FAIR Health in Pennsylvania – FAQs

Compiled in conjunction with FAIR Health

What is FAIR Health?

FAIR Health is a national, independent, nonprofit organization dedicated to bringing transparency to healthcare costs and health insurance information. As a tax-exempt charity, FAIR Health does not lobby nor does it take positions on the specifics of proposed policies; however, the organization believes its charitable mission includes sharing information based on its resources and experience. FAIR Health holds and maintains the nation's largest collection of healthcare claims data – over 23 billion billed medical and dental procedures from 2002 to the present. On an annual basis, the data reflect the claims experience of over 150 million privately-insured individuals. Each year, the database grows by more than 1 billion additional claims. FAIR Health also holds separate data representing the experience of more than 55 million individuals enrolled in Medicare. Certified by the Center for Medicare and Medicaid Services (CMS) as a Qualified Entity, FAIR Health receives all of Medicare Parts A, B, and D claims data for use in nationwide transparency efforts. (www.fairhealth.org)

From what data sources does FAIR Health draw its data in Pennsylvania?

For Pennsylvania, FAIR Health has 49 contributors of private commercial insurance claims information for services rendered on a fee-for-service basis in the state. The contributors include both insurers and third-party administrators of private healthcare claims. The claims come from both fully-insured and self-insured (ERISA) plans. Contributions are submitted regularly, usually monthly. FAIR Health percentile benchmarks, which are based on 12 consecutive recent months of data, are updated every six months to ensure they are up-to-date.

Who can access FAIR Health data, how do they do so, and how much does it cost?

Anyone can access FAIR Health Data. The cost varies based on the user and the use of the data. Consumers obtain the data without charge on a free website. FAIR Health does not charge state governments for referencing the data in statutes and regulations. FAIR Health makes cuts of its data (datasets and analytics) and products available to government, policymakers, and academic researchers for a variety of purposes, ranging from workers' compensation fee schedules to research on incidence of diseases, at very low rates, basically to cover its own costs. Often, small datasets are provided free of charge or at minimal rates. Many insurers and administrators already license FAIR Health data and thus would have no additional cost if the state were to

<u>adopt a standard based on FAIR Health data</u>. For insurers and administrators not currently licensing FAIR Health data, the fee for the data that would support a standard selected by the state likely would cost between $2,000 and $6,000, depending on the insurer's number of covered lives.

Who provides data to FAIR Health, how do they do so, and how much does it cost?

FAIR Health receives data from insurers and third-party administrators. The data include the information that providers report on their claims, including their charges. Contributors must provide at least 10,000 claims over 24 months to be included. There are no specific technical requirements for contributing data to FAIR Health; FAIR Health conforms the data to its standard format at its own expense. Contributors can provide their data in any format that is convenient to them. FAIR Health receives data from contributors from all parts of the country.

What percentage of claims and covered lives in Pennsylvania are covered by FAIR Health?

The over 75 million claims in the FAIR Health database from Pennsylvania represents 35% of the privately insured covered lives in the state.

What percentage of the private insurance market in Pennsylvania is covered by FAIR Health?

Thirty-five percent (35%) of the privately-insured population in the state is represented in the FAIR Health database currently. FAIR Health is the largest independent database of its type to provide health charge transparency in both Pennsylvania and the country.

FAIR Health in Pennsylvania – FAQs

Compiled in conjunction with FAIR Health

How does FAIR Health ensure that they have appropriate representation of charge data to all stakeholders if it does not have all private insurance data in Pennsylvania?

FAIR Health benchmarks are based on claims data that are representative of the geographic areas where the services are rendered. Independent healthcare statisticians have reviewed the data and found it to be representative. In connection with assessing the qualifications of an entity for designation as a Qualified Entity, CMS reviews the private claims data held by the entity for its representatives. To qualify as a Qualified Entity nationwide, CMS must determine that the entity holds a statistically representative dataset of claims for each of the 50 states and the District of Columbia. Thus, FAIR Health's dataset of claims for Pennsylvania has been found to be statistically representative. FAIR Health divides the state into 28 geographic areas (geozips) to account for variation in costs of care in different parts of the state. A geozip generally is the geographic area represented by the first three digits of a zip code.

How does Fair Health ensure that its data is not skewed by outlying sources for charge data?

FAIR Health assembles 12 consecutive, recent months of claims data according to procedure codes and geographic place of service (geozip). For each code in each geozip, FAIR Health applies a standard statistical outlier methodology to identify the charges (if any) that are so extremely high or low that their inclusion in the distribution risks distorting the distribution and therefore the percentile benchmarks. If any outliers are found, they are eliminated from the distribution of charges. Then FAIR Health determines the percentile benchmarks values for each code in each geozip, and these benchmarks are reported in its modules from the 5th to the 95th percentile.