

California Assembly Bill 1810

Excerpt Related to Establishment of a Health Care Cost Transparency Database

SEC. 23.

Chapter 8.5 (commencing with Section 127671) is added to Part 2 of Division 107 of the Health and Safety Code, to read:

CHAPTER 8.5. Health Care Cost Transparency Database

127671.

(a) It is the intent of the Legislature in enacting this chapter to establish a system to collect information regarding the cost of health care. Health care data is reported and collected through many disparate systems. Creating a process to aggregate this data will provide greater transparency regarding health care costs, and the information may be used to inform policy decisions regarding the provision of quality health care, reduce disparities, and reduce health care costs.

(b) It is the intent of the Legislature to improve data transparency to achieve a sustainable health care system with more equitable access to affordable and quality health care for all.

(c) It is the intent of the Legislature in enacting this chapter to encourage health care service plans, health insurers, and providers to use such data to develop innovative approaches, services, and programs that may have the potential to deliver health care that is both cost effective and responsive to the needs of enrollees, including recognizing the diversity of California and the impact of social determinants of health.

(d) It is the intent of the Legislature that the development of a Health Care Cost Transparency Database be substantially completed no later than July 1, 2023, pursuant to this chapter.

127671.5.

The provisions of this chapter shall only be implemented subject to budget appropriation.

127672.

(a) (1) The Office of Statewide Health Planning and Development shall convene a review committee, composed of health care stakeholders and experts, including, but not limited to, all of the following:

(A) Health care service plans, including specialized health care service plans.

(B) Insurers that have a certificate of authority from the Insurance Commissioner to provide health insurance, as defined in Section 106 of the Insurance Code.

(C) Suppliers, as defined in paragraph (3) of subdivision (b) of Section 1367.50.

(D) Providers, as defined in paragraph (2) of subdivision (b) of Section 1367.50.

(E) Self-insured employers.

(F) Multiemployer self-insured plans that are responsible for paying for health care services provided to beneficiaries or the trust administrator for a multiemployer self-insured plan.

(G) Businesses that purchase health care coverage for their employees.

(H) Organized labor.

(I) Organizations representing consumers.

- (2) The review committee shall consist of no fewer than nine and no more than 11 persons.
- (3) The review committee shall advise the office on the establishment, implementation, and ongoing administration of the database, including a business plan for sustainability without using moneys from the General Fund.
- (4) The review committee shall not have decisionmaking authority related to the administration of the database and shall not have a financial interest, individually or through a family member, in the recommendations made to the office. The review committee shall hold public meetings with stakeholders, solicit input, and set its own meeting agendas. Meetings of the review committee are subject to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).
- (5) The members of the review committee shall serve without compensation, but shall be reimbursed for any actual and necessary expenses incurred in connection with their duties as members of the committee.
- (b) The office may consider recommendations contained within the Health Care Cost, Quality, and Equity Data Atlas Technical Feasibility Analysis dated March 1, 2017, prepared pursuant to Section 127670. In addition, the office shall review information collected by the state in various health care data systems to identify gaps between available data and recommended data. The office may utilize third-party vendors to assist with the implementation of these provisions. The vendor shall prepare a plan, for submission to the office, for completing a Health Care Cost Transparency Database and identify which elements of the system can be addressed using the appropriation included in the 2018–19 Budget Act. To the extent available funding is insufficient to address all elements identified, the plan shall prioritize the key components needed to best support health care cost transparency.
- (c) The office shall develop a guidance to require data submission from the entities specified in paragraph (1) of subdivision (a). That guidance shall include a methodology for the collection, validation, refinement, analysis, comparison, review and improvement of health care data, including, but not limited to, data from fee-for-service, capitated, integrated delivery system, and other alternative, value-based, payment sources, submitted by entities specified in paragraph (1) of subdivision (a). The guidance shall also consider data elements proposed by the All-Payer Claims Database Council, the University of New Hampshire, the National Association of Health Data Organizations, Medi-Cal, and Medicare, among others.
- (d) (1) No later than July 1, 2020, the office shall submit a report to the Legislature in compliance with Section 9795 of the Government Code, based on recommendations of the review committee and any third-party vendor, that does all of the following:
- (A) Includes information on the types of data, including those specified in subdivision (b) of Section 127673, purpose of use, and use case definitions to assist in prioritizing areas of development.
- (B) Specifies entities and individuals required to report data, including those specified in Section 127673.
- (C) Defines and prioritizes data elements to collect, including the requirements for data linkages to meet specified purposes and use cases.
- (D) Analyzes data aggregation and the protection of individual confidentiality to advise on privacy and security.
- (E) Analyzes and provides advice regarding existing technology, existing systems, and available data that can be leveraged to ensure a streamlined system.

