

Spotlight on State: California

This is part of a [series of summaries](#) that highlight notable legislation and initiatives in health policy and reform of all 50 states. Check back on The Source as we roll out additional states each week.

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The state of California is a national leader in healthcare price and competition initiatives and continues to make strides in healthcare system reform. In price transparency, California's repeated efforts to establish an all-payer claims database came to fruition with the passage of AB 1810 in 2018, after [a long road](#) of legislative efforts spanning over ten years. With a one-time \$60 million appropriation to California's Office of Statewide Health Planning and Development ("OSHPD"), [AB 1810 mandates](#) the creation of Health Care Cost Transparency Database by July 2023. California also has robust legislative protections against surprise and balance billing, prohibiting out-of-network provider "surprise bills" for both emergency and non-emergency services.

California also leads the nation on the drug price transparency front with SB 17, [a landmark law](#) that requires drug companies to give advanced notice of prescription drug price increases to public and private purchasers of health care and health care coverage. Despite legal challenges to the law, it is seen as a [meaningful step](#) to negotiate the political and legal boundaries of state action to rein in drug prices.

In healthcare market competition, the state is active in antitrust enforcement of provider anticompetitive practices, most notably in the historic action against [Sutter Health](#), in

which the California attorney general sued the Northern California hospital giant for leveraging its dominant market power to demand all-or-nothing, anti-tiering and anti-steering, and gag clauses in its contracts with insurers. As an extension from the case, the legislature continues to seek increased merger review authority of health care entities as well as legislative prohibition of anticompetitive terms in provider contracts, most recently with the introduction of [SB 977](#) in the 2020 session.

Overall, California remains an active participant in the initiative to reduce healthcare costs and improve price transparency. The state legislature has also explored healthcare market initiatives including a single payer system ([SB 562](#)) as well as state public option ([AB 2472](#)). California's legislation and regulation aligns with similarly active and progressive states by focusing on pharmaceutical costs and stakeholder transparency measures. For more information and the latest updates, follow the [California Legislative Beat](#) on The Source Blog.