



HEALTH CARE COST INSTITUTE

1100 G St NW, Suite 600
Washington, DC 20005
202.803.5200 | healthcostinstitute.org

Dear Chairman Alexander,

Thank you for the opportunity to provide recommendations to help address America's rising health care costs. The Health Care Cost Institute (HCCI) is an independent, non-profit research institute committed to using the best data to examine key issues impacting the U.S. health care system. As a non-partisan organization, we do not endorse specific policy goals or proposals. We do, however, draw on our experience and expertise to help policymakers understand the implications of options up for debate.

To that end, and to make progress toward the goals outlined in your request, we believe Congress, the Administration, state governments and the entire health care ecosystem would benefit from evaluating options under consideration against a comprehensive multi-payer source of health claims data. Despite the fact that health care accounted for 17.9% of the US economy at a cost of \$3.5 trillion a year in 2017, there exists no single comprehensive source of information that would allow Congress and other stakeholders to better understand how the health care system is performing.

Health care claims data are an invaluable resource when evaluating policy proposals against the goals stated in your request. These data allow for the examination of both broad and very specific spending and utilization patterns, including analyses by site-of service, provider specialty, and trends in care for sub-populations of interest, to name just a few. Such analyses are useful in understanding the context in which an intervention would occur, as well as in assessing the effect of a reform after it has been implemented. Further, multi-payer data can shed light on the ways in which policy changes within particular programs, such as Medicare and Medicaid, impact commercial markets – allowing policymakers to consider reforms in the context of the entire health care marketplace.

HCCI possesses one of the largest databases of health care claims, including data from more than 40 million individuals with employer-sponsored insurance (ESI). Nevertheless, this represents just over a quarter of the nearly 160 million Americans who receive health insurance coverage through an employer. A truly comprehensive, national, all or multi-payer claims database will provide Congress and other health care system stakeholders with crucial additional insights into Americans' interactions with the health care system.

Multi-payer claims databases enjoy broad support. When concerns are raised, they generally relate to privacy and cost. Both can be easily overcome, and the approaches of several states who have established state-wide databases can serve as a guide. In addition, some may argue that states are in the best position to develop such resources,



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given the number of existing state multi-payer databases and other states' interest in establishing them. These state-level efforts, while valuable, are no substitute for a national comprehensive multi-payer source of health care claims. A truly holistic picture of the health care system requires drawing on information about experiences across different states. To do this, it is imperative to have consistent standards for how data is contributed, reported, and accessed.

Your request comes at a critical time, as health care spending growth for individuals with ESI, after slowing following the recession nearly a decade ago, has risen over the last several years. In our most recent [Health Care Cost and Utilization Report](#) (released last month), we estimated per-person spending for the ESI population grew by 4.2% in 2017 (the most recent year for which data are available). Over the five-year period covered in the report, average annual growth was 3.9%, outpacing per-capita GDP growth which averaged 3.1% per year over the same period. This trend is consistent with broader measures of health care spending and contributes to the unsustainable trajectory of spending growth in the U.S.

Consistent with our previous reports, we also found that health care spending growth is primarily driven by increases in the price per unit of service, not by an increase in the number of services people used. Thus, while working Americans and their families use the same amount, or in many instances, less health care, rising prices continue to increase their total health care bill.

We thank you again for the opportunity to participate in the important discussion regarding steps Congress can take to relieve the growing burden of health care costs on taxpayers, employers, and family budgets. Please do not hesitate to reach out if we can be of further assistance. HCCI's annual health care spending reports, as well as more targeted research on topics like the cost of insulin, cost of care for people with multiple sclerosis, and utilization of primary care can be found on our website: www.healthcostinstitute.org.

Respectfully,

A handwritten signature in black ink, appearing to read "Niall Brennan".

Niall Brennan
President
Health Care Cost Institute