

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 07/23)

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| Fiscal Year 2025 - 2026 | Business Unit Number 4140 | Department Department of Health Care Access and Information |
| Hyperion Budget Request Name 4140-039-BCP-2025-GB | | |

Budget Request Title
 Healthcare Payments Data Program Long-Term Funding

Budget Request Summary

The Department of Health Care Access and Information (HCAI) requests \$22 million in ongoing, annual funding to support the operation of the Healthcare Payments Data (HPD) Program and to successfully implement the Health Care Payments Data Program pursuant to Health and Safet Code sections 127671-127674.1. HCAI requests permanent position authority for 47 positions. HCAI also requests that any remaining General Fund moneys appropriated in the 2018-19 Budget Act for the HPD be reappropriated in July 2025 and deposited in the Health Care Payments Data Fund.

| | | |
|---|---|--------------------------|
| Requires Legislation (submit required legislation with the BCP) <input type="checkbox"/> Trailer Bill Language <input type="checkbox"/> Budget Bill Language <input checked="" type="checkbox"/> N/A | Code Section(s) to be Added/Amended/Repealed | |
| Does this BCP contain information technology (IT) components? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i> | Department CIO Mike Valle. | Date 1/10/2025 |

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), the approval date, and the total project cost.

Project No. 4140035 **Project Approval Document:** S4PA

Approval Date: 7/31/2021 **Total Project Cost:** \$57,463,377

If proposal affects another department, does other department concur with proposal? Yes No

Attach comments of affected department, signed and dated by the department director or designee.

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|---|--------------------------|--|--------------------------|
| PREPARED BY Mike Valle | DATE 1/10/2025 | REVIEWED BY Scott Christman | DATE 1/10/2025 |
| DEPARTMENT DIRECTOR Elizabeth Landsberg | DATE 1/10/2025 | AGENCY SECRETARY Darci Delgado for Kim Johnson | DATE 1/10/2025 |

DEPARTMENT OF FINANCE USE ONLY

ADDITIONAL REVIEW: CAPITAL OUTLAY ITCU FSCU OSAE DEPT. OF TECHNOLOGY

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| PRINCIPAL PROGRAM BUDGET ANALYST Joseph Donaldson | DATE SUBMITTED TO THE LEGISLATURE 1/10/2025 |
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A. Problem Statement

The Department of Health Care Access and Information (HCAI) requests \$22 million in ongoing, annual funding for the HPD Program. Current funding for the HPD Program is a one-time General Fund (GF) appropriation that expires June 30, 2025. HCAI requires an ongoing, non-GF funding source to continue operations of the HPD program. Annual funds will be used for personal services and for contracts for information technology and consulting and professional services. HCAI also requests permanent position authority for 47 staff resources.

| Category | Annual Funding |
|--|-----------------------|
| Personal Services | \$7,200,000 |
| Staff Operating Expenses and Equipment | \$1,400,000 |
| Total Personal Services | \$8,600,000 |
| Consulting and Professional Services - Interdepartmental | \$125,000 |
| Consulting and Professional Services - External | \$4,000,000 |
| Information Technology | \$9,275,000 |
| Total Annual Program Cost | \$22,000,000 |

HCAI also requests that any remaining General Fund moneys appropriated in the Budget Act of 2018 be reappropriated in July 2025 and deposited in the Health Care Payments Data Fund, in fulfillment of Health and Safety Code Section 127674(a).

With the passage of AB 1810 (Chapter 34, Statutes of 2018) creating the HPD, the California State Legislature took a crucial step in advancing equitable access to affordable healthcare in California. The HPD system is California's All-Payer Claims Database (APCD), a large research database made up of healthcare administrative data, such as claims and encounters. In gathering, integrating, and organizing information about health plan and insurer payments for services, the HPD system offers an unprecedented opportunity to understand and address healthcare costs and drive improvement in California's healthcare delivery system. Approval of this Budget Change Proposal supports the HPD system's capability for producing longitudinal statistical trends and research-level analysis of California's healthcare delivery system over time, by continuing the operation of the database under the HPD Program.

