10 YEARS

A Most Unusual Journey

Letter from the Chair

As I look back at the first 10 years of FAIR Health, I am overcome with two emotions: awe and gratitude. Awe at the smooth execution of a daunting set of challenges—migrating a long-standing, for-profit business into a newly fledged nonprofit, virtually overnight; committing it to the charitable mission of promoting transparency in healthcare cost and charge data, applying neutral principles and casting the widest possible net to give every stakeholder confidence in the resulting data repository; and performing this tightrope act while not missing a beat in FAIR Health's core business, which requires publishing the benchmark pricing modules that insurers use when adjudicating out-of-network bills. Succeeding in any one of these tasks would have been a hit; orchestrating them all together has produced nothing short of a symphony.

But I also feel a strong, personal debt of gratitude. First, to Governor Cuomo, who had the vision as New York State Attorney General to incubate FAIR Health within his office and provided the seed capital and contractual commitments to set it on its path to independence and national prominence. Second, to our President Robin Gelburd, who has brought her brilliance and boundless enthusiasm to this project from day one and keeps each of us on our toes. Third, and most of all, to my colleagues on the FAIR Health Board of Directors. My 10 years as chair of this organization have taught me, yet again, how much fun it is to learn from people who are smarter and know more than I, yet share a common purpose and set of values. I am confident that, whatever the next 10 years mean for this country's unfinished task of providing quality healthcare to all, you will ensure that FAIR Health continues to play its sentinel role in that struggle.

Stephen Warnke
Chair, FAIR Health

Letter from the President

It is often said that "timing is everything." Never has this phrase been truer than when speaking of the creation of FAIR Health.

FAIR Health was born a decade ago—at a time when the Affordable Care Act was the subject of intense scrutiny and feverish discussions continued on other aspects of reform. It was also soon after the passage of the Mental Health Parity Act and the recognition of the need for greater access to, and coverage for, behavioral health services. And, it was a time when consumers began asking more and more questions about their share of out-of-pocket costs for medical services and scrutinizing with greater care their insurance documents and medical bills. At that time, we also saw the beginnings of a markedly different healthcare ecosystem emerge as new venues for healthcare services started to take root, such as retail clinics, ambulatory surgery centers, urgent care centers and telehealth.

FAIR Health was born against this backdrop of change and desire for transparency in healthcare costs and insurance information. In an almost prophetic way, *the time was right* for an independent organization—i.e., FAIR Health—to shine a light on every corner of the healthcare system. It has been a true privilege to be part of the journey that took a settlement agreement brimming with promise—and with recognition of the need for unbiased, clear and comprehensive healthcare data—and transform it into that trusted source of light for all stakeholders. Needless to say—this journey would not have been possible without the stewardship of the Board and the extraordinary talents of the FAIR Health staff.

The Journey Continues—

Robin Gelburd
President, FAIR Health

Unique Origins

An unusual journey requires an unusual beginning. FAIR Health was established on October 27, 2009, as part of the settlement of a broad investigation by the Office of the New York State Attorney General into perceived conflicts of interest involving the adjudication of claims. Intended to bring integrity and transparency to the healthcare sector, FAIR Health was formed to create a conflict-free source of data to support claims adjudication and meet the healthcare cost and utilization information needs of all healthcare stakeholders. Our mandate was to provide an independent database of claims information contributed by payors nationwide, a free website to educate consumers about the cost of care in their geographic areas and about insurance reimbursement, and data for research that could help to formulate or evaluate policy and support academic studies. Although founded in New York, FAIR Health immediately took on a national role, maintaining and making available trusted claims data resources used to promote sound decision making by all participants in the healthcare system nationwide. An independent nonprofit qualifying as a public charity under section 501(c)(3) of the Internal Revenue Code, FAIR Health is not a government agency, but serves as the authoritative, official data source in numerous governmental programs.

