PROPOSED TEXT

Legend: Added text is in underline. Deleted text is in ~~strikeout~~.

Title 22, California Code of Regulations
Division 7. Health Planning and Facility Construction

Chapter 11.5. Promotion of Competitive Health Care Markets; Health Care Affordability

Article 2. Health Care Spending Targets.

§ 97445. Definitions.

As used in this Article, the following definitions apply:

(a) "Affiliated," as used in section 97449(d) of these regulations, refers to a situation in which an entity controls, is controlled by, or is under common control with another entity.

(b) “Board” shall mean the Health Care Affordability Board.

(~~b~~c) "Control" (including the terms "controlling," "controlled by," and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting shares, debt, by contract, or otherwise.

(~~c~~d) "Department" shall mean the Department of Health Care Access and Information.

(~~d~~e) "Directly contracted plan" means a payer or fully integrated delivery system that is directly contracted with a group purchaser, individual subscriber, or a public agency, to arrange for the provision of health care services to members.

(~~e~~f) "Director" shall mean the director of the Department of Health Care Access and Information.

(~~f~~g) "Fully integrated delivery system" shall have the meaning set forth in section 127500.2(h) of the Health and Safety Code ("the Code").

(~~g~~h) "Health insurer" means a health insurer licensed to provide health insurance or specialized behavioral health-only policies, as defined in Section 106 of the Insurance Code.

(~~h~~i) "Health plan" means a health care service plan or a specialized mental health care service plan as defined in the Knox-Keene Health Care Service Plan Act of 1975 (Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code). "Health plan"

does not include a health care service plan that holds only a restricted or limited license under 28 CCR § 1300.49(a).

(~~i~~j) "Office" shall mean the Office of Health Care Affordability established by section 127501 of the Code.

(~~j~~k) "Payer" shall have the meaning set forth in section 127500.2(o) of the Code.

(~~k~~l) "Plan-to-plan contract" means a contractual arrangement between a payer or fully integrated delivery system and another payer or fully integrated delivery system, in which the subcontracted plan makes network providers available to the directly contracted plan's members, and the subcontracted plan may be responsible for other directly contracted plan functions. Plan-to-plan contracts do not include contractual arrangements between a payer or fully integrated delivery system and a physician organization.

(~~l~~m) "Physician organization" shall have the meaning set forth in section 127500.2(p) of the Code.

(n) "Provider" shall have the meaning set forth in section 127500.2(q) of the Code.

(~~m~~o) "Registered submitter" means a payer or fully integrated delivery system or approved voluntary submitter that has registered to submit data through the Data Portal.

(~~n~~p) "Reporting year" means the service year for which data files are being reported.

(~~o~~q) "Required submitter" means a payer or fully integrated delivery system that meets any of the criteria in section 97449(a).

(~~p~~r) "Subcontracted Plan" means a payer or fully integrated delivery system that has a plan-to-plan contract allowing a directly contracted plan's members access to the subcontracted plan's network providers.

(~~q~~s) "System" or "THCE System" means the Total Health Care Expenditures Data System.

(~~r~~t) "THCE Data Portal" or "Data Portal" means the secure data submission mechanism through which health care entities register to submit data and data files are submitted to the System. The Data Portal is available via the Department's website, hcai.ca.gov.

(~~s~~u) "THCE Data Submission Guide" or the "Guide" means the Office of Health Care Affordability: Total Health Care Expenditures Data Submission Guide (Version 3.0), dated April 2026, and hereby incorporated by reference. The Guide is available on, and may be downloaded from, the Department's website.

(~~t~~v) "OHCA Attribution Addendum" means the Office of Health Care Affordability: Attribution Addendum, dated April 2026, and hereby incorporated by reference. The OHCA Attribution Addendum is available on, and may be downloaded from, the Department's website.

(~~u~~w) “OHCA Behavioral Health Addendum” means the Office of Health Care Affordability: Behavioral Health Addendum, dated April 2026, and hereby incorporated by reference. The OHCA Behavioral Health Addendum is available on, and may be downloaded from, the Department's website.

(~~v~~x) “OHCA Medi-Cal Payments Addendum” means the Office of Health Care Affordability: Medi-Cal Payments Addendum, dated April 2026, and hereby incorporated by reference. The OHCA Medi-Cal Payments Addendum is available on, and may be downloaded from, the Department's website.

(~~w~~y) “OHCA Primary Care Addendum” means the Office of Health Care Affordability: Primary Care Addendum, dated April 2026, and hereby incorporated by reference. The OHCA Primary Care Addendum is available on, and may be downloaded from, the Department's website.

