

Laying Hands on Health Data

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Acquiring the underlying facts and figures on your organization's health costs may be easier than you think—and more worthwhile.

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By Joanne Sammer

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Health costs are up, so—not surprisingly—crunching numbers is in. Many employers want to look closely at their health care claims and utilization data to find ways to reduce health expenses. After all, employers can't manage health costs unless they know what drives those costs.

But many HR professionals aren't sure what health data may be available and whether they can obtain such data cost-effectively—if at all.

The good news is that many health insurers and other health care vendors are making more data available, and not just to large employers. Certainly, major self-insured companies such as IBM have always had sufficient leverage with their plans' administrators to obtain data. But employers with smaller payrolls, especially those that buy health coverage rather than self-insure, historically have been less successful. The reasons have ranged from insurers' professed inability to segregate one client's data from data for a multi-employer group, to a small employer's lack of resources for analyzing such data.

Today, however, employers of all sizes have more options than they may realize. Sometimes gaining access to information is simply a matter of asking insurers what data are or could be made available.

The challenge comes in interpreting and acting on the information. HR executives must understand what they're looking at and must become familiar with the methods and the rationales for the various ways health data can be cut, organized and interpreted.

"Have a good understanding of how the data aggregator organizes the data and what the report summaries mean," advises Joyce Young, IBM's director of well-being. "Ask a lot of questions upfront."

Young and her colleagues monitor several areas of utilization to identify potential changes in plan design. For example, Young



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recognizes the importance of patient relationships with primary care physicians (PCPs), and she monitors PCP usage. "We can look at what kinds of services individuals are getting from what kinds of providers," she says. "If we look at the trends and the experience over a period of time, we can see that it is really beneficial to use primary care providers." To encourage that behavior, IBM has adjusted its plan design elements accordingly—for example, by eliminating deductibles for PCP office visits and preventive care.

Be Specific

Employers of any size can ask for health care data, but it may be impractical for small companies if HR professionals don't have or can't obtain resources to analyze data and provide programs to change workers' behavior or manage care.

HR professionals who can analyze and act on health data can begin simply by asking insurers, third-party administrators and other vendors what data and reports they provide.

Specify what data you are looking for, says Randy Abbott, a senior consultant with Watson Wyatt Worldwide in Boston. "Most insurers are being more responsive to employer data needs and are getting better at capturing at least key statistics." These can include claims costs and increases as well as types of costs, such as hospitalization, surgery and prescription drugs.

The Beryl Cos., a Fort Worth, Texas, call center provider with 350 employees and 600 lives covered by its fully insured health care plan, has been analyzing its health care data for about two years. In the process, the company has reduced claims costs by about 15 percent from the first half of 2008 to the first half of 2009. "We do quarterly deep dives into our claims and usage data," says Andrew Pryor, vice president of human resources.

Working with the benefits broker, Pryor compares actual spend data with information from like-sized companies in the same geographic region. Together, Pryor and the broker analyze the data and identify where to take action. For example, one analysis highlighted high emergency room utilization last year, leading the company to launch an educational campaign on alternatives to emergency room visits. "We provided data on the costs of going to [employees'] primary care physician vs. going to the emergency room to show how much they save by waiting to see their PCP in nonemergency situations," says Pryor.

This data also highlighted the low number of employees and dependents who have chosen and use PCPs. Recognizing the importance of an existing PCP relationship to preventive care and avoiding unnecessary emergency room utilization, Pryor

launched a wellness campaign. T-shirts were given to employees who had annual physicals, covered 100 percent by the health care plan. The campaign resulted in 36 percent of the employees having physicals during the first year. "We knew that having a physical would get people to begin to build a relationship with their primary care physicians," says Pryor. "But more than that, we want people to get used to using our benefits." After all, if employees are going to a doctor regularly, there is a better chance of catching problems before complications can occur.

Expect Varying Responses

Pryor and his colleagues at The Beryl Cos. obtain data simply by accessing the insurer's standard reports included in the overall premium, so there is no extra cost.

However, free reporting is not available from every vendor, so find out what specific reports and data are available and at what cost. Some insurers and other vendors charge from \$500 to \$2,000 or more for data and reporting.

Insurers vary in what data they can provide and what they provide for free. HR executives can bring to bear whatever leverage they and their brokers may have to push for more data and better pricing, but, in general, the more detailed and specific the reporting request, the more likely that the insurer will charge a fee or be unable to fulfill the request.

In addition, Abbott notes that it can still be difficult to obtain employer-specific or group-specific data from some regional insurers and health maintenance organizations (HMOs) because their computer systems may not be as modern as those of other insurers. This will be particularly true for insurers operating on a community-rated basis. This method spreads the risk so rates are set according to the claims experience of the HMO population and not just according to the employer's claims experience; the data may not be segregated by employer or other groups.

If an HMO or insurer is unable or unwilling to provide important data, the employer may consider switching providers and making data access part of the deal.

By understanding the full range of data and reports available for their kind of plan, HR executives can determine what will suit their needs rather than simply accepting standard reports. Pryor urges HR executives to schedule face-to-face meetings with insurers and other vendors to discuss the data available, reporting capabilities and costs. "Make sure that they understand your needs," he urges.

Privacy Rules No Excuse

The privacy protection included in the Health Insurance Portability and Accountability Act (HIPAA) can prevent employers from obtaining raw claims and utilization data. However, vendors should not be allowed to use HIPAA's privacy protection as an excuse to avoid providing employers with any data at all.

