

WakeDAT: FREQUENTLY ASKED QUESTIONS

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Background

[Is there a standard in the market for calculating discounts?](#)

Yes. The Uniform Discount and Data Specifications (“UDS”) is the industry standard for compiling book-of-business discounts. They were developed in collaboration with carriers and benefit consulting companies in the late 2000’s. All of the national carriers (Aetna, BCBS, Cigna, and UHC) participate in UDS, as well as some regional carriers.

[What is UDS?](#)

Under UDS guidelines, participating carriers compile commercial book-of-business discount data at a 3-digit ZIP code level by major service category (IP Facility, OP Facility and Professional) for both historical and projected discounts. Data is also summarized by payment status and provider status.

[What time period does UDS include and how often is it refreshed?](#)

Participating carriers compile their book-of-business data twice per year over a twelve-month period (i.e. rolling 12 months). There is roughly a 6+ month lag in compiling the most recent historical period.

Overview

[What is WakeDAT?](#)

A dashboard that contains summarized discount and disruption results specific to an employer’s mix of members and services. For our analysis, we leverage UDS data provided by the carriers.

[Is the analysis limited to national carriers only or can regional carriers be included as well?](#)

If a regional carrier participates in UDS, then its data can likely be included in WakeDAT. However, a smaller carrier quite often does not have the resources to participate in UDS. In this case, further discussion would be necessary to determine if feasible to include.

[Is this a claims repricing?](#)

No. A full claims repricing requires a historical detailed claims file for the employer. Carriers then reprice the claims so that results are specific to the historical provider mix and/or service mix in the data. Carriers typically reprice the data themselves in a claims repricing, so there can be considerable variation among carriers in the methodology and assumptions made when repricing.

[How does this analysis compare to others available in the market?](#)

Many large consulting firms perform a UDS-based analysis similar to WakeDAT.

[Are there specific examples where a WakeDAT analysis may not be the best fit?](#)

In general, WakeDAT provides a very good estimate of discount levels by carrier. However, there are certain situations that present limitations for WakeDAT. Examples may include (a) hospital or provider-affiliated employers due to the skewed distribution of services by provider, (b) largely rural groups, and (c) a region with a strong regional payer that does not participate in UDS.

Results

[Do the WakeDAT results reflect 3-digit ZIP or market level results?](#)

Results are compiled at a 3-digit ZIP code level and rolled up to a market level in the final results based on the employer's member mix.

[Are market definitions based on member location or provider location?](#)

The markets are defined based on enrolled member ZIP code.

[What if only subscriber detail is available? Can that be used in place of the preferred member census?](#)

If a member-level census is not available, then Wakely can use an employee-level census to estimate the member distribution. To do this, we need employee coverage tier and the group's average contract size (ACS) or member-to-employee ratio.

[What is the difference between Historical and Projected discounts?](#)

Historical discounts reflect actual achieved discounts based on data compiled. Projected discounts allow the carriers to reflect provider (signed) contracting changes that have occurred since the historical time period.

[Do the discounts reported in WakeDAT represent the same provider mix as the employer group?](#)

No. The underlying data in WakeDAT is UDS data which reflects the mix of providers in each carrier's book-of-business.

[Do the discounts reported in WakeDAT represent the same mix of services as the employer group?](#)

Partially. Wakely can apply an employer-specific mix by type of service to the UDS data. Consistent weighting is used across all participating carriers. However, the mix of services within each type (i.e. IP Facility, OP Facility and Professional) may vary. If the employer's distribution is not available, then

Wakely uses an assumed distribution to weight the service category discounts consistently across all carriers.

[Is the disruption in WakeDAT representative of what the employer group would expect to achieve?](#)

The disruption in WakeDAT reflects the network penetration in each carrier's book-of-business data. While it is a good approximation, it is not specific to the provider mix in the employer's data.

Employer groups may wish to have a provider disruption performed as a separate analysis; however, this is outside the WakeDAT scope.

Miscellaneous

[What is the typical margin of error in a WakeDAT analysis?](#)

We have not performed any specific testing of the UDS data to determine actual versus relative performance. The carriers typically reference a +/- 2 discount point corridor around calculated discounts to reflect differences in the employer's actual mix of providers and services.

[Does WakeDAT address a carrier's total cost of care?](#)

No. WakeDAT addresses discounts, which is one component of the total cost of care. There are other factors that can impact overall relative cost, such as care management programs, which is not included in this analysis.

[Can Wakely assist my employer groups with other self-funded actuarial services?](#)

Absolutely. We offer a suite of services and products. Just contact your Wakely consultant to learn more.

Please contact Scott King (720.281.4742 or scott.king@wakely.com) with any questions or to follow up on any of the concepts presented here.