

Introduced by Senator HernandezDecember 1, 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 26, as introduced, 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, timely, and comprehensive 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, 2017, enter into a contract with one or more independent, nonprofit organizations to 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 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 administering the California Health Care Cost and Quality Database. The bill would authorize the nonprofit organization or organizations to report a health care entity that fails to comply with that requirement to the health care entity's regulating agency, and would authorize the regulating agency to enforce that requirement using its existing enforcement procedures.

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 data and would prohibit the public disclosure of any unaggregated, individually identifiable health information. The bill would require that certain confidentially negotiated contract terms be protected in data disclosures made pursuant to these provisions and would prohibit certain individually identifiable proprietary contract information from being disclosed in an unaggregated format. The bill would require the nonprofit organization or organizations administering the California Health Care Cost and Quality Database to receive, process, maintain, and analyze information from specified data sources, including, among others, disease and chronic condition registries. The bill would require, no later than January 1, 2019, the nonprofit organization or organizations 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. The bill would prohibit implementation and ongoing administration costs of the California Health Care Cost and Quality Database from being paid using General Fund moneys.

This bill would also require the secretary to convene a review committee composed of a broad spectrum of health care stakeholders and experts, as specified, to, among other things, develop the parameters for establishing, implementing, and administering the California Health Care Cost and Quality Database. The bill would require the secretary to arrange for the preparation of an annual 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.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

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, timely, and comprehensive health care
13 performance information that is publicly available and can be used
14 to improve the safety, appropriateness, and medical effectiveness
15 of health care, and to provide care that is patient-centered, timely,
16 affordable, and equitable. It is also the intent of the Legislature to
17 grant access to provider performance information to consumers
18 and purchasers in order for them to understand the potential
19 financial consequences and liabilities and obtain maximum quality
20 and value in health 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, 2017, use a competitive
28 process to contract with one or more independent, nonprofit
29 organizations in order to administer the California Health Care

1 Cost and Quality Database. This competitive process and any
2 requests for proposal shall be publicly posted on the agency's
3 Internet Web site for a minimum of 30 days for public review and
4 comment. A contract entered into pursuant to this section is exempt
5 from Part 2 (commencing with Section 10100) of Division 2 of
6 the Public Contract Code, and is exempt from review or approval
7 by any division of the Department of General Services.

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

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

14 (A) Establish, implement, and administer the California Health
15 Care Cost and Quality Database in accordance with parameters
16 developed pursuant to subdivision (a) of Section 127672.

17 (B) Develop methodologies for the collection, validation,
18 refinement, analysis, comparison, review, reporting, and
19 improvement of health care data, including, but not limited to, data
20 from fee-for-service, capitated, and other alternative, value-based,
21 payment sources, submitted by health care entities that are
22 validated, recognized as reliable, and meet industry and research
23 standards.

24 (C) Receive information, as described in this section, from health
25 care entities and report that information in a form that allows valid
26 comparisons across care delivery systems.

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

32 (2) A prohibition on the nonprofit organization or organizations
33 administering the California Health Care Cost and Quality Database
34 from doing either of the following:

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

37 (B) Receiving funding from any other source to accomplish the
38 same purposes sought to be accomplished under this chapter unless
39 funding is received from another nonprofit or government source
40 and is for the purpose of research or education.

1 (3) A requirement that the nonprofit organization or
2 organizations administering the California Health Care Cost and
3 Quality Database identify, in accordance with this section, the type
4 of data, purpose of use, and entities and individuals that are
5 required to report to, or that may have access to, the California
6 Health Care Cost and Quality Database. An entity or individual
7 shall not be required to report to, and shall not have access to, the
8 California Health Care Cost and Quality Database until the review
9 committee established pursuant to Section 127672 has approved
10 the nonprofit organization or organizations determination.

11 (c) (1) For the purpose of developing information for inclusion
12 in the California Health Care Cost and Quality Database, a health
13 care service plan, including a specialized health care service plan,
14 an insurer licensed to provide health insurance, as defined in
15 Section 106 of the Insurance Code, a self-insured employer, a
16 supplier, as defined in paragraph (3) of subdivision (b) of Section
17 1367.50, or a provider, as defined in paragraph (2) of subdivision
18 (b) of Section 1367.50, shall, and a multiemployer self-insured
19 plan that is responsible for paying for health care services provided
20 to beneficiaries and the trust administrator for a multiemployer
21 self-insured plan may, provide both of the following to the
22 nonprofit organization or organizations administering the California
23 Health Care Cost and Quality Database:

24 (A) Utilization data from the health care service plans' and
25 insurers' medical, dental, and pharmacy claims or, in the case of
26 entities that do not use claims data, including, but not limited to,
27 integrated delivery systems, encounter data consistent with the
28 core set of data elements for data submission proposed by the
29 APCD Council, the University of New Hampshire, and the National
30 Association of Health Data Organizations.

31 (B) Pricing information for health care items, services, and
32 medical and surgical episodes of care gathered from allowed
33 charges for covered health care items and services or, in the case
34 of entities that do not use or produce individual claims, price
35 information that is the best possible proxy to pricing information
36 for health care items, services, and medical and surgical episodes
37 of care available in lieu of actual cost data so to allow for
38 meaningful comparisons of provider prices and treatment costs.

39 (2) (A) The nonprofit organization or organizations
40 administering the California Health Care Cost and Quality Database

1 may report an entity's failure to comply with paragraph (1) to the
2 entity's regulating agency.

3 (B) The regulating agency of an entity described in paragraph
4 (1) may enforce paragraph (1) using its existing enforcement
5 procedures. Notwithstanding any other law, moneys collected
6 pursuant to this authorization shall be subject to appropriation by
7 the Legislature, and the failure to comply with paragraph (1) shall
8 not be a crime.

