

AMENDED IN ASSEMBLY JUNE 30, 2014

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 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 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 establish a system to provide valid health care performance information 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, 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 disclosure 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~~ receive, 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 secretary to convene an advisory committee composed of a broad spectrum of health care stakeholders and experts, *as specified*, 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 committee to issue a report to the Legislature and the 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, 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 SEC. 2. Chapter 8 (commencing with Section 127670) is added
6 to Part 2 of Division 107 of the Health and Safety Code, to read:

7

8 CHAPTER 8. CALIFORNIA HEALTH CARE COST AND QUALITY
9 DATABASE

10

11 127670. (a) It is the intent of the Legislature to establish a
12 system to provide valid health care performance information that
13 is publicly available and can be used to improve the safety,
14 appropriateness, and medical effectiveness of health care, and to
15 provide care that is patient-centered, timely, affordable, and
16 equitable. It is also the intent of the Legislature to grant access to
17 provider performance information to consumers and purchasers
18 in order for them to understand the potential financial consequences
19 and liabilities and obtain maximum quality and value in health
20 care services.

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

26 127671. (a) The Secretary of California Health and Human
27 Services shall, no later than January 1, 2016, use a competitive
28 process to contract with one or more private, independent, nonprofit
29 organizations in order to establish and administer the California
30 Health Care Cost and Quality Database. A contract entered into
31 pursuant to this section is exempt from Part 2 (commencing with
32 Section 10100) of Division 2 of the Public Contract Code, and is
33 exempt from review or approval by any division of the Department
34 of General Services.

35 (b) The secretary shall include as a term in the contract or
36 contracts entered into pursuant to subdivision (a) all of the
37 following:

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

4 (A) Develop methodologies for the collection, validation,
5 refinement, analysis, comparison, review, reporting, and
6 improvement of health care data submitted by health care entities
7 that are validated, recognized as reliable, and meet industry and
8 research standards.

9 (B) Receive information from all types of health care entities
10 and report that information in a form that allows valid comparisons
11 across care delivery systems.

12 (C) Comply with the requirements governing provider and
13 supplier requests for error correction established pursuant to
14 Section 401.717 of Title 42 of the Code of Federal Regulations
15 for all claims data received, including, but not limited to, data from
16 sources other than Medicare.

17 (2) A prohibition on the nonprofit organization or organizations
18 establishing and administering the California Health Care Cost
19 and Quality Database doing either of the following:

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

22 (B) Receiving funding from any other source to accomplish the
23 same purposes sought to be accomplished under this chapter *unless*
24 *funding is received from another nonprofit or government source*
25 *and is for the purpose of research or education.*

26 (3) A requirement that the nonprofit organization or
27 organizations establishing and administering the California Health
28 Care Cost and Quality Database identify the type of data, purpose
29 of use, and entities and individuals that are required to report to,
30 or that may have access to, the Health Care Cost and Quality
31 Database.

32 (c) For the purposes implementing the California Health Care
33 Cost and Quality Database, a health care service plan, including
34 a specialized health care service plan, an insurer licensed to provide
35 health insurance, as defined in Section 106 of the Insurance Code,
36 a self-insured employer, or a multiemployer self-insured plan, that
37 is responsible for paying for health care services provided to
38 beneficiaries, the trust administrator for a multiemployer
39 self-insured plan, a supplier, as defined in paragraph (3) of
40 subdivision (b) of Section 1367.50, or a provider, as defined in

1 paragraph (2) of subdivision (b) of Section 1367.50, shall provide
2 both of the following to the nonprofit organization or organizations
3 establishing and administering the California Health Care Cost
4 and Quality Database:

5 (1) Utilization data from insurers' medical, dental, and pharmacy
6 claims and encounter data from entities that do not use claims data,
7 including, but not limited to, integrated delivery systems.

8 (2) Pricing information for health care items and services
9 gathered from allowed charges for covered health care items and
10 services or, in the case of organizations that do not use or produce
11 individual claims, standard price lists.

