PBGH
PACIFIC BUSINESS GROUP ON HEALTH

575 Market St. Ste. 600
SAN FRANCISCO, CA 94105
PBGH.ORG

OFFICE 415.281.8660
FACSIMILE 415.520.0927

April 17, 2015

Dr. Ed Hernandez, O.D.
State Capitol, Room 4085
Sacramento, CA 95814

Dear Senator Hernandez:

The Pacific Business Group on Health (PBGH) is one of the nation's leading non-profit business coalitions focused on health care. PBGH works on many fronts to improve the quality and affordability of health care, often in close partnership with health insurance plans, physician groups, hospital systems, and consumer organizations. We leverage the power of our 50 large purchaser members representing a wide range of industries who spend 12 billion dollars annually in California to provide health care coverage to more than 3 million employees, retirees and dependents.

Information on how well care is provided and how much it costs is important to improving quality and addressing cost containment in California. PBGH supports SB 26 with the addition of amendments. We believe these amendments will make the CA Health Care Cost and Quality database stronger and ultimately improve the information self-insured employers and their employees, retirees, and dependents can use to make informed decisions about receiving and purchasing care. Below are our comments on amendments for the proposed legislation:

Balanced participation in governance.
Those that receive and pay for care should have a significant presence on the decision-making body that will determine what and how this data is used. We recommend including more patients, consumer advocates, employers, labor organizations, and other community organizations so there is majority representation within the advisory group. We will provide additional comments on governance in a separate attachment.

Reporting information in a manner that will get broadest use.
The public reporting, scoring and the display of information should be done with consumer and purchaser decision-making in mind. While there may be separate formats and delivery of information to clinicians to support quality improvement, we support the State in its efforts to ensure that performance information is accessible and useful by the purchasers, consumers, and policymakers. Because there are a range of private sector organizations that work in the areas of both public reporting for consumers and supporting clinicians in their efforts to improve patient care, we recommend that other organizations have access to the performance information (e.g., via a downloadable data file or standard API). In fact, we think that consumers and purchasers would be better served by having these organizations access and publish results than a state website which will require significant marketing to drive use. Other organizations being able to use this information will better streamline public reporting efforts that currently use different data sources.

We also would like to call out some provisions we support and want to remain in the legislation. These are listed below:

Report on individual and shared accountability.
The database will generate the greatest improvements in care if it promotes both individual and shared provider accountability. Individual accountability reinforces professional motivation for quality improvement, provides information for patients to use in choosing providers, and identifies variation and improvement areas that would otherwise be masked by higher levels of aggregation.

Include measures that have high impact and are important to patients.
Using a set of measures that drives attention to high impact areas and reduces the cacophony of low value measures (e.g., process measures not linked to improving outcomes) is important to the success of the database. We support the types of measures outlined in the legislation (e.g., outcomes, patient experience, efficiency, appropriateness, and cost). For more information on measures we support, go to: *Ten Criteria for Meaningful and Usable Measures of Performance.*

Ensure price transparency.
As our members respond to the alarming growth in health care spending, their employees are taking on a greater share of the costs through arrangements such as high deductible health insurance plans. To navigate an environment where they are no longer shielded from the costs of their care, they need reliable information on relative price. It is critical that the legislation continues to support meaningful price transparency to consumers. There has been a focus on "charges,"—the amount providers publish prior to negotiation with the health plan—but that information is not useful to those paying the bills. However, the information relevant to most consumers is the actual amount they will have to pay–meaning the price the insurer has negotiated with the provider. For additional information see PBGH's policy brief on price transparency.

Broad selection of data sources and creation of episodes of care.
Claims submitted by health care providers to health insurers are a data source that can provide much needed cost, quality, and appropriateness information. Aggregating the data included in claims paid by insurers would yield a rich source of information about the performance of specific providers. For example, these databases can shed light on which hospitals are better at caring for pediatric patients or preventing unnecessary hospitalizations. Or the average price an insured patient would pay for knee replacement surgery or diabetes care. The modest clinical information in claims data, however, limits what can be reported from the database so we also strongly support the use of other data sources like electronic health records and registries. When using multiple data sources, it is important to ensure individual patient data can be linked across sources (such as a unique patient identifier) to create episodes of care for both quality and cost reporting.

SB 26 represents continued commitment to improving consumers' and purchasers' access to information on providers so they can make informed decisions about value. We greatly appreciate your leadership in this endeavor.

Sincerely,

David J. Lansky, PhD
President & CEO