

AMENDED IN ASSEMBLY JUNE 17, 2014

AMENDED IN SENATE APRIL 1, 2014

SENATE BILL

No. 1322

Introduced by Senator Hernandez

February 21, 2014

An act to add ~~Sections 127670 and 127671 to Chapter 8 (commencing with Section 127670) to Part 2 of Division 107 of, and to repeal the heading of Chapter 8 (formerly commencing with Section 127670) of Part 2 of Division 107 of, the Health and Safety Code, relating to health care.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1322, as amended, Hernandez. California Health Care ~~Quality Improvement and Cost Containment Commission. Cost and Quality Database.~~

Existing law establishes health care coverage programs to provide health care to segments of the population meeting specified criteria who are otherwise unable to afford health care coverage and provides for the licensure and regulation of health insurers and health care service plans.

This bill would state the intent of the Legislature to ~~make available establish a system to provide valid health care performance information to encourage health care providers and facilities that is publicly available and can be used to improve the safety, appropriateness, and medical effectiveness of health care, and to provide care that is safe, medically effective, patient-centered, timely, efficient, affordable, and equitable. The bill would require the Secretary of California Health and Human Services to, no later than January 1, 2016, enter into a contract with one or more private, independent, nonprofit organizations to establish~~

and administer the California Health Care Cost and Quality Database. The bill would require the secretary to include specified terms in that contract or contracts, including, among others, that the nonprofit organization or organizations establishing and administering the California Health Care Cost and Quality Database develop methodologies relating to the submission of health care data by health care entities. The bill would require certain health care entities, including health care service plans, to provide specified information to the nonprofit organization or organizations establishing and administering the California Health Care Cost and Quality Database. The bill would require all data disclosures made pursuant to these provisions to comply with all applicable state and federal laws for the protection of the privacy and security of the data and would prohibit the public disclose of any unaggregated, individually identifiable health information. The bill would require the nonprofit organization or organizations establishing and administering the California Health Care Cost and Quality Database to collect, process, maintain, and analyze information from specified data sources including, among others, electronic health record systems and disease and chronic condition registries. The bill would require, no later than January 1, 2018, the nonprofit organization or organizations establishing and administering the California Health Care Cost and Quality Database to publicly make available a web-based, searchable database and would require that database to be updated regularly.

~~This bill would also require the Governor secretary to convene the California Health Care Quality Improvement and Cost Containment Commission and would specify the composition of the commission. The bill would require the commission to examine and address specified health care issues: an advisory committee composed of a broad spectrum of health care stakeholders and experts to research and recommend strategies for promoting high-quality health care and containing health care costs, and to make recommendations regarding the California Health Care Cost and Quality Database. The bill would require the commission committee to issue a report to the Legislature and the Governor, on or before July 1, 2015, or within 6 months of the commission being convened, whichever occurs later, making recommendations for health care quality improvement and cost containment. Governor that examines and addresses specified issues, including, among others, containing the cost of health care services and coverage. The bill would provide that the commission not be~~

convened until *the Director of Finance has determined that sufficient private or federal funds have been received and appropriated for that purpose. purpose, and that members of the committee not receive a per diem or travel expense reimbursement, or any other expense reimbursement.*

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. *The heading of Chapter 8 (formerly commencing*
2 *with Section 127670) of Part 2 of Division 107 of the Health and*
3 *Safety Code, as amended by Section 230 of Chapter 183 of the*
4 *Statutes of 2004, is repealed.*

5
6 CHAPTER 8.
7 CALIFORNIA HEALTH CARE QUALITY IMPROVEMENT AND COST CONTAINMENT COMMISSION

8
9 SEC. 2. *Chapter 8 (commencing with Section 127670) is added*
10 *to Part 2 of Division 107 of the Health and Safety Code, to read:*

11
12 CHAPTER 8. CALIFORNIA HEALTH CARE COST AND QUALITY
13 DATABASE

14
15 127670. (a) *It is the intent of the Legislature to establish a*
16 *system to provide valid health care performance information that*
17 *is publicly available and can be used to improve the safety,*
18 *appropriateness, and medical effectiveness of health care, and to*
19 *provide care that is patient-centered, timely, affordable, and*
20 *equitable. It is also the intent of the Legislature to grant access to*
21 *provider performance information to consumers and purchasers*
22 *in order for them to understand the potential financial*
23 *consequences and liabilities and obtain maximum quality and*
24 *value in health care services.*

