ASSEMBLY THIRD READING
AB 2830 (Wood)
As Amended June 4, 2020
Majority vote

SUMMARY:

Renames the Health Care Cost Transparency Database to the Health Care Payments Data System (system). Requires the Office of Statewide Health Planning and Development (OSHPD) to establish, implement, and administer the Health Care Payments Data Program (HPD Program) to administer the system and collect data on all California residents to the extent feasible and permissible under state and federal law. Requires OSHPD to convene a HPD Program advisory committee (advisory committee) to assist and advise the OSHPD Director in formulating HPD Program policies regarding data collection, management, use, and access, and development of public information to meet the goals of the HPD Program. Requires OSHPD to develop guidance to require data submission from the entities specified in this bill. Specifies the mandatory and voluntary submitters for purposes of the HPD Program. Specifies privacy and confidentiality requirements; data use; access and restrictions; and enforcement for failure to comply.

COMMENTS:

AB 1810 (Committee on Budget), Chapter 34, Statutes of 2018, a budget trailer bill, establishes the Legislature's intent for OSHPD to complete by July 1, 2023, a Health Care Cost Transparency Database, to collect information regarding the cost of health care. AB 1810 also required OSHPD to convene a review committee, made up of health care stakeholders and experts to advise OSHPD on the establishment, implementation, and ongoing administration of the database, including a business plan for sustainability without using moneys from the General Fund. AB 1810 also required OSHPD to submit to the Legislature, by July 1, 2020, a report on the recommendations of the review committee. Furthermore, the 2018-2019 Budget Act appropriated $60 million to establish the Health Care Cost Transparency Database.

All Payer Claims Database (APCDs). APCDs are large-scale databases that systematically collect medical claims, pharmacy claims, dental claims (typically, but not always), and eligibility and provider files from private and public payers. The first statewide APCD system was established in Maine in 2003. By 2008, five states (Kansas, Maine, Maryland, Massachusetts, and New Hampshire) had passed legislation and established APCDs. By the end of 2010, four additional states (Minnesota, Tennessee, Utah, and Vermont) did the same. Since 2010, state interest in APCDs has grown at a steady pace. Currently, 17 states have implemented APCDs and three are implementing, including California.

Governor's Proposed Trailer Bill Language (TBL). On March 8, 2020, the Governor's Office released a TBL to implement the HPD Program. There are some differences between this bill and the TBL including the following:

1) *Mandatory vs. voluntary submitters.* This bill requires providers and suppliers to be mandatory submitters beginning January 1, 2026, but the TBL would give OSHPD discretion to collect data from providers and suppliers. Data from providers and suppliers are necessary to provide information on care provided to individuals covered by self-insured plans, which cannot be compelled to submit data because of federal pre-emption.

2) *Conflict of interest*. This bill contains conflict of interest requirements for the members of the HPD advisory committee and Bagley-Keen Open Meeting Act requirements, the TBL does not.

3) *Information on health care utilizations*. This bill requires the HPD to include detailed information on health care utilization and payments for Californians while the TBL would only authorize this.

4) *Public health impacts*. This bill requires specified collection of personally identifiable information to support longitudinal, public health impacts and social determinants of health analyses. The TBL would delete this requirement. Public health impacts and social determinants of health analyses must be conducted in order to reduce disparities and improve quality of care as well as determine impacts on public health.

5) *Master patient index, master provider index and master payer index*. This bill includes a requirement to develop a master patient index, a master provider index and a master payer index. These indices would allow care to be tracked when a patient changes coverage sources, such as when an individual loses a job and employer health insurance and moves to Covered California or Medi-Cal. It also allows care to be tracked across multiple providers, such as different doctors and hospitals. The TBL does not include this provision.

Additionally, there are provisions in the TBL that were added to this bill, including adding more requirements for the public reporting program, requirements for controlled access to non-public data by outside analysts and researchers, including establishing a pricing mechanism for use of data; privacy protection standards for the access of non-public data; establishment of a data release committee to make recommendations about applications seeking HPD Program data; and establishes the Health Care Payments Data Fund within OSHPD.

