

## Executive Summary

The [2024 HPD Program Legislative Report](#) provides a required program update to the California State Legislature on the Health Care Payments Data (HPD) Program, focusing specifically on the completeness and quality of data included in the initial five years of historical data that has been loaded in the HPD System.

Thanks to the coordinated efforts of many organizations and individuals, the HPD Program achieved several goals with the release of the first public data in June 2023, including:

- Established a new state program, modeled after recommendations made by the HPD Review Committee of stakeholders and experts (see the [2020 Report to the Legislature](#)), with infrastructure and processes to support continued updates and data access, pending ongoing state funding.<sup>i</sup>
- Met the legislative requirement to “substantially complete” the HPD System, the state’s All-Payer Claims Database (APCD), by July 2023.
- Collected, aggregated, and loaded data from all planned sources in the state, including all Medi-Cal and Medicare Fee-for-Service covered lives, and all covered lives from California’s health plans and insurers subject to the reporting mandate.
- Made ready for analysis five years of detailed healthcare service data for most of the Californian population, including member and utilization data for 82% of California’s total population and 89% of California’s insured population (for 2021).
- Published the first two sets of public data from the database:
  - [HPD Snapshot](#)
  - [HPD Measures](#)

As of the writing of the Report, the HPD System includes over 5 billion healthcare claim and encounter<sup>ii</sup> records from calendar years 2018 through 2022, with additional data received every month. Thirty-six submitting organizations representing California’s health plans and insurers provide monthly submissions of eligibility, medical, prescription drug, and provider files. The HPD Program will continue to create annual extracts for reporting and analysis, growing the database over time. In addition, efforts to expand the types of data and submitters are already underway, including adding data from dental plans and insurers, capitation payments, and other non-claims payment data. Specifically, dental data collection will begin in 2024 and non-claims payment data is planned for 2025.

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<sup>i</sup> The Legislature provided \$60 million in one-time funding via SB 840 (Mitchell, Chapter 29, Statutes of 2018) to establish the HPD Program. Spending authority for the initial \$60 million expires at the end of June 2025. To support ongoing operations, HCAI recommends that state policy makers support an annual total funds budget of \$22 million for the HPD Program, including \$15.4 million in state funds, starting with Fiscal Year 2025-26 (see the [2023 Long-Term Funding Options Report](#)).

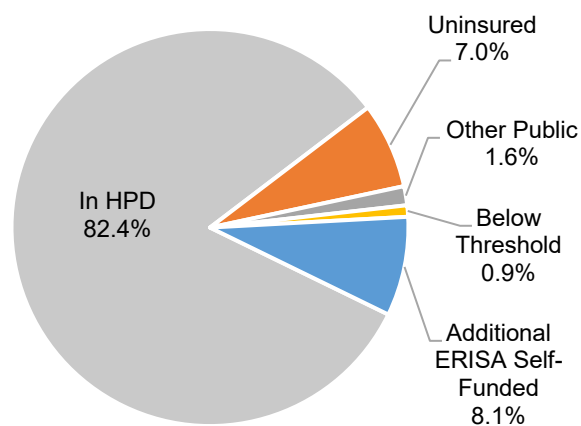
<sup>ii</sup> “Claims” refer to records of adjudicated fee-for-service claims between a provider and a plan; “encounters” are records similar to claims for services provided under a capitated payment arrangement. For more information on claims and encounters, see the subsection [Background on Administrative Data in Health Care and Impacts to Data Quality](#).

Preliminary analyses of data quality indicate that the quality is reflective of and consistent with administrative data used in healthcare operations—as well as other administrative data sources and other state APCDs—and will support a wide range of research and analysis; and there are opportunities for improvement. In addition to continuing its work with submitters on data quality improvement efforts, HCAI will work with the Department of Managed Health Care and others to improve the collection, storage, and submission of standardized race, ethnicity, and language data.

Increasing submission of voluntary data from private self-funded employers and other purchasers provides the greatest opportunity to increase the comprehensiveness of the HPD. Due to a 2016 Supreme Court decision, private self-funded employers and Taft-Hartley trusts regulated under the Employee Retirement Income Security Act (ERISA) cannot be compelled to submit data to a state APCD, but they may do so voluntarily. Preliminary analysis of the self-funded lives in the HPD indicates that voluntary participation of ERISA plans is low and that as many as 3.2 million ERISA self-funded lives are not yet included in the HPD System. HCAI plans to meet with health plans, employers and other purchasers, and other stakeholders to discuss and implement strategies to increase the number of ERISA self-funded lives available in the HPD System.