12 (d) (1) All disclosures of data made pursuant to this section shall
13 comply with all applicable state and federal laws for the protection
14 of the privacy and security of the data, including, but not limited
15 to, the federal Health Insurance Portability and Accountability Act
16 of 1996 (Public Law 104-191) and the federal Health Information
17 Technology for Economic and Clinical Health Act, Title XIII of
18 the federal American Recovery and Reinvestment Act of 2009
19 (Public Law 111-5), and implementing regulations.

20 (2) (A) All policies and protocols developed in the performance
21 of the contract shall ensure that the privacy, security, and
22 confidentiality of individually identifiable health information is
23 protected. The nonprofit organization or organizations establishing
24 and administering the California Health Care Cost and Quality
25 Database shall not publicly disclose any unaggregated, individually
26 identifiable health information.

27 (B) For the purposes of this paragraph, "individually identifiable
28 health information" has the same meaning as in Section 160.103
29 of Title 45 of the Code of Federal Regulations.

30 (e) (1) The nonprofit organization or organizations establishing
31 and administering the California Health Care Cost and Quality
32 Database shall ~~collect~~ *receive*, process, maintain, and analyze
33 information from data sources including, but not limited to, claims
34 from private and public payers, ~~electronic health record systems~~,
35 disease and chronic condition registries, third-party surveys of
36 quality and patient satisfaction, reviews by licensing and
37 accrediting bodies, and local and regional public health data.
38 Aggregated payer and provider performance on validated measures
39 of clinical quality and patient experience, such as measures from
40 the Healthcare Effectiveness Data and Information Set (HEDIS)

1 and Consumer Assessment of Healthcare Providers and Systems
2 (CAHPS), shall be collected from accrediting organizations,
3 including, but not limited, to the National Committee for Quality
4 Assurance (NCQA), URAC, and the Joint Commission.

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

9 (A) Population-level data on prevention, screening, and wellness
10 utilization.

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

13 (C) Population-level data on chronic conditions, management,
14 and outcomes.

15 (D) Population-level data on trends in utilization of procedures
16 for treatment of similar conditions to evaluate medical
17 appropriateness.

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

21 (f) No later than January 1, 2018, the nonprofit organization or
22 organizations establishing and administering the California Health
23 Care Cost and Quality Database shall make publicly available a
24 web-based, searchable database. The information shall be presented
25 in a way that facilitates comparisons of cost, quality, and
26 satisfaction across payers, provider organizations, and other
27 suppliers of health care services. This public database shall be
28 regularly updated to reflect new data submissions.

29 127672. (a) The Secretary of California Health and Human
30 Services shall convene an advisory committee, composed of a
31 broad spectrum of health care stakeholders and experts, *including,*
32 *but not limited to, representatives of the entities that are required*
33 *to provide information pursuant to subdivision (c) of Section*
34 *127671 and representatives of purchasers, including, but not*
35 *limited to, businesses, organized labor, and consumers, to research*
36 *and recommend appropriate and timely strategies for promoting*
37 *high-quality health care, containing health care costs, and making*
38 *recommendations regarding the establishment, implementation,*
39 *and ongoing administration of the California Health Care Cost and*
40 *Quality Database, including a business plan for sustainability*

1 without using moneys from the General Fund. The advisory
2 committee shall hold public meetings with stakeholders, solicit
3 input, and set its own meeting agendas. Meetings of the advisory
4 committee are subject to the Bagley-Keene Open Meeting Act
5 (Article 9 (commencing with Section 11120) of Chapter 1 of Part
6 1 of Division 3 of Title 2 of the Government Code).

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

11 (1) Assessing California health care needs and available
12 resources.

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

14 (3) Improving the quality and medical appropriateness of health
15 care.

16 (4) Increasing the transparency of health care costs and the
17 relative efficiency with which care is delivered.

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

21 (6) Efficient utilization of prescription drugs and technology.

22 (7) Reducing unnecessary, inappropriate, and wasteful health
23 care.

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

25 (9) Using existing data sources to build the Health Care Cost
26 and Quality Database.

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

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