(~~x~~z) “Voluntary submitter” means a payer or fully integrated delivery system that is not subject to the requirements of this Article that chooses to voluntarily submit data to the Office and has been approved by the Office to register to submit data through the Data Portal.

§ 97449. Total Health Care Expenditures Data Submission.

In order for the Office to measure total health care expenditures and per capita total health care expenditures, the reporting requirements for payers and fully integrated delivery systems to submit data and other information are as follows:

(a) Who must submit. A payer or fully integrated delivery system shall be subject to the requirements of this Article if any of the following criteria in subsections (a)(1) through (3) are met:

(1) The payer or fully integrated delivery system is a Medi-Cal managed care plan contracted with the State Department of Health Care Services to provide full scope benefits to 40,000 or more Medi-Cal beneficiaries pursuant to Chapter 7 (commencing with Section 14000) or Chapter 8 (commencing with Section 14200) of Part 3 of Division 9 of the Welfare and Institutions Code. The number of Medi-Cal beneficiaries shall be calculated as of December 31 of each calendar year prior to the submission year.

(2) The payer or fully integrated delivery system enrolls or insures 40,000 or more covered lives in Medicare Advantage products under Medicare Part C. The number of covered lives in Medicare Advantage products shall be calculated by adding together all the covered lives in the entity's Medicare Advantage products in California as of December 31 of each calendar year prior to the submission year.

(3) The payer or fully integrated delivery system enrolls or insures 40,000 or more covered lives in commercial products. The number of covered lives in commercial products shall be calculated by adding together all the covered lives in the entity's commercial health insurance products and commercial health plan products in

California as of December 31 of each calendar year prior to the submission year. For purposes of this paragraph, “commercial” refers to products that are not Medi-Cal or Medicare Advantage products.

(b) A payer or fully integrated delivery system that meets any of the criteria in subsection (a) (“required submitter”) shall submit data for all required market categories as outlined in the Guide incorporated in section 97445(su), to the extent consistent with federal law.

(c) Voluntary Data Submission. To request to become a voluntary submitter, a payer or fully integrated delivery system or their authorized agent shall submit to the Office a written request to participate. Each request shall provide the voluntary submitter's contact information, number of covered lives, and types of coverage offered. The Office shall notify requestors if they are approved to register to submit data.

(d) Coordination of Data Submission.

(1) Required submitters are responsible for reporting data for all plan members. If a required submitter is the Directly Contracted Plan in a Plan-to-Plan contract, the Directly Contracted Plan shall obtain any necessary data from the Subcontracted Plan and submit the data through the Data Portal.

(2) Affiliated required submitters are responsible for coordinating data submission amongst their affiliates to ensure compliance with this Article.

(e) Annual Registration Deadline. All required submitters and approved voluntary submitters shall register in the Data Portal annually by the last business day of May.

(f) Registration Process. All required submitters and approved voluntary submitters must register in the Data Portal and provide all required registration information as specified in the Guide.

(g) Registration Information Update. Each registered submitter must update registration information in the Data Portal within 15 calendar days of any change in the required registration information as specified in the Guide.

(h) Annual Data File Submission Deadline. All registered submitters shall submit data files through the Data Portal annually by the first business day of September of the year following each reporting year as specified in the Guide.

(i) Data File Technical Requirements. Data files shall comply with file format, technical specifications, and other standards specified in the Guide.

(j) Test File Submission. Registered submitters may use the Data Portal to submit test files to confirm and test their ability to create data files meeting the file intake specifications detailed in the Guide. Test files will be identified as specified in the Guide. Test files will not be considered to have been submitted to the Office for reporting purposes.

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(k) Data Acceptance and Correction.

(1) Data files that are submitted through the Data Portal but do not meet the file intake specifications detailed in the Guide will be rejected. Registered submitters will be notified within five business days of submission whether a data file has been accepted or rejected. Reasons for rejection include:

(A) Invalid file format, file layout, or data types.
(B) Incomplete or illogical data.
(C) Other technical deficiencies related to file submission, storage, or processing.

(2) If the Office determines that a previously accepted file contains initially unidentified errors, the submitter shall be notified by the Office. The submitter shall respond to the Department with additional information regarding the initially unidentified errors within three business days of notification by the Office.

(3) If the Office determines that a previously accepted file requires resubmission, the submitter shall be notified by the Office. The submitter shall submit remediated files through the Data Portal within 10 business days of notification by the Office.

(4) The Office may make multiple requests for information or resubmissions pursuant to this subsection.

(*l*) Requesting a Variance. A submitter that is unable to submit data files meeting the file intake specifications detailed in the Guide may request a temporary variance to those requirements. Variance requests granted by the Office will be limited in duration and will not carry over to future data submission years.

