Alaska DOI Executive Summary

METHODOLOGY

FH® Benchmarks Report

FAIR Health collects claims data through an incentive-based data contribution program available to its payor clients. Clients provide claims data that include the non-discounted, fee-for-service billed charges that are submitted to them by providers. Once FAIR Health receives the submission, the data are run through a validation process to confirm zip code, procedure code, date of service and other information. FAIR Health products include a twelve-month rolling window of data based on dates of service that vary by module.

FH Benchmarks modules consist of benchmark percentile values for services organized by geographic area and procedure code. FAIR Health employs both actual and derived methodologies, described below, to produce the charge benchmark data in its FH Medical Benchmarks module.

Actuals Methodology
Actual provider charges are utilized when there are nine or more occurrences of a procedure in a geographic area. These values are then arrayed by percentiles. When there are fewer than nine occurrences of a procedure in a geographic area, a relative value and conversion factor methodology (Derived Methodology) is used to derive benchmarks as described below.

Derived Methodology
When there are fewer than nine occurrences of a procedure in a geographic area, a derived approach is used to populate benchmarks for the procedure code/geography combination. This method utilizes a relative value scale based on relative market values for procedures and services, as well as actual charge data for a group of procedures to determine conversion factors that are used to develop benchmark values. The resulting conversion factors are then arrayed from lowest to highest to identify which conversion factor aligns with which percentile. The conversion factor corresponding to the percentile is then multiplied by the procedure's relative value to calculate the dollar amount. Under this methodology, the relationships between procedure codes are used to determine benchmark values.

The FH Benchmarks Report includes benchmarks based on billed charges sourced from the November releases of the FH Medical Benchmarks for each of the years from 2013 to 2017 for services in the List of CPT®[1] Codes for Alaska DOI Analytic file rendered in each geography.

The FH Benchmarks Report also includes a comparison of the benchmarks described above to Medicare FFS rates. In order to complete this comparison, the Medicare FFS rates were obtained for each of the years from 2013 to 2017 for services in the List of CPT Codes for Alaska DOI Analytic file for each geography and modifier where applicable. The ratio between the FH Medical Benchmarks 80th percentile and the Medicare FFS rate was calculated for each procedure code, modifier, and geography combination for each year. For this comparison, the FH Medical Benchmarks 80th percentile for each combination for each year is displayed as a percentage of its Medicare FFS rate.

Provider Counts Report

Based on the claims data currently in the FAIR Health claims database, the Provider Counts Report includes an estimated number of unique providers whose professional claims consist of services rendered in each geography for each of the years from 2013 to 2017 for the services in the List of CPT Codes for Alaska DOI Analytic file.

The provider counts included in the Provider Counts Report are an estimate of the number of unique providers whose claims data are included in the calculation of the benchmarks provided in the FH

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Benchmarks Report. The provider counts included in the Provider Counts Report are sourced from the FAIR Health claims repository, which is continually updated with additional submissions received on a monthly basis.

REPORT DETAILS

FH Benchmarks Report (Alaska DOI – FH Benchmarks Report.xlsx)

The FH Benchmarks Report includes benchmarks based on billed charges sourced from the November releases of the FH Medical Benchmarks for each of the years from 2013 to 2017 for services in the List of CPT Codes for Alaska DOI Analytic file rendered in each geography.

The report also includes a comparison of the FH Medical Benchmarks data to Medicare FFS rates. Specifically, the FH Medical Benchmarks 80th percentile for each procedure code, modifier, and geography combination for each year is reported as a percentage of its Medicare FFS rate.

The FH Medical Benchmarks data included in the report are:
- Mean, 50th, 60th, 70th and 80th percentiles, and frequency;
- For the following geographies:
  - The state of Alaska and its geozips, 995, 996, 997, 998, 999;
  - North Dakota;
  - Seattle, Washington; and
- For the procedure code, modifier combinations included in the List of CPT Codes for Alaska DOI Analytic file.

Each tab of the report includes FH Medical Benchmarks data from the corresponding release of the FH Medical Benchmarks (November 2013-2017).

Provider Counts Report (Alaska DOI – Provider Counts Report.xlsx)

The Provider Counts Report includes an estimated number of unique providers whose professional claims are in the current FAIR Health database for services rendered in each geography for each of the years from 2013 to 2017 for the services in the List of CPT Codes for Alaska DOI Analytic file.