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

17 (2) (A) All policies and protocols developed in the performance
18 of the contract shall ensure that the privacy, security, and
19 confidentiality of individually identifiable health information is
20 protected. The nonprofit organization or organizations
21 administering the California Health Care Cost and Quality Database
22 shall not publicly disclose any unaggregated, individually
23 identifiable health information and shall develop a protocol for
24 assessing the risk of reidentification stemming from public
25 disclosure of any health information that is aggregated, 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 (3) Confidentially negotiated contract terms contained in a
31 contract between a health care service plan or insurer and a provider
32 or supplier shall be protected in any public disclosure of data made
33 pursuant to this section. Individually identifiable proprietary
34 contract information included in a contract between a health care
35 service plan or insurer and a provider or supplier shall not be
36 disclosed in an unaggregated format.

37 (e) (1) The nonprofit organization or organizations
38 administering the California Health Care Cost and Quality Database
39 shall receive, process, maintain, and analyze information from
40 data sources, including, but not limited to, data received pursuant

1 to subdivision (c), claims from private and public payers, disease
2 and chronic condition registries, third-party surveys of quality and
3 patient satisfaction, reviews by licensing and accrediting bodies,
4 and local and regional public health data. Aggregated payer and
5 provider performance on validated measures of clinical quality
6 and patient experience, such as measures from the Healthcare
7 Effectiveness Data and Information Set (HEDIS) and Consumer
8 Assessment of Healthcare Providers and Systems (CAHPS), shall
9 be collected from accrediting organizations, including, but not
10 limited to, the National Committee for Quality Assurance (NCQA),
11 URAC, and the Joint Commission.

12 (2) The nonprofit organization or organizations administering
13 the California Health Care Cost and Quality Database shall include
14 in an analysis performed pursuant to paragraph (1), but shall not
15 be limited to, all of the following:

16 (A) Population-level data on prevention, screening, and wellness
17 utilization.

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

20 (C) Population-level data on chronic conditions, management,
21 and outcomes.

22 (D) Population-level data on trends in utilization of procedures
23 for treatment of similar conditions to evaluate medical
24 appropriateness.

25 (E) Facility and physician organization risk adjusted
26 performance information on the quality, efficiency, and outcomes
27 of care that are aligned with national efforts, including, but not
28 limited to, those of the National Quality Forum, related to defining
29 cost and quality measures.

30 (F) Data that permits consideration of socioeconomic status and
31 disparities in care due to race, ethnicity, gender, sexual orientation,
32 and gender identity.

33 (f) No later than January 1, 2019, the nonprofit organization or
34 organizations administering the California Health Care Cost and
35 Quality Database shall make publicly available a web-based,
36 searchable database. The database shall include the information
37 and analysis described in subdivision (e). The information and
38 analysis included in the database shall be presented in a way that
39 facilitates comparisons of cost, quality, and satisfaction across
40 payers, provider organizations, and other suppliers of health care

1 services. This public database shall be regularly updated to reflect
2 new data submissions.

3 (g) Implementation and ongoing administration costs of the
4 California Health Care Cost and Quality Database shall not be
5 paid using General Fund moneys.

6 127672. (a) The Secretary of California Health and Human
7 Services shall convene a review committee, composed of a broad
8 spectrum of health care stakeholders and experts, including, but
9 not limited to, representatives of the entities that are required to
10 provide information pursuant to subdivision (c) of Section 127671
11 and representatives of purchasers, including, but not limited to,
12 businesses, organized labor, and consumers, to develop the
13 parameters for the establishment, implementation, and ongoing
14 administration of the California Health Care Cost and Quality
15 Database, including a business plan for sustainability without using
16 moneys from the General Fund, and to approve the determinations
17 described in paragraph (3) of subdivision (b) of Section 127671.
18 The review committee shall hold public meetings with
19 stakeholders, solicit input, and set its own meeting agendas.
20 Meetings of the review committee are subject to the Bagley-Keene
21 Open Meeting Act (Article 9 (commencing with Section 11120)
22 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government
23 Code).

24 (b) The secretary shall arrange for the preparation of an annual
25 report to the Legislature and the Governor, to be submitted in
26 compliance with Section 9795 of the Government Code, based on
27 the findings of the review committee, including input from the
28 public meetings, that shall, at a minimum, examine and address
29 the following issues:

30 (1) Assessing California health care needs and available
31 resources.

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

33 (3) Improving the quality and medical appropriateness of health
34 care.

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

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

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

1 (7) Reducing unnecessary, inappropriate, and wasteful health
2 care.

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

4 (9) Using existing data sources to build the California Health
5 Care Cost and Quality Database.

6 (c) The review committee established pursuant to this section
7 shall not be convened until the Director of Finance has determined
8 that sufficient private or federal funds have been received and that
9 the funds have been appropriated for that purpose. The review
10 committee shall continue to function for as long as the Department
11 of Finance has determined that the California Health Care Cost
12 and Quality Database is established and is being administered.

13 (d) Notwithstanding any other law, the members of the review
14 committee shall receive no per diem or travel expense
15 reimbursement, or any other expense reimbursement.

16 SEC. 3. The Legislature finds and declares that Section 2 of
17 this act, which adds Section 127671 to the Health and Safety Code,
18 imposes a limitation on the public's right of access to the meetings
19 of public bodies or the writings of public officials and agencies
20 within the meaning of Section 3 of Article I of the California
21 Constitution. Pursuant to that constitutional provision, the
22 Legislature makes the following findings to demonstrate the interest
23 protected by this limitation and the need for protecting that interest:

24 In order to protect confidential and proprietary information
25 submitted to the California Health Care Cost and Quality Database,
26 it is necessary for that information to remain confidential.