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For Immediate Release

New Health Care Cost Institute to Transform the Study of U.S. Health Care Spending

First-ever Collection of Data from Leading Private Sector Insurers will Enable Broadest View of Health Care Cost Drivers and Trends

Washington, DC. (September 20, 2011) – The Health Care Cost Institute, an unprecedented health research initiative launched today, will allow researchers and policymakers access to a comprehensive collection of health plan and government payer data that will offer new insights into health care costs, utilization, and intensity. This new tool will inform the public policy process and assist in developing new solutions to long-term problems confronting the health care system.

HCCI's mission is to promote independent research and analysis on the causes of rising U.S. health spending; to provide policy makers, consumers, and researchers with better, more transparent information on what is driving health care costs; and to help ensure that, over time, the nation is able to get greater value from its health spending.

Led by Professor Martin Gaynor of Carnegie Mellon University, HCCI is an objective, independent and nonprofit entity that both provides researchers with access to comprehensive data sets of commercial costs and utilization, and conducts its own research. Beginning in 2012, HCCI plans to publish its own "Scorecards" and supporting analysis on aggregate trends of health care cost and utilization.

HCCI will provide access to de-identified data from plans operated by Aetna, Humana, Kaiser Permanente and UnitedHealthcare, as well as some government data from Medicare Fee For Service and Medicare Advantage activity. These data will include more than 5 billion medical claim records representing more than \$1 trillion of health care activity from over 5,000 hospitals and 1 million service providers from calendar year 2000 through the present. Additionally, the commercial data will be updated regularly to ensure its usefulness for research purposes.

HCCI's governing board will work to broaden the list of participating health plans and add more data from government payers, including Medicaid.

"Researchers and experts are clamoring for better data and deeper analysis to better understand the factors driving costs and to inform effective policy decisions," said Gaynor, the E.J. Barone Professor of Economics and Health Policy at the Heinz College at Carnegie Mellon University and the Chairman of HCCI Governing Board. "Unfortunately, the existing public data derived from Medicare and Medicaid activity aren't enough to form a complete, up-to-date picture of national cost drivers and trends. HCCI will provide, for the first time, researchers access to data that covers all ages and health issues and is national in scope. Perhaps most importantly, for the first time there will be comprehensive data on the privately insured who make up the majority of health consumers in the United States."

“Because a better understanding of health spending and services can improve the quality of care and save money, the data provided through HCCI can help everyone use health resources more effectively and efficiently—to enhance both our personal health and our nation’s fiscal wellbeing,” said Dr. Harvey Fineberg, president of the Institute of Medicine and External Advisor to HCCI’s Governing Board.

“Many actuaries agree that health care costs are on an unsustainable path, and the need to study the underlying drivers of costs is more important than ever,” said Society of Actuaries President Donald J. Segal. “The Institute will enable objective and unbiased research to quantify these drivers, and hopefully lead to solutions to the cost crisis.”

Over the past decade, health care costs have increased three times faster than wages, straining the budgets for families and employers, as well as public and private payers. Rising costs to finance Medicare, Medicaid and other public health programs are major contributors to the long-term fiscal challenges facing federal and state governments and centerpieces of today’s debate on proposals to reduce the deficit and cut government spending. If current trends remain unchanged, official estimates project that U.S. health spending may rise from around \$2.5 trillion to \$4.6 trillion by the end of the decade

Data will be de-identified in accordance with HIPAA requirements. The Institute will establish a Data Integrity Committee whose primary focus will be on all matters related to data privacy, security and integrity. This will include the establishment of Data Contribution Agreements between HCCI and organizations supplying data to ensure data are de-identified in compliance with HIPAA and other legal and regulatory requirements. In addition, the Institute will establish data use agreements with all researchers that will define specific parameters to ensure compliance with HIPAA regulations and other applicable laws.

The Institute’s governing board will be controlled by independent national physician leaders and academic researchers. The board will put in place proper procedures to ensure the integrity of the Institute’s work. Likewise, the universities where the research will take place will have clear protocols to ensure the integrity of their academic output. Data contributors will continue to meet relevant legal requirements associated with data sharing and usage, including applicable HIPAA and antitrust standards.