10 Years
of FAIR Health

Data Assets

FAIR Health possesses the nation's largest private healthcare claims collection, the FAIR Health National Private Insurance Claims (FH NPIC®) database, with over 29 billion medical and dental claim records from 2002 to the present. With new claims received each month, FH NPIC is regularly updated, growing by more than two billion new claim records per year. The 60-plus payors and administrators who submit the data insure or process claims for both fully insured and self-insured plans that cover more than 150 million individuals. Standardized and mapped when received, the data are made available through varied data access and presentation formats. The data are statistically significant for every state and the District of Columbia and geographically granular to the level of 493 regions called geozips. The data offer robust information regarding different types of services (for example, lab, radiology, behavioral health), places of service and specialties. Approximately half of the covered lives in the dataset can be tracked longitudinally. In addition to FH NPIC, FAIR Health, as a Qualified Entity certified by the Centers for Medicare & Medicaid Services (CMS), holds the entire collection of Medicare Parts A, B and D claims for all individuals enrolled in traditional Medicare from 2013 to the present.

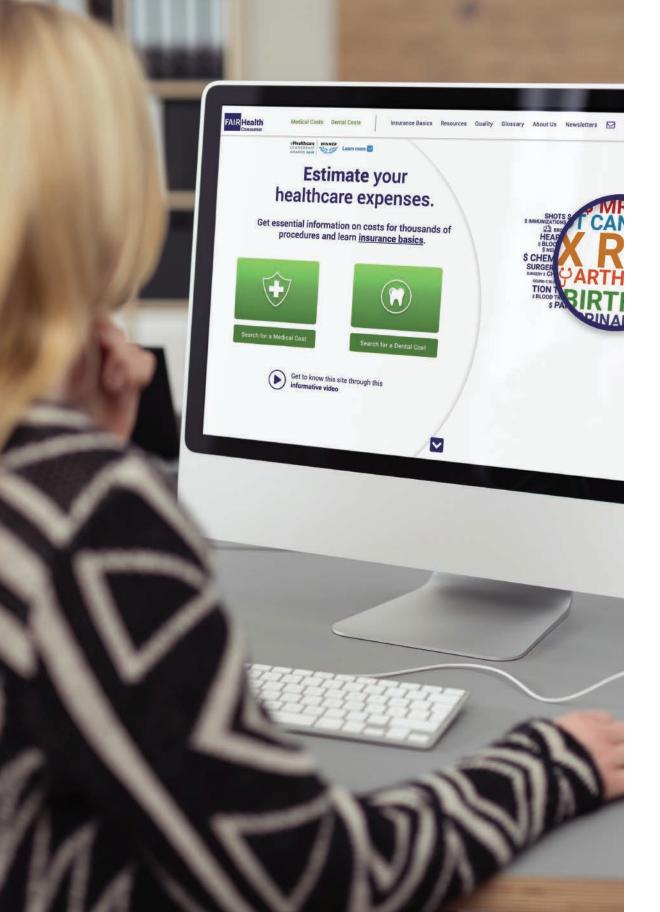# Secure, Scalable Technology Platform

FAIR Health processes and secures our data using an advanced, robust technology platform. Our hardware and software engines are able to process approximately 200 million claim records on a monthly basis, or about 6 million claim records per day on average. The flexible architecture of the FH NPIC database allows for scalability. Data intake, standardization and processing are highly automated for maximum efficiency and minimal need for manual intervention. Auditing and validation tools are used to monitor data on a submission-by-submission basis to evaluate the integrity and validity of the incoming information. The data are housed in redundant Tier 4 data centers, designed to have the highest level of uptime, or time during which data are available. FAIR Health is intensely focused on maintaining the highest data privacy and security standards. We maintain administrative, procedural, technical and physical safeguards for data storage that comply with applicable law and industry standards and best practices. Access to data is highly compartmentalized. Our systems for processing and storing protected health information have earned HITRUST CSF certification and achieved AICPA SOC 2 compliance by meeting the rigorous data security requirements of these standards.