(2) The report shall also include recommendations including the following:

(A) Additional legislation needed to ensure the database receives appropriate data from identified data submitters including, those specified in subdivision (b) of Section 127673 and legislation regarding enforcement mechanisms necessary for these entities to comply with the requirements of the chapter.

(B) Legislation needed to protect individual privacy rights and confidentiality of the data.

(C) A plan for long-term, non-General Fund financing to support the ongoing costs of maintaining the database.

(D) The type of technology solutions required pursuant to Section 127670, including whether to build a new database or leveraging databases, or developing a network of networks to facilitate a hybrid version of the two options.

(E) Identification of governance structure, including identification of the appropriate entity to operate the database.

(F) How the database can map to other datasets, including public health data sets on morbidity and mortality, and data regarding the social determinants of health.

(e) For purposes of implementing this chapter, including, but not limited to, hiring staff and consultants, facilitating and conducting meetings, conducting research and analysis, and developing the required reports, the office may enter into exclusive or nonexclusive contracts on a bid or negotiated basis. Contracts entered into or amended pursuant to this section shall be exempt from Chapter 6 (commencing with Section 14825) of Part 5.5 of Division 3 of Title 2 of the Government Code, Section 19130 of the Government Code, and Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code, and shall be exempt from the review or approval of any division of the Department of General Services.

127673.

(a) Subject to appropriation, after the requirements of Section 127672 are fulfilled and a long term non-General Fund financing mechanism has been implemented, the office or its designee shall establish, implement, and administer the Health Care Cost Transparency Database in accordance with this chapter.

(b) After the requirements of Section 127672 are fulfilled, for the purpose of developing information for inclusion in the database, a health care service plan, including a specialized health care service plan, an insurer licensed to provide health insurance, as defined in Section 106 of the Insurance Code, a self-insured employer subject to Section 1349.2, health entities contracted pursuant to Section 14087.3 of the Welfare and Institutions Code, a supplier, as defined in paragraph (3) of subdivision (b) of Section 1367.50, or a provider, as defined in paragraph (2) of subdivision (b) of Section 1367.50, shall, and a self-insured employer not subject to Section 1349.2 and a multiemployer self-insured plan that is responsible for paying for health care services provided to beneficiaries and the trust administrator for a multiemployer self-insured plan may, provide all of the following to the office:

(1) Utilization data from the health care service plans' and insurers' medical payments or, in the case of entities that do not use payments data, including, but not limited to, integrated delivery systems, encounter data consistent with the core set of data elements for data submission proposed by the All-Payer Claims Database Council, the University of New Hampshire, and the National Association of Health Data Organizations.

(2) Pricing information for health care items, services, and medical and surgical episodes of care gathered from payments for covered health care items and services.

(c) The office or its designee shall receive the information, as described in this section, and report that information in a form that allows valid comparisons across care delivery systems. Policies and procedures shall be developed to outline the format and type of data to be submitted pursuant to subdivision (b).

(d) In the development of the database, the office or its designee shall consult with state entities as necessary to implement the Health Care Cost Transparency Database. State entities shall assist and provide to the office access to such datasets to effectuate the intent of this chapter.

(e) All policies and procedures developed in the performance of this chapter shall ensure that the privacy, security, and confidentiality of individually identifiable health information is protected.

(f) The office shall develop policy regarding data aggregation and the protection of individual confidentiality, privacy, and security. Individual patient-level data shall be exempt from the disclosure requirements of the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), and shall not be made available except pursuant to this chapter or the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code) until the office has developed a policy regarding the release of that data.

(g) (1) Upon operation of the database and receipt of sufficient data, the office or its designee shall receive, process, maintain, and analyze information from data sources, including, but not limited to, data received pursuant to subdivision (b) and payments from private and public payers.

(2) The office or its designee shall include in an analysis performed pursuant to paragraph (1), but shall not limit the content of that analysis to, any of the following:

(A) Population and regional level data on prevention, screening, and wellness utilization.

(B) Population and regional level data on chronic conditions, management, and outcomes.

(C) Population and regional level data on trends in utilization of procedures for treatment of similar conditions to evaluate medical appropriateness.

(D) Regional variation in payment level for the treatment of identified chronic conditions.

(E) Data regarding hospital and nonhospital payments, including inpatient, outpatient, and emergency department payments and nonhospital ambulatory service data.

127674.

The office or its designee shall not implement, or operate, the database if there is a determination, after consultation with the review committee, that the office is unable to obtain necessary, reliable, and relevant data.