

AMENDED IN SENATE AUGUST 30, 2007

AMENDED IN SENATE JULY 12, 2007

AMENDED IN SENATE JULY 3, 2007

AMENDED IN ASSEMBLY MAY 31, 2007

AMENDED IN ASSEMBLY APRIL 19, 2007

AMENDED IN ASSEMBLY APRIL 9, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1296**

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**Introduced by Assembly Member Torrico**

February 23, 2007

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An act to add Section 22854.5 to the Government Code, relating to public employee health benefits.

LEGISLATIVE COUNSEL'S DIGEST

AB 1296, as amended, Torrico. Public employee health benefits: disclosures.

The Public Employees' Medical and Hospital Care Act requires the Board of Administration of the Public Employees' Retirement System to approve health benefit plans for certain public employees and annuitants, and authorizes the board to contract with carriers offering health benefit plans. The act sets forth certain criteria the board may take into account when considering a contract with an entity seeking to provide health care benefits or services, and allows the board to require specified documents from that entity.

This bill would require a health benefit plan or ~~contract~~ *contractor*, or an entity offering services relating to the administration of health

benefit plans to members and annuitants, to disclose to the Board of Administration of the Public Employees’ Retirement System, *staff, and any contractor or consultant of the system*, the cost, utilization, actual claim payments, and contract allowance amounts for health care services rendered by participating hospitals, with specified restrictions and disclosure limitations imposed upon the board, *staff, and any contractor or consultant of the system to whom the information is disclosed*. The bill would deem this information confidential, subject to evidentiary trade secret protections, and exempt from the California Public Records Act, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
 State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 22854.5 is added to the Government
- 2 Code, to read:
- 3 22854.5. (a) A health benefit plan or ~~contract~~ *contractor*, or
- 4 an entity offering services relating to the administration of health
- 5 benefit plans to members and annuitants, shall disclose to the board
- 6 ~~and staff~~, *staff, and any contractor or consultant of the system*, the
- 7 cost, utilization, actual claim payments, and contract allowance
- 8 amounts for health care services rendered by participating hospitals
- 9 to each member and annuitant.
- 10 (b) The information specified in subdivision (a) shall be deemed
- 11 confidential information and protected in accordance with the
- 12 federal Health Insurance Portability and Accountability Act of
- 13 1996 (42 U.S.C. Sec. 300gg), the final regulations issued pursuant
- 14 to the act by the United States Department of Health and Human
- 15 Services (45 C.F.R. Parts 160 and 164), and the Confidentiality
- 16 of Medical Information Act (Part 2.6 (commencing with Section
- 17 56) of Division 1 of the Civil Code). Information provided to the
- 18 board ~~and staff~~, *staff, and any contractor or consultant of the*
- 19 *system* shall not include individual member or annuitant identifying
- 20 information.
- 21 (c) The information specified in subdivision (a) shall be deemed
- 22 to be confidential trade secret information in accordance with
- 23 subdivision (d) of Section 3426.1 of the Civil Code and Section
- 24 1060 of the Evidence Code.

1 (d) The board shall not disclose the information specified in  
2 subdivision (a) in either individual or aggregated form to any other  
3 health care service plan or insurer or any entity offering services  
4 relating to the administration of health benefit plans, and shall not  
5 make this information available to the public, including, but not  
6 limited to, any summaries, compilations, or rankings derived from  
7 this information. This information shall be used only to make  
8 decisions that materially affect the members and annuitants of the  
9 health benefits program established by the board.

10 (e) *Any staff, contractor, or consultant to whom information is*  
11 *disclosed pursuant to subdivision (a) shall be subject to all the*  
12 *restrictions in this section regarding the confidentiality and*  
13 *nondisclosure of that information.*

14 ~~(e)~~

15 (f) The information specified in subdivision (a), in either  
16 individual or aggregated form, shall be exempt from disclosure  
17 under the California Public Records Act (Chapter 3.5 (commencing  
18 with Section 6250) of Division 7 of Title 1) pursuant to subdivision  
19 (k) of Section 6254.

20 ~~(f)~~

21 (g) Upon request from a hospital, the board shall, on an annual  
22 basis, provide the hospital a reasonable opportunity to validate the  
23 data that has been provided to the board by a health insurer, health  
24 care service plan, or entity pursuant to subdivision (a).

25 ~~(g)~~

26 (h) For purposes of this section:

27 (1) “Actual claim payment” means the actual amount paid by  
28 the health care plan or administrator to the participating hospital  
29 for a health care service rendered to a member or annuitant,  
30 exclusive of member or annuitant cost sharing and any other  
31 payment adjustments.

32 (2) “Contract allowance amounts” means the negotiated rate  
33 that the participating hospital agrees to accept as payment for a  
34 health care service rendered to a member or annuitant under the  
35 provider agreement between the health plan or administrator and  
36 the participating hospital.

37 (3) “Cost” means the full amount billed by the participating  
38 hospital for a health care service rendered to a member or annuitant.

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