According to the Author:
According to the author, health care spending continues to increase, not just nationally but also in California. In California, per-capita spending for all types of health care programs has grown steadily over time for all sources of coverage: employer-sponsored, Medi-Cal, Medicare and private insurance. Many states have established APCDs to collect health insurance claims information from all health care payers into a statewide repository. APCDs are designed to inform cost containment and quality improvement efforts. The author concludes that as California evaluates efforts to control the growth of health care spending, it is important for the state to have a comprehensive picture of what we pay for in health care. The database will represent the single most important data source to understand health care spending that can eventually lead to cost containment.

Arguments in Support:
Health Access California and SEIU California, supporters of this bill, state that in light of COVID-19, now more than ever, the state needs the HPD Program to ensure a sustainable and affordable health system and oversight and monitoring of health care prices and costs. The Pacific Business Group on Health (PBGH) states that this bill is an important step in institutionalizing APCDs in California, which is vital to the state's cost containment efforts. PBGH asserts that beyond cost transparency, purchasers and consumers have a right to know what their health care dollars are buying. In addition, it is critically important to make quality outcomes available to: 1) support accountability among health care providers, 2) support payment reform that advances high-value care and, 3) inform public policy that improves the

health of all Californians. PBGH also notes that the necessity of comprehensive health care cost and quality data has been underscored during the current COVID-19 crisis. A database with robust public use files for purchasers and researchers will be critical not only for public health surveillance, but for developing strategies that transform health care delivery in California.

Arguments in Opposition Unless Amended:
The California Association of Health Plans and the Association of California Life and Health Insurance Companies have taken an oppose unless amended position and are requesting that this bill be amended to: 1) remove the provisions that allow the Managed Care Fund and Insurance Fund to finance the database once state [General Fund] (GF) dollars are expended, without first exploring whether other revenue sources are adequate; 2) inclusion of contracted rates; and, 3) revert to the 2023 completion date. The California Medical Association (CMA) has also taken an oppose unless amended position and requests that physicians be removed from the definition of mandatory submitters, and states that delaying the collection of information from physicians to a future date is not sufficient. Additionally, CMA states that further privacy protections must be in place to ensure that access to sensitive information is protected and reserved for organizations that are certified to handle such information for legitimate public health purposes.

Concerns

The California Hospital Association raises the following concerns with this bill: 1) the need to revert to the 2023 completion date; 2) the HPD Program advisory committee should decide how best to implement the submission of personal health information; 3) hospitals should not be mandatory submitters and additional reporting from hospitals would be duplicative and unnecessarily burdensome; and, 4) hospitals should be included as qualified applicants for purposes of access to non-public data access.

FISCAL COMMENTS:

According to the Assembly Appropriations Committee:

1) In its March 2020 report to the Legislature, OSHPD estimated ongoing costs of approximately $15 million per year (Managed Care Fund/Insurance Fund/federal/user fees) to operate the database pursuant to its design recommendations, based on similar experience in other states. Ongoing operations costs are uncertain and would depend partially on factors, some of which are unknown, that include the processes needed to produce reliable data, the number of applications for public and private data use and related processing, and the eventual sophistication of the database. Adding providers and suppliers as voluntary data submitters may result in additional costs beyond the $15 million projection, based on the number of voluntary provider and supplier submitters. Funds already appropriated for this purpose are expected to cover the development cost.
2) Ongoing costs in the hundreds of thousands of dollars to OSHPD to analyze data and produce reports on an ongoing basis (Managed Care Fund/Insurance Fund/federal funds/user fees).
3) One-time costs in the hundreds of thousands of dollars in future years to produce additional specified reports on voluntary reporting and public health data integration (Managed Care Fund/Insurance Fund/federal/user fees).

4) Costs to the Department of Health Care Services of at least $150,000 (General Fund/federal funds).

5) Unknown, significant ongoing costs to the DMHC and CDI to enforce compliance (Managed Care/Insurance Fund).

VOTES:

ASM HEALTH: 13-0-2
YES: Wood, Mayes, Aguiar-Curry, Bonta, Burke, Carrillo, Limón, McCarty, Nazarian, Ramos, Rodriguez, Santiago, Waldron
ABS, ABST OR NV: Bigelow, Flora

ASM APPROPRIATIONS: 14-0-4
YES: Gonzalez, Bauer-Kahan, Bloom, Bonta, Calderon, Carrillo, Chau, Diep, Eggman, Gabriel, Eduardo Garcia, Petrie-Norris, McCarty, Robert Rivas
ABS, ABST OR NV: Bigelow, Megan Dahle, Fong, Voepel

UPDATED:

VERSION: June 4, 2020

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