**Percent of Californians Represented in the HPD System, 2021**

POPULATION GROUP	NUMBER	%
<b>Included in the HPD</b>	32,376,087	82.4%
<b>Not Included in the HPD</b>		
Uninsured	2,749,344	7.0%
Other Public (e.g., Military, Federal Employees, Indian Health Service)	609,000	1.6%
Below Threshold	365,428	0.9%
Additional ERISA Self-Funded	3,176,484	8.1%
<b>Total Californians</b>	<b>39,276,343</b>	<b>100%</b>



Notes:

- Number of uninsured from [US Census Bureau](#).
- Number in Other Public from California Health Benefits Review Program, *Estimates of Sources of Health Insurance in California 2021*.
- Number below threshold based on HCAI analysis of covered lives reported in the California Health Care Foundation, [California Health Insurers, Enrollment, 2023 Edition](#) and HPD Program mandatory reporting thresholds. Includes regulated health plans and insurers only. A health plan, health insurer, or public self-insured plan that has fewer than 40,000 California members is not required to submit data to the HPD Program.
- Number in ERISA Self-Funded estimated from HCAI analysis and represents *additional* ERISA covered lives not already included in the HPD System. Derived by subtracting other categories from Total Californians. Note this may also include a small number of covered lives in public self-funded plans.
- Total Californians from [US Census Bureau](#).

For calendar year 2021, the HPD System includes detailed healthcare services and enrollment data for 32.4 million average monthly members with coverage for medical care, or 82% of all Californians. Not included are the uninsured, those with coverage through federal programs such as federal employees and the military, and some individuals covered by private self-funded employers and Taft-Hartley trusts.

California's APCD is as complete and representative of the state's population, or better, than other states' APCD programs, and is well positioned to meet the intent of the Legislature and the goals of the HPD Program to increase transparency in California's healthcare marketplace.

## Findings and Next Steps

In June 2023, The Department of Health Care Access and Information (HCAI) released the Health Care Payments Data (HPD) Program's first public data, marking the completion of initial design, development, and implementation of California's All-Payer Claims Database (APCD). The HPD System, already the nation's largest APCD, provides an unprecedented opportunity to understand and address healthcare costs and to drive improvement in California's healthcare system. Based on progress to date, HCAI is well-positioned to fully realize the intent outlined by the Legislature (HSC, § 127671-127674):

- Establish a system to collect information regarding the cost of health care and a process for aggregating such information from many disparate systems, with the goal of providing greater transparency regarding health care costs.
- Improve data transparency to achieve a sustainable health care system with more equitable access to affordable and high-quality health care for all.
- Encourage use of such data to deliver health care that is cost effective and responsive to the needs of enrollees, including recognizing the diversity of California and the impact of social determinants of health.

A summary of key findings and next steps is presented below.

1. **California's APCD was completed on time.** HCAI released the HPD Program's first public data in June 2023, including summary enrollment and healthcare utilization information for more than 30 million Californians, for calendar years 2018 through 2021. Publication of the [Healthcare Payments Data \(HPD\) Snapshot](#) marked the successful culmination of a multi-year effort of legislation, planning, data collection, and implementation of California's APCD. Release of the Snapshot data also satisfied the legislative requirement that the development of the HPD System "be substantially completed" no later than July 1, 2023 (HSC, § 12671). The HPD will continue to add data years to analytic extracts and reports and is collecting data monthly.
2. **The HPD System includes all the initially planned data types, sources, and time periods.** The HPD System includes data from all the planned sources in the state (see the 2020 [Health Care Payments Data Program Report to the Legislature](#)), including all Medi-Cal and Medicare FFS covered lives and all covered lives from California's health plans and insurers subject to the reporting mandate from 2018 forward, including, for calendar year 2021:
  - 16.8 million non-Medi-Cal members from California's health plans and insurers, including commercial and Medicare Advantage
  - 14.1 million Medi-Cal members, including 11.7 million in managed care plans and 2.4 million in Medi-Cal FFS
  - 3.4 million members in Medicare FFS
3. **The HPD System reflects approximately 82% of Californians and their healthcare services.** The HPD System includes services and eligibility records for approximately 31.5

million individuals with medical coverage in one or more healthcare plans for each reporting year. Using comparison data, the HPD System includes approximately:

- Member information for 82% of California's total population and 89% of California's insured population
- 90% of state-wide ED visits
- 85% of inpatient admissions
- 76-89% of office visits

In addition, nearly all of California's providers are represented in the HPD System, including over 83,000 individual physicians.

