthcare being delivered across the state. Nationally, more than 60 percent of workers with employer-based insurance are in self-funded plans. In its ruling, the Court suggested that the federal government, particularly the Department of Labor, could mandate collection of APCD-type data from employers who self-insure. Other observers have suggested that the Employee Retirement Income Security Act (ERISA) needs to be reconsidered to address the current interpretation and challenges to APCDs. Regardless, we believe that self-insured data are important for the long-term value and impact of APCDs, including price transparency reporting, and federal attention is needed to address this gap.

A second way in which the federal government can assist in furthering the impact of APCDs is to provide an onramp for including claims data related to substance abuse and mental health claims. Regulations

related to 42 CFR Part 2 have created an environment where health plans and employers have pulled back from providing these data. Given the current public health crises caused by the opioid epidemic, we believe there may be tremendous value to including these data in APCDs.

Finally, the current mechanism for obtaining Medicare fee-for-service data is slow and unwieldy. As a result, these data are often left off APCDs. Federal efforts to reduce the restrictions for including these data in APCDs would allow states to obtain a fuller picture of health care use and spending in their states.

Thank you for raising the profile of this important issue and for considering our suggestions and input on how to most effectively address transparency at a state and regional level.

Sincerely,



Thea N. Mounts, Program Director
Washington State All-Payer Claims Database