

Introducing the Health Care Cost Institute

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Health care costs have increased three times faster than wages over the past decade, putting a strain on government resources, and employer and family budgets. It is universally agreed that this is one of the most pressing problems facing our society. Despite this, there is a lack of timely, detailed information that can be used to track the components of national health care spending, to support analysis of underlying cost drivers, and to determine the reasons for variation across the country. Although over 63 percent of insured Americans have private insurance, much of the information we have about health care costs comes from the Medicare program. Complete, comprehensive data on the actual health care utilization and costs of the privately insured has not previously been available. In 2011, I helped found a new research institute, the Health Care Cost Institute, dedicated to studying and providing nationally representative data on US health care costs.

The mission of the Health Care Cost Institute (HCCI) is to improve the US health care system by providing objective information and knowledge on health care costs and their determinants. HCCI is an independent, non-partisan, not-for-profit corporation overseen by an independent governing board comprised of noted health service researchers and economists, actuaries, and health care system leaders (see list below). HCCI is unique in that it possesses comprehensive commercial claims data – more than 6 billion claims for more than 50 million Americans— contributed by four of the nation's largest health insurers (Aetna, Humana, Kaiser Permanente, and UnitedHealthcare). This includes data on those with fully insured employer sponsored plans, self-insured employer plans, individual plans, and Medicare Advantage plans.

HCCI fulfills its mission through periodic reports that document changes in the variation and growth of health care costs and their determinants, and by providing data to independent researchers for scientific research projects. The HCCI Scientific Review Committee governs all of HCCI's research activities, including internal research and review of external proposals to use the data. HCCI's Data Integrity Committee, made up of representatives from our data contributors, oversees the appropriate use of the data, including antitrust, data privacy, and confidentiality. The data contributors do not vet study proposals or research results.

On May 21, 2012, HCCI issued its first annual report, *Health Care Cost and Utilization Report: 2010* <http://www.healthcostinstitute.org/2010report>. This report analyzed prices, utilization, and changes in intensity of services for individuals with employer-sponsored health insurance. On July 1, HCCI issued its *Children's Health Care Spending Report: 2007-2010*, <http://www.healthcostinstitute.org/childrensreport>. These two reports have quickly become the definitive source for information on the cost and utilization of services for the privately-insured population. HCCI released its most recent report, *Health Care Cost and Utilization Report: 2011*, on September 25.

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HCCI ultimately will make its data broadly available to researchers focused on understanding health care costs and utilization (for scientific, non-partisan, non-commercial purposes). At present HCCI is in the process of constructing a unified, standardized database for this purpose. When we have this task completed, HCCI will issue a public call for proposals to use the data.

In the interim, a small number of independent research projects have been approved using custom constructed databases for each project, in order to initiate research and develop experience and knowledge with the data. These include projects on the effects of aging on health care costs in the under-65 population, the effects of business cycles on changes in health insurance risk pools, and variation in and determinants of hospital pricing.

Individuals who wish to learn more about HCCI can peruse our website at <http://www.healthcostinstitute.org>.

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