Consumer Resources

Central to FAIR Health's mission is our free website for consumers, fairhealthconsumer.org. At FAIR Health Consumer, the power of our vast database of private claims enables consumers across the country to look up typical costs for medical and dental procedures in their own geographic areas. Consumers are able to estimate what a procedure will cost if they are uninsured, have insurance or, if insured, are going out of network. The costs are put in context with an original educational curriculum about health insurance, including articles, videos, resource links, a healthcare quality toolkit and a glossary. Developed with the help of consumer literacy experts, FAIR Health Consumer is continually improved through feedback from an ongoing user survey. FAIR Health translated the site into Spanish (including medical and dental procedure codes) as fairhealthconsumidor.org and adapted it as an English/ Spanish mobile app. Hundreds of thousands of users visit the site each year, attracted in part by vigorous outreach campaigns that include the slogan "You Can Plan for This." FAIR Health also promotes the site by engaging organizational partners. Several organizations "private-label" the site for their members with their own branding. The winner of numerous awards, FAIR Health Consumer is widely regarded as a model for consumer healthcare price transparency.

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Getting real dental costs shouldn't be like pulling teeth.

You can plan for this.

You now have the power to plan for your healthcare. This free, easy-to-use website is powered by our database of billions of billed medical and dental services and features comprehensive educational resources to bring transparency to healthcare costs and the process you'll go through.

fairhealthconsumer.org

FAIRHealth® **Consumer**

Information for your inflammation.

You can plan for this.

You now have the power to plan for your healthcare. This free, easy-to-use website is powered by our database of billions of billed medical and dental services and features comprehensive educational resources to bring transparency to healthcare costs and the process you'll go through.
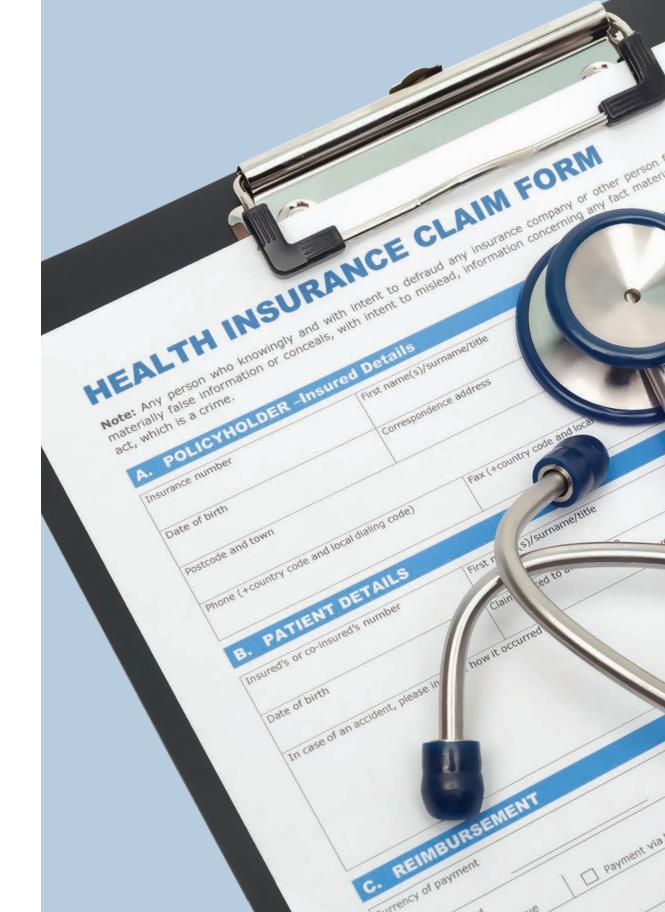
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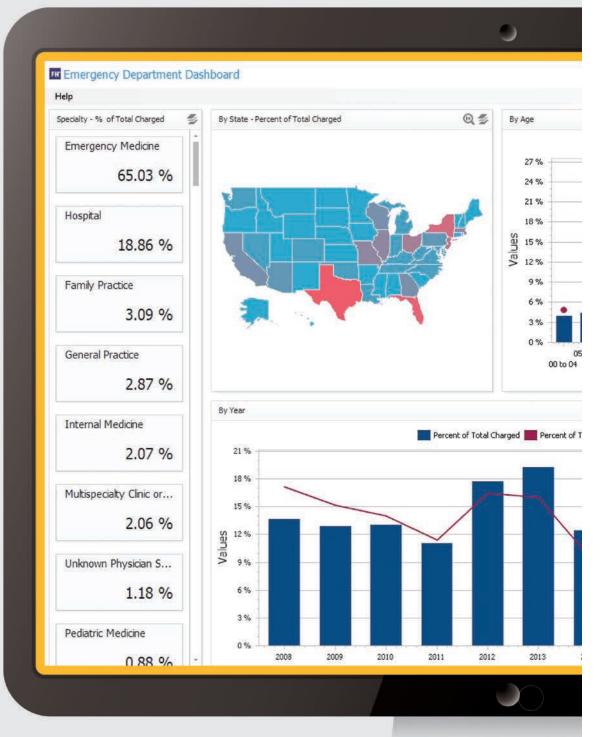
FAIRHealth® **Consumer**