The HPD Program will also play an important role in the new Office of Health Care Affordability (OHCA). OHCA is required to use the HPD system "to the greatest extent possible" to support the calculation of total healthcare expenditures (SB 184, Chapter 47, Statutes of 2022).

Considerable progress in the development of the HPD Program has occurred since HCAI submitted its recommendations report to the Legislature in March 2020, and AB 80 (2020) subsequently provided the additional enabling authority for HCAI to implement the HPD database system. HCAI substantially completed the database by July 2023, as required by state law. The HPD Program has met the following key milestones:

- Convened the advisory committee of stakeholders and experts.
- Promulgated regulations for data collection.
- Completed database technology infrastructure and system functionality, including for data collection, data quality evaluation, data integration, analytic dataset generation, and report creation.
- Received Medi-Cal data files from the Department of Health Care Services and Medicare Fee-for-Service data files from the Centers for Medicare and Medicaid Services.

- Collected data files from all mandatory commercial market and Medicare Managed Care data submitters.
- Convened the data release committee, which is required to review requests for access to non-public HPD data; and
- Released analytic reports using HPD data.

HCAI intends to continue to implement and operate all aspects of the HPD Program required by law, which includes collecting new data on a regular basis, incorporating new data into the database, regularly producing new analytic reports, and processing external applications to request the use of non-public data.

Consistent with Health and Safety Code Section 127671, it was the intent of the Legislature that the HPD Program:

- Provide public benefit for Californians and the state while protecting individual privacy.
- Increase transparency about healthcare costs, utilization, quality, and equity.
- Inform policy decisions on topics including the provision of quality health care, improving public health, reducing disparities, advancing health coverage, reducing healthcare costs, and oversight of the healthcare system and healthcare companies.
- Support the development of approaches, services and programs that deliver health care that is cost effective, responsive to the needs of Californians, and recognizes the diversity of California and the impacts of social determinants of health.
- Support a sustainable healthcare system and more equitable access to affordable and quality health care for all.

Resource History

(Dollars in thousands)

HCAI is operating the HPD Program through expenditure of the original one-time \$60 million General Fund appropriation pursuant to the 2018 Budget Act (Chapters 29 and 30, Statutes of 2018). HCAI is requesting permanent position authority in this BCP.

| Program Budget | PY – 5 | PY – 4 | PY – 3 | PY – 2 | PY-1 | PY | CY |
|-----------------------|---------------|---------------|---------------|---------------|-------------|-----------|-----------|
| Actual Expenditures | \$1,163 | \$2,521 | \$3,192 | \$8,951 | \$10,885 | \$19,405 | \$23,142 |
| Established Positions | 3 | 3 | 8 | 19 | 26 | 40 | 47 |

B. Justification

The Budget Act of 2018 does not provide the permanent resources required to sustain, implement, and operate all aspects of the HPD Program. HCAI is requesting permanent positions and expenditure authority to operate the HPD Program.

HCAI requests \$7.2m in personal services, \$1.4m in staff operating expenses and equipment, and \$13.4m in information technology and consulting and professional services annually. HCAI also requests permanent position authority for 47 staff resources.

HCAI's current operating budget, and future planned budget and expenditures, for the HPD Program are based on planning performed for the California Department of Technology

during the Project Approval Lifecycle, guidance provided by the HPD Advisory Committee of stakeholders and experts in public committee meetings, and research performed in preparation of the report “Long-Term Funding Options for the Health Care Payments Data Program,” submitted to the Legislature in March 2023.

Data Collection & Quality Management:

The HPD Program requires HCAI to perform data collection and quality management functions, which include working with health plans and insurers, the Department of Health Care Services, and the Centers for Medicare and Medicaid Services to submit data to the HPD system. That process involves registering, training, and engaging individuals and organizations about submitting data to the HPD system; monitoring submitters' compliance with program statute and regulations; performing data quality assessments; collaborating with submitters on data quality improvement; and overseeing administrative and management tasks associated with those activities.