- 4. Efforts to expand the HPD are already underway, including adding data from dental plans and insurers, capitation payments and other non-claims payment data.** Dental data collection will begin in 2024 and non-claims payment data in 2025.
- 5. Increasing voluntary data from private self-funded arrangements provides the biggest opportunity to increase the content and generalizability of the HPD.** Preliminary analysis of the self-funded lives in the HPD indicates that voluntary participation of ERISA plans is low and that as many as 3.2 million ERISA self-funded lives are not yet included in the HPD. HCAI plans to conduct additional targeted outreach to large employers and other purchasers to encourage voluntary submission. State policymakers should consider policy changes that encourage participation, such as requiring ASOs to provide an opt-in form to their clients or policies that limit the fees ASOs are able to charge to submit data to the HPD.
- 6. Collecting data directly from providers and suppliers on a limited basis could prove useful but would add considerable cost and complexity to the operation of the HPD Program.** Adding provider and supplier organizations to the list of required submitters, or allowing them to submit voluntarily, assuming they were to submit the same types of data files currently required of plans and payers, would exponentially increase the number of submitters and files and require new efforts to find and eliminate duplicate services and payments records. Limiting the effort to payments made by Risk Bearing Organizations to their downstream contracting partners could prove more useful, but significant technical challenges, feasibility questions, and resource considerations would need to be addressed.
- 7. Preliminary analyses of data quality indicate that the data quality in the HPD System is reflective of and consistent with administrative data used in healthcare operations, and there are opportunities for improvement, particularly for demographic data.** By its nature, administrative data is not originally intended for use by researchers in analytic databases such as an APCD, but it has proven to provide rich analytic value and represents the most accessible source for the detailed healthcare services and payments provided in a healthcare system. While required data fields are complete and accurate, collection of some demographic data is lacking and can be improved.

HCAI is committed to continually improving the quality and value of the data within the HPD System. HCAI will share data quality results with submitters and discuss strategies for improvement. HCAI may update benchmarks and revise criteria for selected data elements, based on existing data submissions as well as data from other states, to raise the bar for data quality and completeness. HCAI is also working with DMHC and other agencies on coordinated efforts to improve the collection, storage, and submission of standardized race and ethnicity and other critical elements of data. Additionally, the use of data from the HPD System will further inform efforts to improve data quality and make the quality of data transparent to data users and other stakeholders.

8. ***HCAI's strong partnership with NAHDO and influence on national standards has greatly benefited the HPD Program.*** As a health data organization, HCAI has long-standing leadership and expertise in administrative healthcare data and associated standards and specifications. This, and HCAI's recognized influence on the national level, has been an instrumental part of HCAI's success on the HPD Program.
9. ***The HPD Program's public reporting and data release functions have been successful and continue to evolve.*** The public information HCAI has produced from the HPD Program already represents a significant expansion in the availability of actionable, transparent healthcare data in California, and continued development of a data use, access, and release program will provide avenues for researchers and others to securely access non-public HPD data.
10. ***HCAI has previously made recommendations to state policymakers to fully fund the HPD Program long-term.*** In March 2023, HCAI submitted [a report to the legislature on the long-term funding options for the HPD Program](#). In that report, HCAI made the following recommendations:
  - Support an annual total funds budget of \$22 million for the HPD Program.
  - Establish a state funding model, using General Fund, special funds, or some combination thereof, that provides \$15.4 million in annual state funds.
  - Ensure the above funding provisions are in place with Fiscal Year 2025-26 to avoid disruption to HPD Program operations.

HCAI looks forward to working with all stakeholders to continue to make progress in advancing transparency in health care through data and fulfilling the statutory intent and goals of the HPD Program.

## Additional Resources about HCAI and the HPD Program

The links below provide additional information about the California Department of Health Care Access and Information and the Health Care Payments Data (HPD) Program:

RESOURCE	DESCRIPTION
<a href="#">California Department of Health Care Access and Information (HCAI)</a>	General information about HCAI and its programs.
<a href="#">Health Care Payments Data Program</a>	Information on the HPD Program, including news, goals, FAQs, stakeholder engagement, published data, and upcoming activities.
<a href="#">HPD Program Advisory Committee</a>	Information about the HPD Program Advisory Committee, including purpose, membership, and past and future meeting materials.
<a href="#">HPD Program Data Submitters</a>	Information for HPD Submitters, including the Data Submission Guide and other resources, FAQs, and past and future meeting materials.
<a href="#">HPD Program Data Release Committee</a>	Information about the HPD Program Data Release Committee, including purpose, membership, and past and future meeting materials.
<a href="#">Healthcare Payments Data Program: Voluntary Submitters</a>	Information about voluntary submission to the HPD Program, including potential benefits to employers, FAWs, and an opt-in form.
2020 Legislative Report: <a href="#">Health Care Payments Data Program Report to the Legislature</a>	Includes background and learnings from other state APCDs, as well as 36 specific recommendations, discussed and voted on by Review Committee members, for the successful operation of the HPD Program in California, across nine areas: <ul style="list-style-type: none"><li>• APCDs and Use Cases</li><li>• Data Categories and Formats</li><li>• Linkages</li><li>• Submitters</li><li>• Funding and Sustainability</li><li>• Privacy and Security</li><li>• Technology Alternatives</li><li>• Data Quality</li><li>• Governance</li></ul>
2023 Legislative Report: <a href="#">Long-Term Funding Options For The Health Care Payments Data Program</a>	Summarizes long-term funding options for the program, for consideration by the legislature