

# AB 1810: California’s Rough Road to an APCD Becomes Smoother

California’s [AB 1810](#), among its many provisions, authorizes the creation of an all-payer claims database (“APCD”) via a one-time \$60 million appropriation to California’s Office of Statewide Health Planning and Development (“OSHPD”).<sup>[1]</sup> An APCD is a database that collects medical, pharmacy, and dental claims and administrative data from public and private payers. An APCD is the best way to provide price transparency, as they allow comparison of the costs of medical procedures across different health facilities. For more information, see the Source’s issue [brief](#) on All-Payer Claims Databases and California Health Care Foundation’s issue brief, [The ABCs of APCDs](#).

Unlike regular bills, the passage and consideration of AB 1810 was, to say the least, brief.<sup>[2]</sup> AB 1810 is the omnibus budget trailer bill for health. A “trailer bill” provides changes to existing law to properly implement budget changes.<sup>[3]</sup> The language was introduced on June 12, 2018 and was approved by both chambers by June 18.<sup>[4]</sup> The Governor, taking longer than the entire legislature did, signed AB 1810 into law on June 27. No committee hearings were held. This approach departs from California’s previous attempts to form an APCD. Previously, bills went through the normal bill making process with committee hearings. But, such a process was not kind to the creation of APCDs. As seen in Table 1 below, with the exception of one, all other bills failed in the past decade.

**TABLE 1: California’s Attempts to Develop an APCD**

<b>Bill (Author, Year)</b>	<b>Description of Bill as it relates to APCDs</b>	<b>Result</b>
<a href="#">AB 1</a> (Nunez, 2007)	Creates the California Health Care Cost and Quality Transparency Committee, which would be tasked to develop a plan that would strategize the collection of cost and quality data.	Died as inactive bill (2/25/2008)

<a href="#">AB 2967</a> (Lieber, 2008)	<i>Substantially Similar to AB 1 (2007)</i>	Died on Senate inactive file (11/30/2008)
<a href="#">SB 1322</a> (Hernandez, 2013)	Mandates that California Health and Human Services contract with one or more private, independent, nonprofit organization to establish and administer the California Health Care Cost and Quality Database. The bill would require certain health care entities to provide information.	Died on Assembly inactive file (11/30/2014)
<a href="#">AB 1558</a> (Hernández, 2014)	Requests the University of California to establish the California Health Data Organization, which would establish an all-payer claims database.	Died after being held in committee (8/14/2014)
<a href="#">SB 26</a> (Hernandez, 2015)	<i>Substantially Similar to SB 1322 (2013)</i>	Died after being held in committee (1/21/2016)
<a href="#">SB 1159</a> (Hernandez, 2016)	Requires the California Health and Human Services Agency to research the options for developing a cost, quality, and equity data atlas.	Passed; <a href="#">report</a> issued on March 1, 2017
<a href="#">SB 199</a> (Hernandez, 2017)	Requires the California Health and Human Services Agency to convene an advisory committee to deliver a set of recommendations for the creation of the California Health Care Cost, Quality, and Equity Atlas. The recommendations would draw on the March 1, 2017 report's findings.	Died after being held in committee (9/1/2017)

<a href="#">AB 1810</a> (2018)	Establishes the Health Care Cost Transparency Database (“Database”) under OSHPD.	Passed; <a href="#">implementation</a> by OSHPD by July 2023.
<a href="#">AB 2502</a> (Wood, 2018)	Requires the California Health and Human Services Agency to establish and administer the California Health Care Payments Database.	Died in committee (6/11/2018)

As seen in Table 1, California has struggled to pass a bill mandating an APCD. Even though the California Legislature proposed names other than “all-payer claims database” and tried to hand over authority to other entities like the University of California and nonprofit organizations, the bills never quite survived. The omnibus bill was unique in not only its speed of passage but also in providing funding. AB 1810 also differs from the only successful bill, SB 1159, in that AB 1810 has a timeline requiring the APCD to be implemented, whereas SB 1159 only required a report of a conceptual framework of an APCD.

### **Timeline for APCD Implementation (as defined by AB 1810)**

June 27, 2018	July 1, 2020	July 1, 2023
AB 1810 signed by the Governor, authorizes the creation of the database	OSHPD report to the Legislature regarding database implementation due	Health Care Cost Transparency Database to be substantially completed

Luckily, OSHPD, the agency tasked with the development and administration of database, would not have to start from scratch. AB 1810 allows OSHPD to consider the Health Care Cost, Quality, and Equity Data Atlas Technical Feasibility Analysis. This analysis was mandated under [SB 1159](#) (Hernandez, 2016) and recommended a framework for an all-payer claims database.<sup>[5]</sup> As part of its analysis, the report reviewed the APCD model in Colorado, Connecticut, Massachusetts, Minnesota, New

York, Pennsylvania, Utah, and Washington.

