

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

Introduced by Assembly Member Torrico

February 23, 2007

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, or entities offering services relating to the administration of health benefit plans, to disclose to the Board of Administration of the Public Employees' Retirement System the cost, utilization, and actual claim payments on behalf of each member and annuitant for health care services rendered by hospitals, including the allowance amounts for services billed. 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, or an entity
4 offering services relating to the administration of health benefit
5 plans to employees and annuitants, shall disclose to the board and
6 staff the cost, utilization, and actual claim payments on behalf of
7 each member and annuitant for health care services rendered by
8 hospitals, including the contract allowance amounts for services
9 billed for each individual hospital.

10 (b) The member and annuitant health care services cost,
11 utilization, and payment information shall be deemed confidential
12 information and protected in accordance with the federal Health
13 Insurance Portability and Accountability Act of 1996 (42 U.S.C.
14 Sec. 300gg) and the final regulations issued pursuant to the act by
15 the United States Department of Health and Human Services (45
16 C.F.R. Parts 160 and 164). As such, information provided to the
17 board and staff shall not include individual member or annuitant
18 identifying information.

19 (c) The hospital *cost*, contract allowance amounts, and payments
20 shall be deemed to be confidential trade secret information in
21 accordance with subdivision (d) of Section 3426.1 of the Civil
22 Code and Section 1060 of the Evidence Code.

23 (d) The board shall not disclose the member and annuitant health
24 care services cost, utilization, and payment information or ~~provider~~
25 contract allowance amounts to any other carrier or entity, and shall
26 not make that information available to the public.

27 (e) The member and annuitant health care services cost,
28 utilization, and payment information and the ~~provider~~ contract
29 allowance amounts shall be exempt from disclosure under the
30 California Public Records Act (Chapter 3.5 (commencing with
31 Section 6250) of Division 7 of Title 1) pursuant to subdivision (k)
32 of Section 6254.

33 (f) *For purposes of this section:*

1 (1) *“Actual claim payment” means the actual amount paid by*
2 *the health care plan or administrator to the hospital for a health*
3 *care service, exclusive of member cost sharing and any other*
4 *payment adjustments.*

5 (2) *“Contract allowance amounts” means the negotiated rate*
6 *that the hospital agrees to accept as payment for a health care*
7 *service under the provider agreement between the health plan or*
8 *administrator and the hospital.*

9 (3) *“Cost” means the full amount billed by the hospital for a*
10 *health care service.*