HCCI will provide access to accredited researchers whose proposals meet HCCI’s data and scientific usage standards.

HCCI Governing Board

Dr. Martin Gaynor, PhD (Chairman) is the E.J. Barone Professor of Economics and Health Policy at Carnegie Mellon University, Heinz College. He has received the Kenneth J. Arrow Award for best published paper in health economics worldwide and a Robert Wood Johnson Fellowship for research on antitrust and competition in health care markets. Professor Gaynor has testified before Congress and the Medicare Payment Advisory Commission and worked with the Federal Trade Commission and the Department of Justice on health policy issues. His research focuses on the economics of health care markets and health care organizations.

Dr. Alan M. Garber, MD, PhD is the provost of Harvard University and Mallinckrodt Professor of Health Care Policy at Harvard Medical School, and is also a Professor in the Harvard Kennedy School of Government and the Faculty of Arts and Sciences. Previously, he was the Henry J. Kaiser Jr. Professor and Director of the Center for Primary Care and Outcomes Research and of the Center for Health Policy at Stanford. He was a member of the Panel of Health Advisers of the Congressional Budget Office, and formerly directed the Health Care Program of the National Bureau of Economic Research. He is former

chair of the Medicare Evidence Development and Coverage Advisory Committee. Dr. Garber's research has been focused on methods for improving health care delivery and financing, and the evaluation of medical technologies.

Dr. Jonathan Gruber, PhD is a Professor of Economics at the Massachusetts Institute of Technology, the Director of the Health Care Program at the National Bureau of Economic Research, the co-editor of the Journal of Public Economics, and an Associate Editor of the Journal of Health Economics. Dr. Gruber served as Deputy Assistant Secretary for Economic Policy at the Treasury Department. He was a key architect of Massachusetts' health reform effort, and in 2006 became an inaugural member of the Health Connector Board, the main implementing body for that effort. Dr. Gruber focuses his research on public finance and health economics.

Dr. Elizabeth G. Nabel, MD is the president of the Brigham and Women's/Faulkner Hospitals. Prior to her position at BWH, Dr. Nabel served as the director of the National Heart, Lung, and Blood Institute at the National Institutes of Health, where she oversaw an extensive national research portfolio with an annual budget of approximately \$3 billion to prevent, diagnose, and treat heart, lung, and blood diseases. Dr. Nabel is a Council member at the Institute of Medicine and a member of the Editorial Board of the New England Journal of Medicine. She is the author of more than 250 scientific publications.

Mr. Dale H. Yamamoto, FSA, MAAA represents the Society of Actuaries on the Board and is the President-Elect of the Conference of Consulting Actuaries. He previously chaired the 2000 Medicare Technical Review Panel and testified before Congress on a variety of health care issues. He has delivered speeches at a number of professional actuarial and industry meetings. He has also written several articles on health care and a textbook, "Fundamentals of Retiree Group Benefits."

Dr. Stephen T. Parente, PhD is Professor of Health Finance and Insurance in the Department of Finance in the Carlson School of Management at University of Minnesota. He specializes in health economics, health insurance, medical technology evaluation, and health information technology and is acknowledged as a national expert on using administrative databases, particularly Medicare and health insurer data, for health policy research.

Dr. Harvey V. Fineberg, M.D., M.P.P., Ph.D. (External Advisor to the Governing Board) is President of the Institute of Medicine. He served as Provost of Harvard University from 1997 to 2001, following thirteen years as Dean of the Harvard School of Public Health. He has devoted most of his career to the fields of health policy and medical decision-making, focusing his research primarily on the process of policy development and implementation, assessment of medical technology, evaluation and use of vaccines, and dissemination of medical innovations

About the Health Care Cost Institute

The Health Care Cost Institute is an independent, nonprofit entity committed to creating the nation's most comprehensive source of information on health care costs and utilization, and promoting research on the drivers of escalating health care costs and utilization in the U.S. The Institute provides policymakers, regulators, analysts, and consumers with the most comprehensive information available on increases in health care spending by leveraging its exclusive centralized database of public- and private- sector health care data. The Institute also offers in-depth analysis and forward-looking projections on cost trends that inform public and private sector efforts to reduce health care costs while improving the quality and availability of coverage. www.healthcostinstitute.org for more information.

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