(1) Variance requests shall be submitted through the Data Portal, and shall clearly identify the issue, the plan for correction, and the anticipated date of correction.

(2) The Office shall respond to variance requests within five business days of the date the request was submitted.

§ 97451. Adjustments to Spending Targets Based on Nonsupervisory Employee Organized Labor Costs

(a) For purposes of this section only, "associated party" under sections 127501.4(j)(2) and 127502(d)(7) of the Code means a labor organization representing nonsupervisory employees of a provider or fully integrated delivery system (FIDS) in collective bargaining that, on behalf of either entity, requests a nonsupervisory employee organized labor cost adjustment ("adjustment") under this section.

(b) For purposes of this section only, "nonsupervisory employee" means a worker who does not have the authority to manage, direct, discipline, or evaluate other employees.

(c) A request for an adjustment to an applicable spending target established under section 127502 of the Code may be made pursuant to section 127502(d)(7) of the Code ("request") by a provider, FIDS, and/or an associated party on behalf of a provider or FIDS ("requestor"). The request shall be made under penalty of perjury using the portal on the Office's website at https://hcai.ca.gov/login/ ("portal"). A requestor filing a request via the portal shall create a portal account by submitting the required information, and submitting a system-generated verification code. Alternatively, the requestor may use an existing media account from Microsoft or Google to access the portal.

(d) Requests must be submitted by uploading text (.txt) files including all of the required information by the Department's Nonsupervisory Organized Labor Adjustment (NOLA) Request File Specifications Document ("Document"), Version 1.0, dated September 2026, which is hereby incorporated by reference. The Document is available on, and may be downloaded from, the Department's website.

(e) Labor agreements submitted by a requestor to support a request for adjustment are deemed confidential unless they have otherwise been made public. All other documents submitted in support of a request for an adjustment shall be treated as public record unless the requestor designates a document as nonpublic and the Department accepts the designation in accordance with subsections (e)(2) and (e)(3) below.

(1) For purposes of this section only, "nonpublic" means information that:

(A) Is confidentially maintained and not shared by the holder of the information with the general public; and

(B) Does not include information that is lawfully made available to the general public from any federal, state, or local government record or disclosure, media source, or any other publicly available source.

(2) A requestor may request confidential treatment of information or documents submitted. The requestor shall file two versions of any document for which confidentiality is requested. The nonpublic version shall be unredacted and shall be maintained as confidential by the Department pending a determination of confidentiality. The public version, which may be made available to the public by the Department, shall have the confidential portions removed or redacted. Requests for confidentiality of publicly available information or documents will be denied.

(3) A requestor claiming confidentiality shall include a justification that provides a detailed statement of the grounds enumerated in (A) through (D), below, on which confidentiality is claimed, a statement of the specific time for which confidential treatment of the information is necessary, and a statement that the information has been confidentially maintained by the requestor. The detailed statement in support of the request for confidentiality shall indicate whether any of the following applies:

(A) Whether the information is proprietary or of a confidential business nature, including trade secrets (as defined in California Civil Code section 3426.1(d)), and whether the release would be damaging or prejudicial to the business concern;

(B) Whether another state or federal agency deems the filed document confidential and, if so, for what period of time;

(C) Whether the information is confidential based on statute or other law; or

(D) Whether the information is such that the public interest is served in withholding the information.

(4) When the Department makes a determination regarding a request for confidential treatment, the requestor will be notified in the portal. If a request for confidential treatment is granted, the information will be marked "Confidential" and kept separate from the public file. If a request for confidentiality is denied, a requestor may withdraw any information or documents for which it requested confidentiality in its submission by submitting a request through the portal.

(f) Timing.

(1) Time to submit request. Requestors shall submit requests under this section by the last business day of October two years preceding the year for which an adjustment is requested. Requestors shall separately request adjustments for each calendar year in which such an adjustment is desired.

(2) Time for review of requests. The Department will inform requestors as soon as practicable that the submitted request is complete, and will present completed requests to the Board for consideration at a Board meeting held on or before June 1 of the year preceding the year for which an adjustment is requested.

(g) Revocations or modifications of adjustments. The Department may request information and/or documents at any time from a requestor to examine whether the adjustment continues to be warranted. Requestors shall respond and provide information and/or documents within 10 days of the Department's request, unless the requestor shows good cause for an extension. Based on its review, the Department may modify or revoke an adjustment to the extent appropriate based on changed circumstances.

NOTE:
Authority cited: Sections 127501 and 127501.2, Health and Safety Code.
Reference: Sections 127501.4 and 127502, Health and Safety Code.