

APPROVED TEXT, EFFECTIVE OCTOBER 12, 2026

**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.
- (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.
- (ed) "Department" shall mean the Department of Health Care Access and Information.
- (~~de~~) "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.
- (ef) "Director" shall mean the director of the Department of Health Care Access and Information.
- (fg) "Fully integrated delivery system" shall have the meaning set forth in section 127500.2(h) of the Health and Safety Code ("the Code").
- (gh) "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.
- (hi) "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) "Office" shall mean the Office of Health Care Affordability established by section 127501 of the Code.
- (j) "Payer" shall have the meaning set forth in section 127500.2(q) of the Code.
- (k) "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) "Physician organization" shall have the meaning set forth in section 127500.2(r) of the Code.
- (m) "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) "Reporting year" means the service year for which data files are being reported.
- (o) "Required submitter" means a payer or fully integrated delivery system that meets any of the criteria in section 97449(a).
- (p) "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) "System" or "THCE System" means the Total Health Care Expenditures Data System.
- (r) "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) "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) "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.

(uv) "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.

(vw) "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.

(wx) "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.

(xy) "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.

Note:

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

Reference: Sections 127500.2, 127501.4, 127504 and 127505, Health and Safety Code.

§ 97448. Adjustments to Spending Targets Based on Nonsupervisory Employee Organized Labor Costs.

(a) Definitions for the purposes of this section only.

(1) "Provider" shall include all of the following:

- (A) General acute care hospitals, as used section 1250(a) of the Code;
- (B) Acute psychiatric hospitals, as used in section 1250(b) of the Code;
- (C) Special hospitals, as used in section 1250(f) of the Code;
- (D) Chemical dependency recovery hospitals, as used in section 1250.3(a)(1) of the Code;
- (E) Psychiatric health facilities, as used in section 1250.2(a)(1) of the Code; or
- (F) Physician organizations, as used in section 127500.2(t)(1) of the Code.

(2) "Associated party" as used in 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.

(3) "Nonsupervisory employee" excludes individuals who have authority in the interest of an employer to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other employees, or responsibility to direct them, or to adjust their grievances, or effectively to recommend such action, if, in connection with the foregoing, the exercise of such authority is not of a merely routine or clerical nature, but requires the use of independent judgment. The direction of workflow or coordination of work assignments alone does not render an individual supervisory, and therefore excluded under this subsection.

(b) 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.

(c) Requests must be submitted by submitting all of the information required 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. A requestor shall submit the required information by: (1) uploading text (.txt) files as set forth in the Document; and/or (2) entering the information required by the Document directly into the portal. The Document is available on, and may be downloaded from, the Office's website.

(d) All documents and/or information submitted in support of a request for an adjustment shall be treated as public record unless the requestor designates a document and/or information as nonpublic and the Office accepts the designation in accordance with subsections (d)(2) and (d)(3).

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

(A) Are confidentially maintained and not shared by the holder of the document and/or information with the general public; and

(B) Does not include documents and/or information that are 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 documents or information submitted. In addition to the statement required under subsection (d)(3), 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 Office pending a determination of confidentiality. The public version, which may be made available to the public by the Office, shall have the confidential portions removed or redacted. Requests for confidentiality of publicly available information or documents will be denied.

(3) A requestor shall articulate, by reference to the bases set forth in subsections (d)(3)(A) through (D) of this section, or otherwise, whether the Office must withhold such documents and/or information in response to requests made pursuant to Government Code section 7920.000 *et seq.* (PRA). A requestor claiming confidentiality shall provide a detailed statement of the grounds on which confidentiality is claimed, a statement of the specific time for which confidential treatment of the document and/or information is necessary, and a statement the document and/or information has been confidentially maintained by the requestor. The detailed statement of the grounds on which confidentiality is claimed in support of the request for confidentiality shall also indicate whether any of the following applies:

(A) Whether the document and/or 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 document and/or information confidential and, if so, for what period of time;

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

(D) Whether the document and/or information is such that the public interest is served in withholding the document and/or information.

(4) When the Office 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 document and/or information will be marked "Confidential" and kept separate from the public file, and the Office will notify the requestor of the grounds under the PRA on which the request for confidentiality was granted. The Office will mark any such documents and/or information with the applicable confidentiality grounds. If a request for confidentiality is denied, a requestor may withdraw any documents or information for which it requested confidentiality in its submission by submitting a request through the portal.

(e) Timing and presentation to the Board.

(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. For requests made in 2026 only, requestors may submit requests by no later than November 16.

(2) Presentation and time for review of requests. The Office 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 March 1 of the year the year for which an adjustment is requested. The Board will consider the requests for adjustment in establishing targets in accordance with section 127501.11 and the requirements set forth in section 127502(c).

(f) Review of adjustments. The Office 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 Office's request, unless the requestor shows good cause for an extension, which shall include, without limitation, an inability to obtain and provide the requested information and/or documents in timely fashion.

Note:

Authority cited: Sections 127501 and 127501.2, Health and Safety Code; Section 7922.630, Government Code.

Reference: Sections 127501.4, 127501.11, and 127502, Health and Safety Code; Section 7922.630, Government Code.

§ 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:

(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(~~st~~), to the extent consistent with federal law.

Note:

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

Reference: Sections 127500.2, 127500.5 and 127501.4, Health and Safety Code.