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HEALTH CARE AFFORDABILITY BOARD

**March 21, 2023
MEETING MINUTES**

Members Attending: David Carlisle, Mark Ghaly, Richard Kronick, Ian Lewis, Elizabeth Mitchell, Don Moulds, Richard Pan

Members Attending Virtually: Sandra Hernandez

Presenters: Elizabeth Landsberg, Director, HCAI; Vishaal Pegany, Deputy Director, HCAI; Jean-Paul Buchanan, Senior Counsel, HCAI; Michael Bailit, Bailit Health

Meeting Recording: https://youtu.be/RldzR_n5RaQ

Meeting Materials: <https://hcai.ca.gov/public-meetings/march-health-care-affordability-board/>

Agenda Item # 1: Welcome and Introduction

Elizabeth Landsberg, Director, HCAI

Elizabeth Landsberg opened the first meeting of California's Health Care Affordability Board, and welcomed the board members and the public and talked about the purpose of the board. Each board member recited the board member oath for the Health Care Affordability Board to be sworn in. All board members were present establishing a quorum. Each board member provided opening remarks on reasons this work is personally important to them and why they stepped forward to be on the board.

Agenda Item # 2: Board Orientation

Elizabeth Landsberg, Director, HCAI

Vishaal Pegany, Deputy Director, HCAI

Elizabeth Landsberg provided an overview of the history, mission, and program areas of HCAI. Elizabeth Landsberg shared data for context on the current state of health care affordability in California and highlighted the disproportionate effect on communities of color. Vishaal Pegany provided an overview of the California Health Care Quality and Affordability Act by sharing the history and a timeline and highlighted the three key

components: slowing spending growth; promoting high value; and assessing market consolidation. Vishaal Pegany provided an overview of Board roles and responsibilities under the statute's categories of approve, establish, consult, and discuss. Elizabeth Landsberg shared that a board manual is available for reference.

Questions and Comments from the Board:

Board members noted that aggregating Asian American data can mask disparities within the community, and that language differences can be another barrier.

Board members asked for clarification on the differences between the Department of Justice, Office of Health Care Affordability, and HCAI in terms of market consolidation transaction review. Vishaal Pegany clarified that the Attorney General's office primarily reviews non-profit health facilities, and OHCA will hand off to the Attorney General's office or DMHC as needed.

Board members asked whether the legislation specifies if it is appropriate for the Board to weigh in on pending legislation, and Elizabeth Landsberg clarified that it is not specified in statute.

Board members asked if health systems are included as covered entities for the spending target. Vishaal Pegany and Elizabeth Landsberg clarified that health systems are covered entities.

The Board discussed that all Board work should be done in service to affordability to consumers, which is stated in statute.

Public Comment on agenda item 2 (See [recording](#) for comments).

Agenda Item # 3: Bagley-Keene Open Meeting Act and Conflict of Interest Overview

Jean-Paul Buchanan, Senior Counsel, HCAI

Jean-Paul Buchanan provided an overview on the Bagley-Keene Open Meeting Act by sharing definitions, clarifying communication and attendance rules, and explaining voting policies. Jean-Paul Buchanan provided an overview on Conflict of Interest laws and Form 700.

Questions and Comments from the Board:

Board members discussed that Don Moulds is a non-voting member, and that his attendance does not count towards quorum. Jean-Paul Buchanan added that if there is any doubt around whether Bagley-Keene has been violated, it is to be represented most generously to the public.

Board members asked who to contact with any Conflict of Interest questions, and Elizabeth Landsberg clarified that HCAI has attorneys and Board members may initially direct inquiries to Megan Brubaker.

Agenda Item # 4: Election of a Chair

Elizabeth Landsberg, Director, HCAI

The Board voted to elect a chair. David Carlisle nominated Mark Ghaly. Sandra Hernandez seconded the motion. The Board unanimously voted to elect Mark Ghaly.

Questions and Comments from the Board:

Mark Ghaly shared that it would be an honor to work with the Board and HCAI on this important effort. Board members noted that the statute calls for an election for the chair, and that the statute does not specify that the Secretary must be the chair.

