

AMENDED IN SENATE JULY 12, 2007

AMENDED IN SENATE JULY 3, 2007

AMENDED IN ASSEMBLY MAY 31, 2007

AMENDED IN ASSEMBLY APRIL 19, 2007

AMENDED IN ASSEMBLY APRIL 9, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1296**

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**Introduced by Assembly Member Torrico**

February 23, 2007

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An act to add Section 22854.5 to the Government Code, relating to public employee health benefits.

LEGISLATIVE COUNSEL'S DIGEST

AB 1296, as amended, Torrico. Public employee health benefits: disclosures.

The Public Employees' Medical and Hospital Care Act requires the Board of Administration of the Public Employees' Retirement System to approve health benefit plans for certain public employees and annuitants, and authorizes the board to contract with carriers offering health benefit plans. The act sets forth certain criteria the board may take into account when considering a contract with an entity seeking to provide health care benefits or services, and allows the board to require specified documents from that entity.

This bill would require a health benefit plan or contract, or an entity offering services relating to the administration of health benefit plans to members and annuitants, to disclose to the Board of Administration

of the Public Employees’ Retirement System, the cost, utilization, actual claim payments, and contract allowance amounts for health care services rendered by participating hospitals, with specified restrictions and disclosure limitations imposed upon the board. The bill would deem this information confidential, subject to evidentiary trade secret protections, and exempt from the California Public Records Act, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 22854.5 is added to the Government  
2 Code, to read:  
3 22854.5. (a) A health benefit plan or contract, or an entity  
4 offering services relating to the administration of health benefit  
5 plans to members and annuitants, shall disclose to the board and  
6 staff the cost, utilization, actual claim payments, and contract  
7 allowance amounts for health care services rendered by  
8 participating hospitals to each member and annuitant.  
9 (b) The information specified in subdivision (a) shall be deemed  
10 confidential information and protected in accordance with the  
11 federal Health Insurance Portability and Accountability Act of  
12 1996 (42 U.S.C. Sec. 300gg) ~~and~~, the final regulations issued  
13 pursuant to the act by the United States Department of Health and  
14 Human Services (45 C.F.R. Parts 160 and ~~164~~). ~~As such,~~  
15 ~~information 164~~, and the Confidentiality of Medical Information  
16 Act (Part 2.6 (commencing with Section 56) of Division 1 of the  
17 Civil Code). Information provided to the board and staff shall not  
18 include individual member or annuitant identifying information.  
19 (c) The information specified in subdivision (a) shall be deemed  
20 to be confidential trade secret information in accordance with  
21 subdivision (d) of Section 3426.1 of the Civil Code and Section  
22 1060 of the Evidence Code.  
23 (d) The board shall not disclose the information specified in  
24 subdivision (a) in either individual or aggregated form to any other  
25 health care service plan or insurer or any entity offering services  
26 relating to the administration of health benefit plans, and shall not  
27 make this information available to the public, including, but not  
28 limited to, any summaries, compilations, or rankings derived from

1 this information. This information shall be used only to make  
2 decisions that materially affect the members and annuitants of the  
3 health benefits program established by the board.

4 (e) The information specified in subdivision (a), in either  
5 individual or aggregated form, shall be exempt from disclosure  
6 under the California Public Records Act (Chapter 3.5 (commencing  
7 with Section 6250) of Division 7 of Title 1) pursuant to subdivision  
8 (k) of Section 6254.

9 (f) Upon request from a hospital, the board shall, on an annual  
10 basis, provide the hospital a reasonable opportunity to validate the  
11 data that has been provided to the board by a health insurer, health  
12 care service plan, or entity pursuant to subdivision (a).

13 (g) For purposes of this section:

14 (1) "Actual claim payment" means the actual amount paid by  
15 the health care plan or administrator to the participating hospital  
16 for a health care service rendered to a member or annuitant,  
17 exclusive of member or annuitant cost sharing and any other  
18 payment adjustments.

19 (2) "Contract allowance amounts" means the negotiated rate  
20 that the participating hospital agrees to accept as payment for a  
21 health care service rendered to a member or annuitant under the  
22 provider agreement between the health plan or administrator and  
23 the participating hospital.

24 (3) "Cost" means the full amount billed by the participating  
25 hospital for a health care service rendered to a member or annuitant.