

California Proposes Legislation to Establish An All-Payer Claims Database – 5 Questions and Answers to Understand AB 2502

What is AB 2502 About?

To better understand healthcare costs and promote price transparency, [AB 2502](#) proposes the establishment of an all-payer claims database (APCD) in California. In general, all-payer claims databases collect health insurance claims from all payers, which inform policymakers on how to better control healthcare costs. The bill's intent is to understand "how to reduce health care costs while improving quality and reducing disparities", and to encourage "health care service plans, health insurers, and providers to develop innovative approaches, services, and programs that may have the potential to deliver health care that is both cost effective and responsive to the needs of enrollees."^[1]

To learn more about APCDs, check out The Source's [Issue Brief](#) and [report](#). The National Conference of State Legislatures also has its own [brief on APCDs](#), and the Robert Wood Johnson Foundation published a [primer on APCDs](#) in 2014. Finally, the APCD Council published a [brief](#) discussing the role of APCDs in changing health systems.

Who Has to Report?

The California Health Care Payments Database requires that (1) a health care service plan, including a specialized health care service plan, (2) a licensed health insurer, (3) a self-insured employer subject to Section 1349.2, (4) contracted health entities, (5) a supplier, or (6) a provider must provide information.

Note, however, that a self-insured employer *not subject* to Section 1349.2 or a multiemployer self-insured plan that is responsible for paying for health care services provided to beneficiaries and the trust administrator for a multiemployer self-insured plan may *choose to* (but is not required to) report. As such, the APCD would be voluntary for ERISA plans (see Source [Blog](#) on the ERISA preemption). Nonetheless, this may be the best California can do without a federal fix to address ERISA preemption.

What Kind of Data will the Entities Collect?

Any information relating to the utilization, pricing, and social determinants of health for which there is peer-reviewed evidence like age, gender, ethnicity, and ZIP code is to be collected. Utilization data elements are to be consistent with those proposed by the All-Payer Claims Database Council, the University of New Hampshire, and the National Association of Health Data Organizations.

What Kind of Data will be Made Available to the Public?

Any data collected shall be subjected to any federal and state laws relating to privacy and security of data, including the Health Insurance Portability and Accountability Act (HIPAA) and

California's Confidentiality of Medical Information Act. The bill expressly prohibits any unaggregated, individually identifiable health information^[2] from being disclosed.^[3]

Instead, the following would be analyzed: (a) population-level and regional level data on prevention, screening, and wellness utilization; (b) population-level data on chronic conditions, management, and outcomes; (c) population-level data on trends in utilization of procedures for treatment of similar conditions to evaluate medical appropriateness; (d) regional variation in payment level for the treatment of identified chronic conditions; and (e) data on hospital and nonhospital payments, including inpatient, outpatient, and emergency department payments and nonhospital ambulatory service data.

With this data, the Secretary of the California Health and Human Services Agency shall provide an annual report to the California Legislature. Among the many requirements for this report, the report shall provide recommendations to contain healthcare costs, reduce health disparities, and improve the quality of healthcare. Additionally, the report shall compare prices by payer and providers and provide ways to increase transparency of healthcare costs.

Who Will Administer It?

The Secretary of the California Health and Human Services Agency shall administer the database. But, the Secretary will rely on the advice of a review committee that will not have decision-making authority but will advise on the establishment, implementation, and ongoing administration of the database. The review committee will be composed of entities that report information, purchasers, and other healthcare stakeholders and

experts.

[1]A.B. 2502, 2017-2018 Reg. Sess. (Cal. 2018).

[2]This term takes on the federal definition for individually identifiable health information.

[3]For more discussion on how to best balance utility of healthcare data and the privacy of the individual, check out the Source's white paper: [All-Payer Claims Databases: The Balance Between Big Healthcare Data Utility and Individual Health Privacy](#).