Public Comment on agenda item 4 (See [recording](#) for comments).

Agenda Item # 5: Health Care Spending Targets

Vishaal Pegany, Deputy Director, HCAI

Michael Bailit, Bailit Health

Michael Bailit introduced health care spending targets, highlighting how other states have implemented them and the logic model which includes steps to measure, analyze, report, identify, and implement. Michael Bailit highlighted the importance of equity in spending targets. Michael Bailit covered measurement and reporting of Total Health Care Expenditures (THCE). Michael Bailit shared data from Massachusetts' spending target implementation and its effectiveness, concluding that transparency is effective but is improved when bolstered by authority. Vishaal Pegany reviewed the spending target development timeline and meeting plan.

Questions and Comments from the Board:

Board members stated that California's APCD (All Payer Claims Database), referred to as the Health Care Payments Data Program (HPD), was still being built, and asked where the data the Board will use will come from; Elizabeth Landsberg clarified that the HPD will not have everything immediately but will start reporting this summer.

Board members asked if data required by the Consolidated Appropriations Act (CAA), such as hospital rates and plan rates would be included; Vishaal Pegany indicated that staff would follow up, and Elizabeth Landsberg explained that OHCA will receive total health care expenditures from payers but the analysis could be useful.

Board members discussed that there will be changes in utilization and other factors over time, which will need to be factored into the target. Board members discussed that setting a statewide target does not account for current variation in spending and prices; Michael Bailit added that this is an extremely difficult issue that appears in every state,

and the Board will need to discuss how it will approach existing variation in spending and pricing.

Board members discussed that some of this work is similar to what is already happening at CalPERS and other places, and that what makes OHCA and the Board's efforts different is the scale, public reporting, and enforcement.

Board members discussed that some of the data the Board will be using does not measure affordability as experienced by patients and does not measure the value proposition of OHCA, and discussed how the Board may ensure that those important factors will be incorporated into the Board's work. Board members discussed that California has a large percentage of care delivered through HMOs which may reduce the utility of claims data; Elizabeth Landsberg added that there are efforts in the HPD to include encounter data and to examine spending for non-claims based services.

Board members and Michael Bailit discussed that in the Massachusetts program the methodology to calculate spending targets is specified in the statute, which causes issues in evolving the program.

Board members and Michael Bailit discussed that not all information the Board will use will be captured in the HPD; Michael Bailit added that there was a Brown University study that showed that the patterns between fully insured and self-insured are similar.

Board members discussed that there are areas where they would like to increase spending, such as public health spending and long-term care, and that some of this is considered in statute such as prioritizing primary care and behavioral health, and some of this is not covered in statute. Board members and Michael Bailit discussed that when the board sets a spending target, it may be helpful to consider the areas to increase funding but not include in the target, or set a different, higher target for those areas. Board members, Michael Bailit, and Elizabeth Landsberg discussed that cash payments by patients for behavioral health services is not covered in this data or the statute, but is related to patient affordability which is covered in statute and the Board would like to continue to consider.

Board members and Michael Bailit discussed that no states are currently examining the costs of providers and instead are focused on slowing spending growth. Board members, Michael Bailit, and Elizabeth Landsberg discussed that data includes health plan profits but does not separately specify shareholder data.

Board members and Michael Bailit discussed that what is being mentioned is slowing the rate of growth, not reducing spending from the current state. Board members and Michael Bailit discussed that there is not clarity yet regarding which pieces discussed today will aid the Board in improving affordability.

Board members and Vishaal Pegany discussed that they will be discussing data sources and other design decisions such as levels of reporting and adjustment methodologies during the 2023 meetings. Board members, Vishaal Pegany, and

Elizabeth Landsberg discussed that the advisory committee appointments are planned for May 2023.

Agenda Item # 6: General Public Comment

Public Comment on agenda item 5 and General Public Comment (See [recording](#) for comments).

Agenda Item # 7: Adjournment

After no objections, Elizabeth Landsberg adjourned the meeting.