25 (b) *It is the intent of the Legislature, by making cost and quality*
26 *data available, to encourage health care service plans, health*
27 *insurers, and providers to develop innovative approaches, services,*
28 *and programs that may have the potential to deliver health care*
29 *that is both cost effective and responsive to the needs of enrollees.*

1 127671. (a) *The Secretary of California Health and Human*
2 *Services shall, no later than January 1, 2016, use a competitive*
3 *process to contract with one or more private, independent,*
4 *nonprofit organizations in order to establish and administer the*
5 *California Health Care Cost and Quality Database. A contract*
6 *entered into pursuant to this section is exempt from Part 2*
7 *(commencing with Section 10100) of Division 2 of the Public*
8 *Contract Code, and is exempt from review or approval by any*
9 *division of the Department of General Services.*

10 (b) *The secretary shall include as a term in the contract or*
11 *contracts entered into pursuant to subdivision (a) all of the*
12 *following:*

13 (1) *A requirement that the nonprofit organization or*
14 *organizations establishing and administering the California Health*
15 *Care Cost and Quality Database do all of the following:*

16 (A) *Develop methodologies for the collection, validation,*
17 *refinement, analysis, comparison, review, reporting, and*
18 *improvement of health care data submitted by health care entities*
19 *that are validated, recognized as reliable, and meet industry and*
20 *research standards.*

21 (B) *Receive information from all types of health care entities*
22 *and report that information in a form that allows valid comparisons*
23 *across care delivery systems.*

24 (C) *Comply with the requirements governing provider and*
25 *supplier requests for error correction established pursuant to*
26 *Section 401.717 of Title 42 of the Code of Federal Regulations for*
27 *all claims data received, including, but not limited to, data from*
28 *sources other than Medicare.*

29 (2) *A prohibition on the nonprofit organization or organizations*
30 *establishing and administering the California Health Care Cost*
31 *and Quality Database doing either of the following:*

32 (A) *Using the data received during the execution of the contract*
33 *for any purpose not specified in this chapter or in the contract.*

34 (B) *Receiving funding from any other source to accomplish the*
35 *same purposes sought to be accomplished under this chapter.*

36 (3) *A requirement that the nonprofit organization or*
37 *organizations establishing and administering the California Health*
38 *Care Cost and Quality Database identify the type of data, purpose*
39 *of use, and entities and individuals that are required to report to,*

1 *or that may have access to, the Health Care Cost and Quality*
2 *Database.*

3 *(c) For the purposes implementing the California Health Care*
4 *Cost and Quality Database, a health care service plan, including*
5 *a specialized health care service plan, an insurer licensed to*
6 *provide health insurance, as defined in Section 106 of the*
7 *Insurance Code, a self-insured employer, or a multiemployer*
8 *self-insured plan, that is responsible for paying for health care*
9 *services provided to beneficiaries, the trust administrator for a*
10 *multiemployer self-insured plan, a supplier, as defined in*
11 *paragraph (3) of subdivision (b) of Section 1367.50, or a provider,*
12 *as defined in paragraph (2) of subdivision (b) of Section 1367.50,*
13 *shall provide both of the following to the nonprofit organization*
14 *or organizations establishing and administering the California*
15 *Health Care Cost and Quality Database:*

16 *(1) Utilization data from insurers' medical, dental, and*
17 *pharmacy claims and encounter data from entities that do not use*
18 *claims data, including, but not limited to, integrated delivery*
19 *systems.*

20 *(2) Pricing information for health care items and services*
21 *gathered from allowed charges for covered health care items and*
22 *services or, in the case of organizations that do not use or produce*
23 *individual claims, standard price lists.*

24 *(d) (1) All disclosures of data made pursuant to this section*
25 *shall comply with all applicable state and federal laws for the*
26 *protection of the privacy and security of the data, including, but*
27 *not limited to, the federal Health Insurance Portability and*
28 *Accountability Act of 1996 (Public Law 104-191) and the federal*
29 *Health Information Technology for Economic and Clinical Health*
30 *Act, Title XIII of the federal American Recovery and Reinvestment*
31 *Act of 2009 (Public Law 111-5), and implementing regulations.*