HCAI requests permanent position authority for 13.0 positions.

- Program Manager (Staff Services Manager II) (1.0 position)
 - Oversee all data collection & quality management program operations.
- Program Supervisor (Staff Services Manager I) (1.0 position)
 - Assist with oversight of data collection & quality management operations.
- Senior Data Quality Specialist (Research Data Specialist II) (1.0 position)
 - Serve in lead role overseeing data quality management activities.
- Data Quality Specialist (Research Data Specialist I) (1.0 position)
 - Serve in an associate role performing data quality management activities.
- Senior Data Quality Analyst (Research Data Analyst II) (1.0 position)
 - Serve in an analyst role performing data quality management activities.
- Data Quality Analyst (Research Data Analyst I) (1.0 position)
 - Serve in a support role performing data quality management activities.
- HPD Program Specialist (Health Program Specialist II) (2.0 positions)
 - Serve in a lead role overseeing health data policy and integration with HCAI programs.
- Prescription Drug Cost Transparency Data Analyst (Associate Governmental Program Analyst) (1.0 position)
 - Serve in an associate role supporting prescription drug cost transparency data collection and quality management functions, in support of the HPD Program.
- Medi-Cal Senior Data Collection Specialist (Information Technology Specialist II) (2.0 positions)
 - Serve in a lead role overseeing Medi-Cal data transmission and quality management.
- Medi-Cal Data Collection Specialist (Information Technology Specialist I) (2.0 positions)
 - Serve in an associate role performing Medi-Cal data transmission and quality management.

Database Technology Infrastructure & Data Management:

The HPD Program requires HCAI to perform database technology and data management functions, which includes overseeing technical administration of all HPD system modules and performing data management activities. These processes include data storage and

ingestion; extract, transform, and load functions; data reconciliation, and enforcing data access auditing and security controls.

HCAI requests permanent position authority for 8.0 positions.

- Database Administrator (Information Technology Specialist II) (1.0 position)
 - Service in a lead role performing database administration tasks.
- Senior Data Management Specialist (Information Technology Specialist II) (1.0 position)
 - Serve in a lead role performing technical administration of data management and related functions.
- Data Management Specialist (Information Technology Specialist I) (4.0 positions)
 - Serve in an associate role performing technical administration of data management and related functions.
- Data Integration Analyst (Information Technology Analyst) (2.0 positions)
 - Serve in a support role performing technical administration of data management and related functions.

Analysis, Public Reporting, & Data Release:

The HPD Program requires HCAI to perform analysis, public reporting, and data release functions, which includes developing analytic measures, performing statistical analysis and visualization of data, creating data reports. It also includes intaking, reviewing, and evaluating external applications to request the use of non-public data; performing analytical tasks to generate the appropriate data extracts for approved use; and disseminating data for release.

HCAI requests permanent position authority for 15.0 positions.

- HPD Analytics Supervisor (Research Scientist Supervisor I) (1.0 position)
 - Oversee all HPD data analytic measure development, statistical analysis, visualization, and reporting.
- HPD Data Release Supervisor (Research Scientist Supervisor I) (1.0 position)
 - Oversee all HPD data release activities, including managing external applications for non-public data and performing analytical tasks for disseminating data for release.
- Senior Lead Research Scientist (Research Scientist IV) (1.0 position)
 - Serve in a senior lead role performing HPD data analytic measure development, statistical analysis, visualization, and reporting.
- Senior Research Scientist (Research Scientist III) (2.0 position)
 - Serve in a lead role performing HPD data analytic measure development, statistical analysis, visualization, and reporting.
- Research Scientist (Research Scientist II) (1.0 position)
 - Serve in an associate role performing HPD data analytic measure development, statistical analysis, visualization, and reporting.
- Junior Research Scientist (Research Scientist I) (1.0 position)
 - Serve in a support role performing HPD data analytics measure development, statistical analysis, visualization, and reporting.
- Senior Data Access Specialist (Research Data Specialist III) (1.0 positions)
 - Serve in a senior role performing specialist-level tasks for processing external applications for non-public data and performing analytical tasks for disseminating data for release.