In implementing California’s ACPD, OSHPD could and should draw lessons not only from other states but also from other databases in California. In a recent [forum](#) hosted by the California Health Care Foundation (CHCF), Scott Christman, Deputy Director of OSHPD, noted that California has unique challenges due to the amount and complexity of capitated managed care in the state. Fortunately, OSHPD noted that the framework is already in place between public agencies to share data. Additionally, various models in California currently in place, as seen below in Table 2, can provide useful lessons in developing a framework for private payers.

**TABLE 2: Other Databases Relating to Health Care and Quality**

<b>Name of Database</b>	<b>Organization</b>	<b>Type of Data</b>
<a href="#">California Healthcare Compare</a> (part of the California Medical Price and Quality Transparency Initiative sponsored by the California Department of Insurance)	ConsumerReports, California Department of Insurance, UC Davis, UCSF, Honest Health	“California Healthcare Compare contains hospital-level quality ratings for hip and knee replacement, and childbirth. It contains doctor-group quality ratings for diabetes care, back pain, and colon cancer screening. It also contains payment data—what the consumer pays and the part the insurer pays—for more than 100 different medical conditions and procedures.” <a href="#">[6]</a>

<p><a href="#">California Healthcare Performance Information System</a> (nonprofit, public benefit corporation)</p>	<p>Anthem Blue Cross, Blue Shield of California, UnitedHealthcare</p>	<p>“Produce performance ratings of physicians, medical groups, hospitals and other providers . . . Quality, efficiency and utilization metrics will be produced and reported for various medical care delivery organization levels including physician, medical practice, and hospital. These metrics will be drawn from claims and administrative data.”<a href="#">[7]</a> (for 2014 data only) CHPI also has a multi-payer claims database.</p>
<p><a href="#">California Regional Health Care Cost and Quality Atlas</a></p>	<p>Integrated Healthcare Association, California Health Care Foundation, California Health and Human Services Agency (with information from ten health plans)</p>	<p>“The Atlas tracks clinical quality measures spanning preventive, acute, and chronic care; hospital utilization measures and frequency of selected commonly used procedures; and average annual cost of care per member.”<a href="#">[8]</a> (contains information from 2013 and 2015, 2017 to be updated by end of 2018).</p>

While the road to a California APCD has become much clearer than it ever has, there is still a long way to go. OSHPD has a tall order in producing the report and performing the subsequent implementation of the database. It must consider privacy and security, what types of data to report, who must report that data, and how it can function without state appropriation. To ensure that the timeline is followed, OSHPD has laid out its [Phase 1 Implementation Plan](#) online. There’s still a lot more discussions to be done, but for now consumer price transparency advocates can celebrate AB 1810; California is on its way to an APCD.

---

[1] Officially, AB 1810 calls the APCD, “Health Care Cost Transparency Database.” However, the California’s Legislative Analyst Office called the database an “All-Payer Health Care Cost and Utilization Database.”

[2] Officially, AB 1810 was introduced in January 2018. But, AB 1810, at the time of its introduction, was just a spot bill, which contains non-substantive language until amended with substantive language after the bill filing date. The Sacramento Bee describes a spot bill to be an “empty vessel[] that lawmakers fill with policy when the time is right.” Jeremy B. White, *Dan Walters Daily: What’s a spot bill?*, The Sacramento Bee (Mar. 23, 2015), <https://www.sacbee.com/news/politics-government/capitol-alert/article16134020.html>. So, while AB 1810 was introduced early on, AB 1810 was effectively not a bill until the June 12, 2018 amendment.

[3] California Department of Finance, *California’s Budget Process* (2018), [http://www.dof.ca.gov/budget/Budget\\_Process/index.html](http://www.dof.ca.gov/budget/Budget_Process/index.html).

[4] In the little debate there was, the two Assembly-members and the two Senators who spoke out in opposition of AB 1810 on their respective chamber floor did not raise the California Healthcare Cost Transparency Database as a basis of their opposition.

[5] On April 19, 2016, Ed Hernandez stated to the Senate Judiciary Committee: “We’ve been having some hearings on cost containment and this has always come up with what’s called an all-payers database, but we’ve never been able to really figure out where we’re going to house it. So, we’ve been kind of working it along throughout the years. But this bill would require the report of cost and quality information.”

[6] *About California Healthcare Compare*, ConsumerReports (Sept. 2015), <https://www.consumerreports.org/cro/2015/09/about-california-healthcare-compare/index.htm>.

[7] *Frequently Asked Questions*, California Healthcare Performance Information System (2018), <http://chpis.org/about/faq.aspx/>.

[8] Integrated Healthcare Association, Atlas Fact Sheet (Oct. 2018), [https://www.iha.org/sites/default/files/resources/fs\\_atlas.pdf](https://www.iha.org/sites/default/files/resources/fs_atlas.pdf).