

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

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~~ *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, the cost, utilization, ~~and actual claim payments on behalf of each member and~~

~~annuitant for health care services rendered by hospitals, including the, and contract allowance amounts for health care services billed rendered by participating hospitals, with specified restrictions and disclosure limitations imposed upon the board.~~ 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 members~~ and annuitants, shall disclose to the
6 board and staff ~~the cost, utilization, and actual claim payments on~~
7 ~~behalf of each member and annuitant for health care services~~
8 ~~rendered by hospitals, including the contract allowance amounts~~
9 ~~for services billed for each individual hospital.~~ *staff the cost,*
10 *utilization, actual claim payments, and contract allowance amounts*
11 *for health care services rendered by participating hospitals to*
12 *each member and annuitant.*

13 (b) ~~The member and annuitant health care services cost,~~
14 ~~utilization, and payment information~~ *information specified in*
15 *subdivision (a)* shall be deemed confidential information and
16 protected in accordance with the federal Health Insurance
17 Portability and Accountability Act of 1996 (42 U.S.C. Sec. 300gg)
18 and the final regulations issued pursuant to the act by the United
19 States Department of Health and Human Services (45 C.F.R. Parts
20 160 and 164). As such, information provided to the board and staff
21 shall not include individual member or annuitant identifying
22 information.

23 (c) ~~The hospital cost, contract allowance amounts, and payments~~
24 ~~information specified in subdivision (a)~~ shall be deemed to be
25 confidential trade secret information in accordance with subdivision
26 (d) of Section 3426.1 of the Civil Code and Section 1060 of the
27 Evidence Code.

28 (d) *The board shall not disclose the information specified in*
29 *subdivision (a) in either individual or aggregated form to any other*

1 *health care service plan or insurer or any entity offering services*
2 *relating to the administration of health benefit plans, and shall*
3 *not make this information available to the public, including, but*
4 *not limited to, any summaries, compilations, or rankings derived*
5 *from this information. This information shall be used only to make*
6 *decisions that materially affect the members and annuitants of the*
7 *health benefits program established by the board.*

8 ~~(d) The board shall not disclose the member and annuitant health~~
9 ~~care services cost, utilization, and payment information or contract~~
10 ~~allowance amounts to any other carrier or entity, and shall not~~
11 ~~make that information available to the public.~~

12 (e) ~~The member and annuitant health care services cost,~~
13 ~~utilization, and payment information and the contract allowance~~
14 ~~amounts information specified in subdivision (a), in either~~
15 ~~individual or aggregated form, shall be exempt from disclosure~~
16 ~~under the California Public Records Act (Chapter 3.5 (commencing~~
17 ~~with Section 6250) of Division 7 of Title 1) pursuant to subdivision~~
18 ~~(k) of Section 6254.~~

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

23 ~~(f)~~

24 (g) For purposes of this section:

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

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

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