Each tab of the report includes provider counts data from the year of data that span the dates of service of the corresponding release of FH Medical Benchmarks (November 2013-2017).

RESULTS

Summary of FH Medical Benchmarks as a Percentage of Medicare over Time

When the overall weighted averages by geography of FH Medical Benchmarks 80th percentile as a percentage of Medicare FFS rates for all services in the List of CPT Codes for Alaska DOI Analytic file are calculated, the Alaska, North Dakota and Seattle geographies all show an increase from 2013 to 2017, as seen in Table 1 below. Of those geographies, North Dakota shows the largest percentage increase of 10 percent from 2013 to 2017, while Alaska and Seattle show percentage increases of 3 percent and 6 percent, respectively, during that period.

Table 1 – Summary of FH Medical Benchmarks as a Percentage of Medicare
Overall:

Geography	Average FH Medical Benchmarks 80th Percentile as a % of Medicare FFS Rate					% Increase 2013-2017
	2013	2014	2015	2016	2017	
Alaska	354	355	348	370	364	3
North Dakota	350	344	378	384	386	10
Seattle, WA	290	294	296	298	309	6

When the weighted averages by geography of FH Medical Benchmarks 80th percentile as a percentage of Medicare FFS rates, specifically for all Evaluation & Management services in the List of CPT Codes for Alaska DOI Analytic file, are calculated, the Alaska, North Dakota and Seattle geographies all show an increase from 2013 to 2017, as seen in Table 2 below. Similar to results overall, of those geographies, North Dakota shows the largest percent increase of 23 percent from 2013 to 2017, while Alaska and Seattle show percent increases of 17 percent and 7 percent, respectively, during that period.

Table 2 – Summary of FH Medical Benchmarks as a Percentage of Medicare
Evaluation & Management Service Area:

Geography	Average FH Medical Benchmarks 80th Percentile as a % of Medicare FFS Rate					% Increase 2013-2017
	2013	2014	2015	2016	2017	
Alaska	235	222	214	227	276	17
North Dakota	218	224	232	245	268	23
Seattle, WA	255	254	257	267	272	7

Summary of Relative Frequency over Time

In order to calculate the overall relative frequency by geography for each year from 2013 to 2017, the frequency for all services in the List of CPT Codes for Alaska DOI Analytic file within the specific geography for the specific year is evaluated relative to the frequency for all professional services within all geographies for the specific year.

When this relative frequency is calculated, the Alaska, North Dakota and Seattle geographies all show an increase from 2013 to 2017, as seen in Table 3 below. Of those geographies, Alaska shows the largest percentage increase of 86 percent from 2013 to 2017, while North Dakota and Seattle show percentage increases of 37 percent and 16 percent, respectively, during that period.

Table 3 – Summary of Relative Frequency
Overall:

Geography	Relative Frequency (%)					% Increase 2013-2017
	2013	2014	2015	2016	2017	
Alaska	0.0198	0.0219	0.0249	0.0250	0.0369	86
North Dakota	0.0161	0.0083	0.0184	0.0384	0.0220	37
Seattle, WA	0.0378	0.0398	0.0438	0.0435	0.0440	16

In order to calculate the relative frequency for a specific service area by geography for each year from 2013 to 2017, the frequency for all services within that service area in the List of CPT Codes for Alaska DOI Analytic file within the specific geography for the specific year is evaluated relative to the frequency for all services within that service area within all geographies for the specific year.

When this relative frequency for the Evaluation & Management services in the List of CPT Codes for Alaska DOI Analytic file is calculated, the Alaska, North Dakota and Seattle geographies all show an increase from 2013 to 2017, as seen in Table 4 below. Of those geographies, North Dakota shows the largest percentage

increase of 34 percent from 2013 to 2017, while Alaska and Seattle show similar percentage increases of 32 percent and 26 percent, respectively, during that period.

Table 4 – Summary of Relative Frequency
Evaluation & Management Service Area:

Geography	Relative Frequency (%)					% Increase 2013-2017
	2013	2014	2015	2016	2017	
Alaska	0.0442	0.0481	0.0533	0.0538	0.0584	32
North Dakota	0.0367	0.0186	0.0371	0.0811	0.0492	34
Seattle, WA	0.0803	0.0875	0.0937	0.0951	0.1009	26