32 *(2) (A) All policies and protocols developed in the performance*
33 *of the contract shall ensure that the privacy, security, and*
34 *confidentiality of individually identifiable health information is*
35 *protected. The nonprofit organization or organizations establishing*
36 *and administering the California Health Care Cost and Quality*
37 *Database shall not publicly disclose any unaggregated, individually*
38 *identifiable health information.*

1 (B) For the purposes of this paragraph, “individually
2 identifiable health information” has the same meaning as in
3 Section 160.103 of Title 45 of the Code of Federal Regulations.

4 (e) (1) The nonprofit organization or organizations establishing
5 and administering the California Health Care Cost and Quality
6 Database shall collect, process, maintain, and analyze information
7 from data sources including, but not limited to, claims from private
8 and public payers, electronic health record systems, disease and
9 chronic condition registries, third-party surveys of quality and
10 patient satisfaction, reviews by licensing and accrediting bodies,
11 and local and regional public health data. Aggregated payer and
12 provider performance on validated measures of clinical quality
13 and patient experience, such as measures from the Healthcare
14 Effectiveness Data and Information Set (HEDIS) and Consumer
15 Assessment of Healthcare Providers and Systems (CAHPS), shall
16 be collected from accrediting organizations, including, but not
17 limited, to the National Committee for Quality Assurance (NCQA),
18 URAC, and the Joint Commission.

19 (2) The nonprofit organization or organizations establishing
20 and administering the California Health Care Cost and Quality
21 Database shall include all of the following in an analysis performed
22 pursuant to paragraph (1):

23 (A) Population-level data on prevention, screening, and wellness
24 utilization.

25 (B) Population-level data on behavioral and medical risk
26 factors, interventions and outcomes.

27 (C) Population-level data on chronic conditions, management,
28 and outcomes.

29 (D) Population-level data on trends in utilization of procedures
30 for treatment of similar conditions to evaluate medical
31 appropriateness.

32 (E) Data that permits socioeconomic status and disparities in
33 care due to race, ethnicity, gender, sexual orientation, and gender
34 identity to be considered.

35 (f) No later than January 1, 2018, the nonprofit organization
36 or organizations establishing and administering the California
37 Health Care Cost and Quality Database shall make publicly
38 available a web-based, searchable database. The information shall
39 be presented in a way that facilitates comparisons of cost, quality,
40 and satisfaction across payers, provider organizations, and other

1 *suppliers of health care services. This public database shall be*
2 *regularly updated to reflect new data submissions.*

3 *127672. (a) The Secretary of California Health and Human*
4 *Services shall convene an advisory committee, composed of a*
5 *broad spectrum of health care stakeholders and experts to research*
6 *and recommend appropriate and timely strategies for promoting*
7 *high-quality health care, containing health care costs, and making*
8 *recommendations regarding the establishment, implementation,*
9 *and ongoing administration of the California Health Care Cost*
10 *and Quality Database, including a business plan for sustainability*
11 *without using moneys from the General Fund. The advisory*
12 *committee shall hold public meetings with stakeholders, solicit*
13 *input, and set its own meeting agendas. Meetings of the advisory*
14 *committee are subject to the Bagley-Keene Open Meeting Act*
15 *(Article 9 (commencing with Section 11120) of Chapter 1 of Part*
16 *1 of Division 3 of Title 2 of the Government Code).*

17 *(b) The secretary shall arrange for the preparation of a report*
18 *to the Legislature and the Governor based on the findings of the*
19 *advisory committee, including input from the public meetings, that*
20 *shall, at a minimum, examine and address the following issues:*

21 *(1) Assessing California health care needs and available*
22 *resources.*

23 *(2) Containing the cost of health care services and coverage.*

24 *(3) Improving the quality and medical appropriateness of health*
25 *care.*

26 *(4) Increasing the transparency of health care costs and the*
27 *relative efficiency with which care is delivered.*

28 *(5) Use of disease management, wellness, prevention, and other*
29 *innovative programs to keep people healthy and reduce disparities*
30 *and costs and improving health outcomes for all populations.*

