

How to Describe FAIR Health and the FH[®] Benchmarks Data Products

Accurately representing FAIR Health's data is extremely important—it ensures that the data are understood, and supports the many ways in which the data are used by our clients, including use in life care plans. If you are asked to describe FAIR Health's FH Benchmarks data by a third party, consult this document. You may want to simply read from that statement, or provide a printed copy.

You should never state or imply that you are an expert with respect to the data, and you should never testify or represent that you have any actual knowledge of, or expertise in, the data or FAIR Health's methods, analyses and other processes developing the data.

Responding to Legal Challenges or Government Inquiries

If you (or your employees or contractors who use the data) learn about a legal challenge or government inquiry that could involve the integrity, validity, reliability or admissibility of FAIR Health data, notify us as soon as possible. For example, if you are in a legal setting such as a court, arbitration or settlement hearing, and questions are raised about how FAIR Health collects, compiles or maintains the data, or about FAIR Health's methodologies to create the data products, you must let us know.

Do not disclose any data, any confidential information of FAIR Health, or any proprietary FAIR Health documents relating to the data in any legal proceeding unless you are required by law to do so. If you are required by law to make a disclosure, you must contact FAIR Health immediately so we can take steps to protect against further disclosure.

How We Will Support You

If there is a legal challenge or government inquiry involving questions about FAIR Health and the data products, we can help! We provide the following research and analytical support services for your licensed data products, upon request. In some cases additional fees apply (as indicated below).

- **General and Technical Support (free):** Our customer service team will provide telephone support to you, at no additional charge, during regular business hours. (For additional fees, we can also provide training for you and your employees, remotely on the web or on site at your location.)
- **Statistical Analysis (additional fee):** We can provide statistical analysis for specific procedure codes, geographic areas and time frames. We will perform research on the underlying data to provide you with greater detail than that found in the products themselves, such as frequencies and distribution in related geographic areas.
- **Methodology Training (additional fee):** We'll provide basic training and education on the products, and answer your questions on the data methodologies, including explaining how the data products are developed and how they function. These calls will provide non-confidential information you can use to better understand and use the data for your business.
- **Standard Affidavits (free):** In the case of a legal challenge, we will provide standardized affidavits that provides a detailed overview of, and support for, FAIR Health's methodologies and approach to the creation of our data products. (If you need an affidavit tailored to the specifics of a particular matter that requires modifying the standard affidavit, we may charge you a fee.)

About FAIR Health

FAIR Health, Inc. is a national, independent, nonprofit corporation with the mission to bring transparency to healthcare costs and health insurance information. FAIR Health licenses data, including the FH Benchmarks products, to policymakers, researchers, healthcare payors and providers nationwide. It also provides benchmark data directly to consumers on its free, award-winning consumer website, fairhealthconsumer.org.

The FAIR Health Database

FAIR Health maintains a database of healthcare claims information. The database is continually updated and as of November 2018 includes over 27 billion billed procedures nationwide, from 2002 to the present. FAIR Health receives claims data for medical/surgical, anesthesia and dental procedure codes, as well as HCPCS codes for transportation, durable medical equipment and other supplies, from contributors (insurers and third-party administrators) who report that their plans collectively include a total of over 150 million covered lives. In order to qualify for inclusion in the FAIR Health database, claims must include the actual charges billed by providers before any reductions are made. FAIR Health employs a rigorous data validation program to ensure the integrity of the data that support its products.

Benchmark Products

FAIR Health uses the database to develop its FH Benchmarks products. Each module is based on 12 months of claims data, which are organized by procedure code and geographic area, with 493 distinct geographic markets (called geozips) in all 50 states, the District of Columbia, Puerto Rico and the Virgin Islands. FAIR Health also uses charge data from the Centers for Medicare and Medicaid Services (CMS) to develop the FH Inpatient and Outpatient Facility Benchmarks modules. FH Benchmarks modules are generally released twice a year to reflect refreshed claims data.

Data Methodology

When the number of occurrences of a given procedure code in a designated geographic area are sufficient, FAIR Health uses actual data to create benchmark values. Actual charges are arrayed from lowest to highest, and benchmark values are assigned to percentiles. For example, 80% of the charges in the database for a given procedure code in a geographic area are equal to or less than the 80th percentile benchmark, and 20% of the charges are equal to or greater than that 80th percentile benchmark.

Derived Methodology

When there are not sufficient data to develop a benchmark based on actual charges alone for a particular procedure code in a geographic area, FAIR Health employs a relative value and conversion factor methodology to develop benchmark values for those infrequent codes its FH Benchmarks products. This type of derived methodology is a standard industry method. FAIR Health uses actual reported claims data for all procedures in a group of related procedures for the geographic area to derive benchmarks for less frequently performed procedures in that geographic area. The FH Benchmarks Medical/Surgical, Dental, Anesthesia, Outpatient Facility and HCPCS modules use both the actual and derived methodologies based on the amount of data in FAIR Health's database for each code in each geographic area. The FH Inpatient Facility Benchmarks module is entirely derived using this derived methodology.

More information is available at fairhealth.org.