Getting the Most from Your State's All-Payer Claims Database

All-Payer Claims Databases (APCDs) offer considerable potential, yet what is their ultimate value? What can states with new APCDs, such as California, learn from one another as they build them? And how can health care organizations in these states best prepare to be part of an APCD?

This past year, California became the latest (and largest) state to legislatively mandate an all-payer claims database (APCD). As the name implies, an APCD is a statewide repository of all claims information from a state's health care payers, including both commercial and government.

The intent of an APCD is to help policymakers and others better understand the drivers of health care use and costs and spot usage trends across networks, facilities and geographies. An APCD could also help assess widespread population health issues, such as Type 2 diabetes or the opioid epidemic.

Over the past 15 years, APCDs have become increasingly popular, particularly as states push for care and payment reform initiatives and seek increased health care cost transparency. As of mid-2019, 16 states have implemented mandatory APCDs, with several other states near to doing so and a half-dozen others promoting voluntary APCDs.

Clearly, APCDs offer considerable potential, yet what is their ultimate value? What can states with new APCDs, such as California, learn from one another as they build them? And how can health care organizations in these states best prepare to be part of an APCD?

Understanding APCD Value

By aggregating millions of health claims – outpatient visits, lab tests, prescriptions, etc. – an APCD promises to help users understand how a state's health care markets are functioning and how these markets might serve patients better. Rather than scores of individual payers each maintaining their own proprietary claims databases, an APCD provides a broad view of claims across an entire market.

The ultimate long-term value of an APCD depends on the interests of its participating stakeholders:

- **Consumers** – Driving consumer web sites offering more transparent health care cost and quality information
- **Employers** – Providing employee health utilization cost and quality information for improving purchasing decisions
- **Providers** – Fostering affordable care organizations and quality measure initiatives
- **Payers** – Allowing comparisons across both commercial and government payers
- **Researchers** – Informing research and educational efforts
- **Government** – Impacting policy decisions based on incident, prevalence, quality and utilization information

As this list of stakeholder interests indicates, the value of an APCD isn't so much in the data collection and aggregation as it is in building actionable tools based on APCD data, such as easy-to-use consumer web sites. Thus, getting full value from an APCD is likely a years-long endeavor filled with multiple starts and stops, as various states' experiences show.

Learning from APCD States

The national APCD Council was established to share APCD information among state stakeholders, as well as provide early-stage technical assistance to states getting their APCDs off the ground. The emphasis is on determining and establishing best practices, like harmonizing data collection and data release rules.

Early APCD adopters have helped pave the way for other states to follow, such as around their specific APCD focus. Consider the APCD focal points of these states:

- **New Hampshire, Maine and Maryland** – Built consumer-facing portals promoting cost and quality transparency, allowing for comparison-shopping when seeking insurance and/or care.
- **Oregon, Colorado and Maine** – Analyzed APCD data to assess variations in price and utilization across geographies, allowing greater understanding or local provider payments, and per-member/per-month variations.
- **Massachusetts, Rhode Island and Minnesota** – Tracked health care spending and trends, particularly around prescription drug spending and the state cost of low-value services

Even with these orientations, however, there is no guarantee that an APCD will reach its full potential – particularly

around consumer-related APCD applications. For example, despite gains in APCD-derived health care price transparency, consumers still do not typically use this information. A 2017 study found that only 11% of more than 70,000 families with access to the Truven Treatment Cost Calculator used this tool at least once.

To combat APCD-related barriers like these, states have had to think outside the box – sometimes literally. For instance, for 20+ years, Maryland has had a wealth of APCD-powered health care price information available, but it wasn't shared with consumers in ways that were accessible or empowering. That changed in 2017 with the advent of Maryland's Wear the Cost information campaign, featuring black t-shirts emblazoned with the average costs of four of the most common non-emergent procedures performed in Maryland hospitals. The campaign's point is to encourage consumers to seek price and quality information before making discretionary health care decisions.

States with newer APCDs, like California, will likely encounter similar learning curves. For any state, the key for maximizing APCD usefulness is engaging stakeholders to determine what data is needed most, what works best, and what needs changing.

Developing an APCD

Because APCDs have existed for many years in several states, the good thing for states with new APCDs is that they don't have to reinvent the wheel; they can learn from others' efforts. In fact, the APCD Council has created a development manual to help states establish common standards for data and its collection, aggregation and analysis.

The APCD Council has also established an APCD implementation framework around five critical areas:

1. **Engagement** – Articulating and communicating the purpose of the APCD to all key stakeholders, such as payers, providers, consumers, policymakers, etc.
2. **Governance** – Gaining authorizing legislation, defining rules and regulations for operations, designing an oversight entity and composing a governance structure and entity
3. **Funding** – Covering all aspects of system development and operation, including data scope, infrastructure, use and access
4. **Technical build** – Developing the operational and quality assurance protocols needed for receiving and processing the data, based on such factors as reporting needs, types and sizes of files, data submission frequency, etc.
5. **Analysis and applications development** – Ensuring that APCD data collected properly informs consumer, policy, market and research decision-making

Health care organizations which will be contributing to an APCD database, and those which will derive value from the aggregated data, should know the underlying plans and challenges of creating a viable APCD database.

Maximizing an APCD’s value depends on gaining key stakeholders’ buy-in and engagement.