- Associate Data Access Specialist (Research Data Specialist II) (1.0 position)
 - Serve in an associate role performing specialist-level tasks for processing external applications for non-public data and performing analytical tasks for disseminating data for release.
- Junior Data Access Specialist (Research Data Specialist I) (1.0 position)
 - Serve in a support role performing specialist-level tasks for processing external applications for non-public data and performing analytical tasks for disseminating data for release.
- Associate Data Access Analyst (Research Data Analyst II) (2.0 position)
 - Serve in an associate role performing analyst-level tasks for processing external applications for non-public data and performing analytical tasks for disseminating data for release.
- Junior Data Access Analyst (Research Data Analyst I) (2.0 positions)
 - Serve in a support role performing analyst-level tasks for processing external applications for non-public data and performing analytical tasks for disseminating data for release.
- Senior Medi-Cal Data Research Specialist (Research Data Specialist III) (1.0 positions)
 - Serve in a lead role designing and using HPD datasets and data products to support management of the Medi-Cal program.

Program Support Services:

The HPD Program requires HCAI to provide support services necessary in the administration of the program, which includes data governance, privacy, and security oversight functions necessary to ensure compliance with state and federal law and policy; stakeholder engagement and the administration of HPD's two statutorily-mandated public advisory committees; acquisition and management services to oversee contracts, personnel, budgets, and training; and general IT services to support HPD Program staff.

HCAI requests permanent position authority for 11.0 positions.

Data Governance, Privacy, and Security

- Data Governance Specialist (Information Technology Specialist II) (2.0 position)
 - Serve in a lead role overseeing data governance and privacy.
- Information Security Analyst (Information Technology Analyst) (1.0 position)
 - Serve in an associate role performing security audit, oversight, and policy functions.

Committee Management

- Public Meeting Manager (Staff Services Manager II) (1.0 position)
 - Oversee stakeholder relations, policy, and administration of HPD's public committee.
- Data Release Committee Lead (Health Program Specialist II) (1.0 position)
 - Serve in a lead role overseeing HPD's Data Release Committee and performing stakeholder relationship management.
- Advisory Committee Support (Associate Governmental Program Analyst) (1.0 position)
 - Serve in a lead role overseeing HPD's Advisory Committee and performing stakeholder relationship management.

IT Services

- Security Operations Specialist (Information Technology Specialist I) (1.0 position)

- Serve in a lead role performing security oversight functions.
- Software Engineer (Information Technology Analyst) (1.0 position)
 - Serve in an associate role performing general application development to support HPD Program staff.

Acquisition and Management Services

- Contracts Management Specialist (Information Technology Specialist I) (1.0 position)
 - Serve in a lead role overseeing HPD contracts.
- Budget and Finance Analyst (Information Technology Analyst) (1.0 position)
 - Serve in an associate role supporting HPD budget and financial activities.
- Personnel Analyst (Associate Governmental Program Analyst) (1.0 position)
 - Serve in an associate role supporting HPD personnel activities, including recruitment, hiring, and training.

Information Technology & Consulting and Professional Services

- \$125,000 in data acquisition
 - Acquisition of necessary third-party data for the HPD system
- \$4,000,000 in consulting and professional services
 - Healthcare data systems subject matter expertise
 - Data infrastructure development
 - Claims data and analytics subject matter expertise
 - Analytics and research development
- \$9,275,000 in IT software, services, and infrastructure
 - Data collection platform infrastructure
 - Data management software
 - Data enclave system infrastructure
 - Online data request form system infrastructure
 - General IT infrastructure costs

C. Departmentwide and Statewide Considerations

The HPD Program supports the California Health & Human Services Agency (CalHHS) guiding principle of “Use Data to Drive Action” by enabling the use of data and analytics to improve transparency and achieve a sustainable health care system. The HPD Program also supports the CalHHS strategic priority of “Build a Healthy California for All” by supporting more equitable access to affordable and high-quality health care for all.