If an insurer or other vendor is balking at requests for data, or says it can't provide data quickly, the employer should get its broker to apply pressure. "This is a chance for a broker to act as a real and valued business partner," says Tom Parry, executive director of the Integrated Benefits Institute in San Francisco. "Let the broker know that you need more from him than telling you how much health care benefits will cost."

The ability and willingness to provide data should be a factor when choosing and negotiating with vendors. Employers have more leverage than they may realize. Of course, "the larger the employer, the more leverage," Parry says.

In some instances, employers may need to change the nature of their vendor relationships. When health care data analysis and access become the norm for organizations, "these relationships will no longer be about getting services," predicts Parry. They will be about "what needs improvement based on independent and objective data."

Leaders at HMR Advantage Health Systems in Easley, S.C., for example, work with real-time data from the organization's pharmacy benefit manager (PBM) to improve utilization and outcomes, according to Abe Emery, vice president of HR. For example, if the employer uncovers a high degree of noncompliance among individuals taking diabetes medications, the company can work with its broker and PBM to identify the best option. It may be educating patients about less-costly generic drugs, moving those individuals to less-expensive mail-order pharmacies, or changing drug co-pay levels to make them more affordable.

The rationale, of course, is that spending money now to ensure compliance will help these individuals avoid much more expensive hospitalizations in the future.

Put the Data to Work

If HR managers don't have the expertise to analyze data, they can once again lean on brokers. With access to so much information about the other health plans they deal with, brokers can analyze data and create action plans.

In addition, in-house risk managers and financial officers may be able to support data analyses.

The key is to establish a base line of information to identify changes and interventions that will improve employee health and reduce costs. Without this understanding of the underlying cost structure—of what the cost drivers are and of where they stand in comparison with similar organizations—HR executives will be unlikely to maximize the impact of such interventions on health care costs and unable to measure improvements.

“Look for trends in your claims data which are reasonable predictors of future experiences,” Abbott says. “This could include increases in emergency room visits or in the use of high-cost imaging, such as MRI and CAT scans.”

Caterpillar Inc. uses pharmacy claims data to track, among other things, the impact after the company eliminated co-payments for generic statins used to lower cholesterol. “We used the data to show that the people who used the generic statin had a higher rate of adherence over time than people who used the brand name,” says Mike Taylor, Caterpillar’s medical director, based in Peoria, Ill. These data allow Caterpillar to provide targeted information to anyone on a certain drug to help them manage their condition. Employers can provide this type of information while still operating within HIPAA privacy rules.

However, Taylor is operating at the clinical level and finds claims data alone too limiting. Instead, he focuses on health risk data reported through employees’ health risk assessments. “Claims data provides the disease-state description or if someone had a specific blood test, but I can use health risk data to find out if somebody needs to get more active physically, if they are smoking or what their lipids are,” he says.

In the future, however, Taylor is planning to use special software to combine claims data with employee-reported health risk data to track the progression of specific diseases—for example, if a worker with diabetes is developing other conditions.

Expand Your Reach

Once HR professionals get comfortable asking for and working with health care data, they can apply this expertise in other areas, including workers’ compensation and health risk factors in the workplace.

For example, by looking at workplace risk factor data, lost time per disability, and data on functional impairments on the job, HR professionals can manage a range of costs related to workplace injuries, recovery rates, absenteeism, workers’ compensation claims and low productivity.

The author is a New Jersey-based business and financial writer.

Please share your thoughts about this article or how you have obtained and used health care data.

 Echo 4 Items

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Randy Boss

As a Benefits Consultant and Outsource Risk Manager I have been encouraging HR professionals to request more data from their insurance providers for over 20 years. Many insurance providers do not want to disclose this information.

To manage your risk there are 5 steps that need to be done in this order.

- 1) Identify (health risk assessments and biometrics)
- 2) Analyze (medical plan claim data)
- 3) Control (wellness including health coaching)
- 4) Transfer (insurance and/or employee contributions)
- 5) Monitor (How did the plan perform)

Then you start all over again.

One of the reasons health insurance cost so much is benefit brokers suggest the easy route and go to step 4 Transfer because that's where they get paid. HR takes this recommendation to management. Management approves it because in many cases it's easy and the employee bears a portion of the cost. HR has to remember they are the customer and demand claim data from their benefit provider.

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Mike P.

I am the HR Manager for a 300 employee manufacturing company in Alabama, and have Blue CROSS as our healthcare provider. We also have a B/C plan for retirees which consist of a total of 15 contracts= (11 individual/4 family). This plan is a supplemental one to Medicare which is primary. The plan kicks in at age 65.

We are fully-insured and not self-insured.

My concern is the growing cost to cover retirees. The bottom line is presently we are paying more in premiums than we are receiving in benefits. Each year the retiree group will grow and I need to get ahead of the curve. I don't want to cut these benefits but I do want to have full knowledge and explore all possibilities with Blue Cross.

Where do I start?

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Where do I start?

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Scott Kirschner

Data driven decision making is very important, and the amount and quality of data, especially for fully insured groups, has improved over the years. For self-insured groups, sometimes the problem is data overload. The problems for HR gets to be:

1. What does the data mean?
2. Are we doing good, bad, okay?
3. Being able to link the data to actions then measuring the results, including can another TPA or health plan perform better.
4. In some cases, finding the time to do all of this.

Outside advisors are vitally important, but Randy's right that many brokers take the method of least resistance. It's not just about leaning on consultants/brokers to get the reports; it's using them for their knowledge and insight

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