Benchmark Product Offerings

FAIR Health's repository of private claims data powers a suite of healthcare cost benchmark modules, FH® Benchmarks. Stakeholders across the healthcare sector rely on these modules for current, objective data about market costs. Organized by service type, such as medical and dental, the benchmarks aggregate claim records by procedure code and geozip, and array the results for each procedure code/geozip combination into percentiles by cost. For FH® Charge Benchmarks, the costs used are providers' billed, nondiscounted charges; for FH® Allowed Benchmarks, the costs approximate the in-network fees negotiated between insurers and providers. The charge benchmark modules cover medical, dental, HCPCS, anesthesia, inpatient facility, outpatient facility, ambulatory surgery center (ASC) facility and Category III. The allowed benchmark modules cover medical, dental, HCPCS, anesthesia and outpatient facility. Based on a recent 12-month window of claims, charge benchmarks and allowed medical benchmarks are refreshed every 6 months, the other allowed benchmarks annually. FH Benchmarks are customizable and easy to access, by download or through the web-based FH® Online query tool. In addition to FH Benchmarks, FAIR Health offers FH® Medicare GapFill PLUS, which consolidates all nonfacility CMS fee schedules and uses FAIR Health data to fill in the gaps of services CMS does not value. Clients use our benchmarks for many purposes, including establishing fee schedules, adjudicating out-of-network claims, facilitating network negotiations and design, budgetary planning and shaping strategic initiatives. Neutral and authoritative, FAIR Health benchmarks have been incorporated by state governments into statutes and regulations as an official standard or reference point.

Custom Analytics

FAIR Health's private claims repository, FH NPIC, makes possible not only our standard benchmark products but countless avenues for the creative and innovative exploration of healthcare issues. Through FH® Custom Analytics, the client selects the precise dataset from FH NPIC to support the desired customized analyses. A hospital or health system, for example, can study outmigration and referral patterns in its geographic area. An insurer can gather intelligence to support network and benefit design. An academic researcher can carry out an epidemiological study. A life sciences company can assess outcomes of a pharmaceutical treatment with longitudinal research. Clinical profiles, market snapshots, information about provider access and clinical protocols, and more are accessible through FH Custom Analytics. One common type of custom analytic is a custom benchmark, which permits study of a selected range of procedure codes or of percentiles and regions not offered in our standard benchmark modules. Custom indicators can show trends in selected places of service for selected time periods and geographic areas. Custom market indices reveal price trends in specified periods and for specified procedures or regions. "States by the Numbers" offer state-by-state insights into specific diseases or conditions and their treatment.

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Trusted Governmental Resource

FAIR Health's origins have made us a natural ally for state and federal government agencies and legislatures seeking reliable, independent data. Governmental uses of FAIR Health data include support of policy making, legislative initiatives, healthcare research, public health, insurance regulation, dispute resolution and consumer education. Our data have been incorporated in statutes and regulations around the country and designated as the official data source for many state health programs. These include workers' compensation, personal injury protection and programs establishing fair reimbursement for services rendered to neurologically impaired newborns. In several states, FAIR Health data serve as an official reference point in support of state balance billing laws. In California, FAIR Health data provide a ceiling on emergency department charges for low-income patients. FAIR Health has provided data and technical assistance to officials addressing balance billing issues in over 20 states and both houses of the US Congress. FAIR Health also assists states with Medicaid data collection improvements and quality initiatives, and studies on topics ranging from ambulance rates to the opioid crisis. Several states and healthcare exchange plans provide direct links to FAIR Health's consumer site for their constituents and beneficiaries. A number of federal agencies, including the White House, the Government Accountability Office, CMS, the Food and Drug Administration and the Centers for Disease Control and Prevention, have consulted FAIR Health on a broad range of issues. FAIR Health's data are among the resources used by the Bureau of Labor Statistics in developing its medical care pricing indices.