31 *(6) Efficient utilization of prescription drugs and technology.*

32 *(7) Reducing unnecessary, inappropriate, and wasteful health*
33 *care.*

34 *(8) Educating consumers in the use of health care information.*

35 *(9) Using existing data sources to build the Health Care Cost*
36 *and Quality Database.*

37 *(c) The advisory committee established pursuant to this section*
38 *shall not be convened until the Director of Finance has determined*
39 *that sufficient private or federal funds have been received and that*
40 *the funds have been appropriated for that purpose.*

1 (d) Notwithstanding any other provision of law, the members
2 of the advisory committee shall receive no per diem or travel
3 expense reimbursement, or any other expense reimbursement.

4 SECTION 1. Section 127670 is added to the Health and Safety
5 Code, to be added to Chapter 8 (formerly commencing with Section
6 127670) of Part 2 of Division 107, to read:

7 127670. (a) It is the intent of the Legislature to make available
8 valid performance information to encourage health care providers
9 and facilities to provide care that is safe, medically effective,
10 patient-centered, timely, efficient, and equitable. It is also the intent
11 of the Legislature to put provider performance information into
12 the hands of consumers and purchasers so that they are able to
13 understand their financial liability and find the best quality and
14 value.

15 (b) It is the intent of the Legislature to encourage health care
16 service plans, health insurers, and providers to develop innovative
17 approaches, services, and programs that may have the potential to
18 deliver health care that is both cost effective and responsive to the
19 needs of enrollees.

20 SEC. 2. Section 127671 is added to the Health and Safety Code,
21 to be added to Chapter 8 (formerly commencing with Section
22 127670) of Part 2 of Division 107, to read:

23 127671. (a) The Governor shall convene the California Health
24 Care Quality Improvement and Cost Containment Commission to
25 research and recommend appropriate and timely strategies for
26 promoting high-quality care and containing health care costs.

27 (b) The commission shall be composed of 13 members who are
28 knowledgeable about the health care system and health care
29 spending.

30 (c) The Governor shall appoint five members of the commission,
31 the Senate Committee on Rules shall appoint three members, and
32 the Speaker of the Assembly shall appoint three members. The
33 membership shall be comprised of at least one of each of the
34 following:

- 35 (1) A representative of California's business community.
- 36 (2) A representative from organized labor.
- 37 (3) A representative of consumers.
- 38 (4) A health care practitioner.
- 39 (5) A hospital industry representative.
- 40 (6) A representative of the health insurance industry.

- 1 ~~(7) A representative of the legal community with expertise in~~
2 ~~health and ethics.~~
- 3 ~~(8) A representative of persons with disabilities.~~
- 4 ~~(9) A health care economist.~~
- 5 ~~(d) The Secretary of the California Health and Human Services~~
6 ~~Agency and the Executive Director of Covered California shall~~
7 ~~serve as members of the commission.~~
- 8 ~~(e) The Governor shall appoint the chairperson of the~~
9 ~~commission.~~
- 10 ~~(f) The commission shall, on or before July 1, 2015, or within~~
11 ~~six months of the convening of the commission, whichever occurs~~
12 ~~later, issue a report to the Legislature and the Governor making~~
13 ~~recommendations for health care quality improvement and cost~~
14 ~~containment. The commission shall, at a minimum, examine and~~
15 ~~address the following issues:~~
 - 16 ~~(1) Assessing California health care needs and available~~
17 ~~resources.~~
 - 18 ~~(2) Containing the cost of health care services and coverage.~~
 - 19 ~~(3) Improving the quality of health care.~~
 - 20 ~~(4) Increasing the transparency of health care costs and the~~
21 ~~relative efficiency with which care is delivered.~~
 - 22 ~~(5) Use of disease management, wellness, prevention, and other~~
23 ~~innovative programs to keep people healthy while reducing costs~~
24 ~~and improving health outcomes.~~
 - 25 ~~(6) Consolidation of existing state programs to achieve~~
26 ~~efficiencies where possible.~~
 - 27 ~~(7) Efficient utilization of prescription drugs and technology.~~
 - 28 ~~(g) The commission established pursuant to this section shall~~
29 ~~not be convened until sufficient private or federal funds have been~~
30 ~~received and appropriated for that purpose.~~