

Office of Health Care Affordability News

December 2024

Health Care Affordability Board Welcomes New Chairperson

At the November meeting, the Health Care Affordability Board elected new California Health and Human Services Agency (CalHHS) Secretary Kim Johnson as the board's chairperson following the departure of past [CalHHS Secretary Dr. Mark Ghaly](#).

Before her appointment as CalHHS Secretary, Johnson had served as Director of the California Department of Social Services since 2019 and previously served in several roles there from 2015 to 2019, including Deputy Director of the Family Engagement and Empowerment Division, Branch Chief of CalWORKs and Child Care, and Branch Chief of Refugee Programs and Child Care.

She was Public Policy Director at the California Child Care Resource and Referral Network from 2012 to 2015. Johnson was Manager of the California Early Childhood Mentor Program at the City College of San Francisco from 2009 to 2012. She was Director of Program and Training at the Parent Services Project from 2007 to 2010 and Program Director at the Children's Network of Solano County from 1999 to 2007. Johnson earned a Bachelor of Arts degree in Social Welfare from the University of California, Berkeley.



Quality and Equity Measures

OHCA will adopt a quality and equity measure set to promote high quality and more equitable care for all Californians. The measure set will be used to monitor changes in quality and equity as health care entities work to meet the spending growth target.

The statute requires OHCA to use recognized clinical quality, patient experience, patient safety, and utilization measures, and to consider reliable measurement of disparities in health care. It directs OHCA to reduce administrative burden by selecting quality and equity measures that simplify reporting and align performance measurement with other payers, programs, and state agencies, including leveraging existing voluntary and required reporting to the greatest extent possible. As such, OHCA has been coordinating with the Department of Managed Health Care, the Department of Health Care Services, Covered California, California Public Employees' Retirement System (CalPERS), the Center for Data Insight and Innovation's Office of the Patient Advocate, the Integrated Healthcare Association, and other stakeholders to develop its proposed measure set.

In October and November, OHCA introduced the proposed quality and equity measure set along with proposed equity analyses to the Advisory Committee and Board. These initial discussions with the Advisory Committee and Board will help inform OHCA's work to refine the quality and equity

measure set and equity analyses. OHCA will present updates to the Advisory Committee and Board and solicit formal written public comment in early 2025. OHCA aims to adopt the quality and equity measure set by April 2025.

Behavioral Health Investment

To promote sustained systemwide investment and promote improved outcomes in behavioral health, OHCA will measure the percentage of total health care expenditures allocated to behavioral health and set behavioral health investment benchmarks.

Since July, OHCA has been developing its methodology for behavioral health spending measurement and priorities for a benchmark, with input from the public Investment and Payment Workgroup and from sibling state departments. In October, OHCA introduced the behavioral health investment workstream, including a proposed spending measurement framework, data collection scope, and key decisions to be made in setting an investment benchmark, to the Advisory Committee.

At its December meeting, the Board was introduced to the behavioral health investment workstream as well. OHCA will use these initial discussions with the Advisory Committee and Board to inform its work over the next several months with the Investment and Payment Workgroup to develop proposals for a behavioral health spending measurement methodology and an investment benchmark.

OHCA will present its progress to the Advisory Committee and Board this spring and anticipates presenting a proposed behavioral health investment benchmark to the Board for approval in May 2025.

Spotlight on Data

OHCA is tasked with preparing and publishing a baseline health care spending report for calendar years 2022 and 2023 by June 1, 2025. This baseline report primarily relies on total medical expenditure (TME) data reported to OHCA by 17 California health plans that submitted their data by September 1, 2024. Throughout the year, OHCA has been collaborating with these health plans and has received data from them. Currently, OHCA is reviewing and analyzing the TME data. The receipt of the TME data marks a significant milestone for the program.

Material Change Notices and Cost and Market Impact Reviews

Consolidation in the health care market is common and can be an underlying driver of high prices. The Office of Health Care Affordability is responsible for reviewing and evaluating consolidation, market power, and other market failures through cost and market impact reviews of mergers, acquisitions, or corporate affiliations involving health care service plans, health insurers, hospitals, physician organizations, pharmacy benefit managers, and other health care entities. This review

begins with a notice from a health care entity who is a party to, or a subject of, a material change transaction. OHCA reviews the transaction and, if warranted, conducts a full cost and market impact review.

OHCA developed regulations in 2023 and recently updated them, effective August 22, 2024. The revisions were based upon feedback with the program and after receipt of comments from the public and the Board. The approved revisions were discussed at the recent [Advisory Committee meeting](#) on October 30, 2024.

OHCA has provided a list of Material Change Notice (MCN) and Cost and Market Impact Review (CMIR) frequently asked questions, updated with the latest revision information, as well as an MCN Flowchart to determine if filing is necessary. These are both available online [here](#).

As of December 13th, OHCA has completed reviews of seven transactions with eleven submitters, covering a wide swath of health care services. The list of notices of material change transactions submitted to OHCA to date is also online [here](#).

Upcoming Health Care Affordability Board meetings

- January 28, 2025, 10 a.m.
- February 25, 2025, 10 a.m.