The HPD Program supports HCAI’s goals to “Deliver Valuable Public Service” and “Maximize Operational Efficiency and Effectiveness Through Innovation” by providing the capability to collect and enhance healthcare data, make data available to researchers, inform healthcare policymakers, and create public transparency.

The HPD Program also plays an important role in the Office of Health Care Affordability (OHCA) which is required to use the HPD system “to the greatest extent possible” to support the calculation of total healthcare expenditures.

D. Outcomes and Accountability

Approval of this Budget Change Proposal will provide the resources necessary to operate

the HPD Program and implement AB 80 (Chapter 12, Statutes of 2020). The work of this program will provide public benefit for Californians and the state by increasing transparency about healthcare costs, utilization, quality, and equity; informing policy decisions on topics including

the provision of quality health care, improving public health, reducing health disparities, advancing health coverage, reducing healthcare costs, and oversight of the healthcare system and healthcare companies; supporting the development of approaches, services and programs that deliver health care that is cost effective, responsive to the needs of Californians, and recognizes the diversity of California and the impacts of social determinants of health; and supporting a sustainable healthcare system and more equitable access to affordable and quality health care for all.

E. Implementation Plan

HCAI will continue to implement and operate the HPD Program and fulfill the mandates of AB 80 (Chapter 12, Statutes of 2020), which includes completing the activities described in its July 2023 implementation plan, which has been presented to, and incorporates input from, the HPD Advisory Committee of stakeholders and experts:

- Collect monthly claims data and capitation payment files from mandatory data submitters.
- Collect annual non-claim payments and pharmacy rebate files from mandatory data submitters.
- Produce analytic reports.
- Process external applications to request the use of non-public data.
- Begin collecting dental claims data; and
- Complete rulemaking to establish non-claims-based payments data collection regulations and begin collection of non-claims-based payment data.

F. Supplemental Information (If Applicable)

To fulfill the requirements of Health and Safety Code Section 127674, and provide an initial fund balance from limited-term and variable fund sources that may be appropriated in future years, and if needed:

- HCAI requests any necessary authority to make HPD Program expenditures from the Health Care Payments Data Fund.
- HCAI requests any remaining General Fund moneys appropriated in the 2018-19 Budget Act be transferred and deposited in the Health Care Payments Data Fund.
- HCAI will seek to maximize federal financial participation from the Medicaid program for the HPD Program, working through the Department of Health Care Services, and requests any necessary authority to deposit these monies into the Health Care Payments Data Fund.
- HCAI requests any necessary authority to deposit moneys generated from imposing data user fees on eligible data users into the Health Care Payments Data Fund.
- HCAI requests any necessary authority to transfer moneys from the DMHC Fines and Penalties Fund to the Health Care Payments Data Fund.
- HCAI requests any necessary authority to transfer moneys from the HCAI California Health Data and Planning Fund to the Health Care Payments Data Fund.
- HCAI will regularly evaluate the available fund balance and initiate future budget action as necessary to adjust state funding appropriations.

