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Health Care Reform Legislation Amended to Include Measures that Will Ensure Quality and Control Costs

Business, Consumers and Labor Applaud Data Collection and Reporting Provisions

Sacramento, CA – Representatives for business, consumers and labor today applauded the California Legislature for taking steps to improve health care quality and control costs by amending its major reform legislation to require standardized data collection and reporting.

The new language added to Assembly Bill 8 would establish an independent commission to collect health care information from all providers in the state, including insurance companies, hospitals, nursing homes, medical groups and physicians. Building on national standards, the commission would conduct an unbiased analysis of the data and publicly report the findings.

The Pacific Business Group on Health, AARP, Consumers Union and labor organizations urged the amendments as a way to address the crisis of rising costs and inconsistent quality that is part of our current health care system.

"This is an important step in making health coverage more affordable and accessible for all Californians," said Tom Porter, AARP California state director. "With the information made available by this new commission, providers will have tools to improve care and patients will have access to information that will help them make better choices."

Bringing transparency to California's health care system will benefit those who have health insurance and those who don't.

"Research shows that making information about patient safety and medical outcomes public spurs hospitals to improve care," said Betsy Imholz, special projects director for Consumers Union. "We can achieve tremendous cost savings in our healthcare system – literally billions of dollars – through these quality measures."

"It isn't enough to expand coverage in California without addressing the pressing issues of cost and quality," said Peter V. Lee, CEO of the Pacific Business Group on Health. "Without building more value into our health care system, increased coverage will be unaffordable and Californians won't get the consistently high quality care they deserve. We are thrilled lawmakers now recognize that performance information is the foundation for the quality improvement and cost containment we need to make health care available to everyone."

AARP is a 38 million member advocacy organization. **Consumers Union**, publisher of *Consumer Reports*, is an independent, nonprofit testing, information and advocacy organization serving only the consumer. **Pacific Business Group on Health** is a coalition of 50 of the nation's largest purchasers of health care, focused on ensuring quality health care while moderating costs.

Attached is an executive summary of the proposed Health Care Data Collection, Measurement & Reporting Commission.

Health Care Data Collection, Measurement & Reporting Commission
Overview of Amendments as Proposed on August 29, 2007

Effective collection and reporting of performance information is the foundation for quality improvement and cost containment efforts. Timely and accurate performance and utilization information on the quality and cost of care delivered by doctors, groups, hospitals and others is the essential foundation for any quality improvement and cost containment strategies. Without this information, the current reality of huge variations in care, out of control costs and patients not receiving the right care at the right time can only continue. With this information, providers will have tools to improve, patients will have access to information to make better choices and purchasers can base payments more on quality and good outcomes and less on volume.

Current voluntary health care reporting efforts have gaps and barriers that state collection and measurement will overcome. Currently, there is an array of public and private reporting efforts, some state and some national, some voluntary and some mandatory but incomplete. While a good initial start, these efforts have proven to be inconsistent, failing to meet the needs of Californians. This is because:

- Providers can, and do, refuse to voluntarily participate in reporting efforts.
- Anti-trust and other laws hinder voluntary data collection by private, voluntary activities.
- Many of the mandatory and voluntary initiatives are driven by providers' desires, not by the needs of patients for better information.

Under this proposal, the State would assure that reporting meets the needs of patients, purchasers and providers and would have the authority to require those at all levels of the health care system participate.

This Proposal Provides for a Commission that:

1. **Is independent with stable and adequate funding.**
 - **Independence is critical so that those being measured and reported do not control the flow of information.** A commission with broad stakeholder participation -- but a majority of consumers, purchasers and other independent members -- will help to ensure efficient data collection and timely, meaningful reports.
 - **Adequate, Stable Financing.** Independent, stable and adequate funding assures that the financing of this critical effort is not undermined by those being measured or those who would like to delay accurate reporting of independent information about health care costs and quality.
2. **Has a mandated authority to collect and report on all levels of care,** including health plans, groups, hospitals, ambulatory facilities, nursing homes and physicians.
 - **A full spectrum of performance measurement will provide information important to all Californians.** The commission's plan will phase in information on each provider reflecting performance on the key issues identified by the Institute of Medicine: Safe, timely, efficient, effective, equitable and patient centered care.
 - **Promoting standardization of information will benefit providers, purchasers and consumers.** The commission will use existing national standards to collect and report health care information, and will have the authority to develop new rules and guidelines where national standards do not yet exist.
3. **Ensures public reporting that is fair and meets consumer needs.** By including purchasers, consumers, and all types of providers on the commission, and by taking recommendations on technical issues, such as risk adjustment, from qualified professionals and clinicians, and by developing a plan subject to regulatory input and advocacy, the commission will be able to produce fair reports that are relevant to consumers, purchasers, and providers.
4. **Ensures patient privacy is fully protected.** The commission shall assure that no patient identifying information will be released, but shall create unique identifiers to allow it to track re-admissions and population groups, and ensure that disparities in care can be measured.
5. **Alleviates the burden on plans, physicians, hospitals, and medical groups to participate in multiple parallel voluntary measurement activities.** Because all information is standardized and reported to one entity, the administrative burden for those who do report will be minimized.