Research

FAIR Health data serve as the foundation for research studies, both our own and those of outside public and private sector researchers. We have analyzed data from our repository of private healthcare claims to fuel white papers on the opioid crisis, pediatric obesity and type 2 diabetes, food allergy, behavioral health, and place of service trends and medical pricing. Our data also have driven visually engaging infographics on Lyme disease, concussions, oral cancer and sleep apnea. We have collaborated with other organizations to apply our data to research topics as diverse as cancer, organ donation, imaging practices and market consolidation. Our experience advising government officials on surprise billing policy informed our brief on the subject. In keeping with our consumer transparency mission, FAIR Health has published survey reports on consumer preferences regarding healthcare and insurance. Academic researchers at major universities and think tanks have used FAIR Health data in studies of health policy, public health, medicine and law published in such journals as *Health Affairs,* the *Annual Review of Public Health,* the *Journal of Oral* and *Maxillofacial Surgery* and *Harvard Law & Policy Review.*

Thought Leader

From the vantage point of our unique mission and experience, FAIR Health serves as a national thought leader on many issues related to healthcare policy, data collection and transparency. While remaining neutral with respect to policy choices, we use our data to provide a sound factual basis for making those choices. Our thought leadership takes many forms. We advise state and federal officials and agencies, write articles for prominent media outlets and deliver keynote addresses at conferences. We present webcasts, post on social media and release white papers, infographics, newsletters and survey reports. Through these efforts, we contribute to the national discourse on issues such as healthcare cost transparency and healthcare costs more generally, including inflationary factors and specialty drug pricing. We offer guidance on data dissemination and data democratization. Our data analyses illuminate diverse subjects, including the opioid epidemic, behavioral health and dental health. As state and federal legislators consider how to protect consumers against surprise bills, FAIR Health helps tease apart the implications of various legislative options. As the healthcare system undergoes rapid change in such areas as places of service, FAIR Health brings clarity about the changes underway.

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Unparalleled Governing Body

Stephen Warnke (Chair)

Chiquita Brooks-LaSure

Lawrence Casalino

Sherry Glied

Christopher Koller

Peter Millock

Lynn Nicholas

Nancy Nielsen

Robert Parke

James Roosevelt, Jr.

Sara Rosenbaum

FAIR Health Board of Directors

Throughout FAIR Health's journey, our success has depended on the collective contributions of our broad "FAIR Health family." That family starts with the individuals who govern FAIR Health, the members of our premier, conflict-free, uncompensated Board of Directors. The Board comprises leaders in all segments of the healthcare industry, including providers, hospital executives, insurers, researchers, educators, consumer advocates and policy makers. Reporting to the Board is a skilled, tested senior management team with knowledge and experience in healthcare policy, information technology, data management, insurance, finance and law. The personnel they oversee perform all of FAIR Health's operations in-house, applying expertise in many areas, from statistics to clinical matters. FAIR Health's product creation team is innovative and attuned to the needs of healthcare stakeholders. Our custom analytics team works with clients to develop projects and refine or iterate as necessary. Our in-house technical and customer support staff is accessible and accommodating, highly rated in surveys of customer satisfaction. Our communications team helps ensure that the unbiased, critical work of FAIR Health reaches a wide and diverse audience. In addition to our staff, FAIR Health has incorporated academic, consumer and other advisory boards to help shape our policies, procedures, protocols and methodologies. Our research studies are reviewed by leading scientists, scholars and practitioners.

FAIRHealth®
Know Your Source