BCP Fiscal Detail Sheet

BCP Title: Healthcare Payments Data Program Long-Term Funding

BR Name: 4140-039-BCP-2025-GB

Budget Request Summary

Personal Services

| Personal Services | FY25 Current Year | FY25 Budget Year | FY25 BY+1 | FY25 BY+2 | FY25 BY+3 | FY25 BY+4 |
|---------------------------------|-------------------------|------------------------|-----------------|-----------------|-----------------|-----------------|
| Positions - Permanent | 0.0 | 47.0 | 47.0 | 47.0 | 47.0 | 47.0 |
| Total Positions | 0.0 | 47.0 | 47.0 | 47.0 | 47.0 | 47.0 |
| Earnings - Permanent | 0 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 |
| Total Salaries and Wages | \$0 | \$22,000 | \$22,000 | \$22,000 | \$22,000 | \$22,000 |
| Total Personal Services | \$0 | \$22,000 | \$22,000 | \$22,000 | \$22,000 | \$22,000 |

Total Budget Request

| Total Budget Request | FY25 Current Year | FY25 Budget Year | FY25 BY+1 | FY25 BY+2 | FY25 BY+3 | FY25 BY+4 |
|-----------------------------|-------------------------|------------------------|-----------------|-----------------|-----------------|-----------------|
| Total Budget Request | \$0 | \$22,000 | \$22,000 | \$22,000 | \$22,000 | \$22,000 |

Fund Summary

Fund Source

| Fund Source | FY25 Current Year | FY25 Budget Year | FY25 BY+1 | FY25 BY+2 | FY25 BY+3 | FY25 BY+4 |
|--|-------------------------|------------------------|-----------------|-----------------|-----------------|-----------------|
| State Operations - 0001 - General Fund | 0 | 9,000 | 0 | 0 | 0 | 0 |
| 0995 - Reimbursements | 0 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 |
| State Operations - 3436 - Health Care Payments Data Fund | 0 | 7,500 | 16,500 | 16,500 | 16,500 | 16,500 |
| Total State Operations Expenditures | \$0 | \$22,000 | \$22,000 | \$22,000 | \$22,000 | \$22,000 |
| Total Expenditures | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total All Funds | \$0 | \$22,000 | \$22,000 | \$22,000 | \$22,000 | \$22,000 |

Program Summary

Program Funding

| Program Funding | FY25 Current Year | FY25 Budget Year | FY25 BY+1 | FY25 BY+2 | FY25 BY+3 | FY25 BY+4 |
|---|-------------------------|------------------------|-----------------|-----------------|-----------------|-----------------|
| 3855 - Health Care Information and Quality Analysis | 0 | 9,000 | 0 | 0 | 0 | 0 |
| 3865 - Health Care Payments Data Program | 0 | 13,000 | 22,000 | 22,000 | 22,000 | 22,000 |
| Total All Programs | \$0 | \$22,000 | \$22,000 | \$22,000 | \$22,000 | \$22,000 |

Personal Services Details

Positions

| Positions | FY25 Current Year | FY25 Budget Year | FY25 BY+1 | FY25 BY+2 | FY25 BY+3 | FY25 BY+4 |
|------------------------|-------------------------|------------------------|--------------|--------------|--------------|--------------|
| VR00 - Various | 0.0 | 47.0 | 47.0 | 47.0 | 47.0 | 47.0 |
| Total Positions | 0.0 | 47.0 | 47.0 | 47.0 | 47.0 | 47.0 |

Salaries and Wages

| Salaries and Wages | FY25 Current Year | FY25 Budget Year | FY25 BY+1 | FY25 BY+2 | FY25 BY+3 | FY25 BY+4 |
|---------------------------------|-------------------------|------------------------|-----------------|-----------------|-----------------|-----------------|
| VR00 - Various | 0 | 16,500 | 16,500 | 16,500 | 16,500 | 16,500 |
| Total Salaries and Wages | \$0 | \$16,500 | \$16,500 | \$16,500 | \$16,500 | \$16,500 |

Total Personal Services

| Total Personal Services | FY25 Current Year | FY25 Budget Year | FY25 BY+1 | FY25 BY+2 | FY25 BY+3 | FY25 BY+4 |
|--------------------------------|-------------------------|------------------------|-----------------|-----------------|-----------------|-----------------|
| Total Personal Services | \$0 | \$16,500 | \$16,500 | \$16,500 | \$16,500 | \$16,500 |