STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 03/25)

Fiscal Year	Business Unit Number	Department
2026-27	4140	Department of Health Care Access and Information

Hyperion Budget Request Name	Relevant Program or Subprogram
4140-035-BCP-2026-A1	3865 – Healthcare Payments Data Program

Budget Request Title
Healthcare Payments Data Program

Budget Request Summary
The Department of Health Care Access and Information (HCAI) requests funding of $22.5 million in 2026-27 and $23.6 million starting in 2027-28 and ongoing from various fund sources, to support the operation of the Healthcare Payments Data (HPD) Program.

HCAI requests 4 existing positions be transferred to the Department of Health Care Services (DHCS), and DHCS requests funding of $829,000 ($207,000 California Health Data and Planning Fund, $622,000 Federal Fund) in 2026-27 and $793,000 ($198,000 California Health Data and Planning Fund, $595,000 Federal Fund) in 2027-28 and ongoing, for the purposes of managing and transmitting Medi-Cal data to HCAI and utilizing HPD to support management of the Medi-Cal program, which is a requirement for HPD's federal funding.

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed
☒ Trailer Bill Language ☐ Budget Bill Language ☐ N/A	Amend HCS 130208 & 130209

Does this BCP contain information technology (IT) components? ☒ Yes ☐ No *If yes, departmental Chief Information Officer must sign.*	Department CIO Michael Valle	Date 4/1/2026

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 **Approval Date:** 7/2/2025

Project Approval Document: PEIR **Total Project Cost:** $46.1 million

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.

Prepared By	Date	Reviewed By	Date
Michael Valle	4/1/2026	Scott Christman	4/1/2026
Department Director	**Date**	**Agency Secretary**	**Date**
Elizabeth Landsburg	4/1/2026	Kim Johnson	4/1/2026

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ Dept. of Technology

Principal Program Budget Analyst	Date submitted to the Legislature
Joseph Donaldson	4/1/2026

A. Problem Statement

The 2025 Budget Act included one-time funding for 2025-26 to support the HPD program, which expires June 30, 2026. This proposal provides ongoing resources for the HPD program to support HCAI's ability to plan and execute to meet the requirements of Chapter 8.5 of the Health and Safety Code.

Resource History
(Dollars in thousands)

Program Budget	PY - 4	PY - 3	PY - 2	PY-1	PY	CY *
Authorized Expenditures	HCAI was authorized to spend one-time funding of $60 million, as appropriated by the 2018 Budget.					$24,209
Actual Expenditures	$3,192	$8,951	$10,885	$19,405	$18,798	$TBD
Revenues						
Authorized Positions	8	19	26	40	47	47
Filled Positions	8	19	26	40	42	
Vacancies	0	0	0	0	5	

*CY budget includes funding from the following BCPs: 4140-120-BCP-2025-MR, 4140-096-BCP-2025-MR

B. Justification

Program Description

With the passage of AB 1810 (Chapter 35, Statutes of 2018) to create the HPD system, the state 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 opportunity to understand and address healthcare costs and to drive improvement in California's healthcare delivery system.

The purpose of the HPD Program is to:

- 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.

HCAI has made significant progress since AB 80 was passed, including:

- Substantially completed the database by July 2023, as required by state law.
- Convened an advisory committee of stakeholders and experts.

- Promulgated regulations for data collection and data release.
- Implemented 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 DHCS and Medicare Fee-for-Service data files from the Centers for Medicare and Medicaid Services (CMS).
- Collected data files from all mandatory commercial market and Medicare Advantage data submitters.
- Convened a data release committee, which is required to review requests for access to non-public HPD data.
- Released analytic reports using HPD data.

The HPD Program also plays an important role in the 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 (Chapter 47, Statutes of 2022).

AB 116 (Chapter 21, Statutes of 2025) added the requirement for HCAI to collect pricing and payments data from pharmacy benefit managers (PBMs), which will add to the information available to policymakers, researchers, and the public about California's prescription drug costs. By January 1, 2027, or the date on which the Department of Managed Health Care (DMHC) has established the licensure process, whichever is later, PBMs must be licensed by the DMHC. As a condition of that licensure, PBMs will be required to submit data to HCAI's HPD Program.

PBM licensure and data collection will allow the state to provide drug price transparency and prescription drug oversight by "looking under the hood" of PBMs' business dealings and prescription drug pricing. The PBM datasets will be large and complex, requiring expertise and experience to analyze and report on PBM pricing and payment trends.

To support the ongoing success of the HPD program, this BCP requests $22.5 million in 2026-27 and $23.6 million in 2027-28 and ongoing from various fund sources, to support HCAI's personal services, information technology, and consulting and professional services contracts.

TABLE 1 - FUNDING REQUESTED

Category	**2026-27 Funding**	**2027-28+ Funding**
Consulting and Professional Services	$5.175 million	$5.175 million
Information Technology	$17.325 million	$18.425 million
Total FY Program Cost	**$22.5 million**	**$23.6 million**

C. Departmentwide and Statewide Considerations

The HPD Program supports the California Health & Human Services Agency (CalHHSA) 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 CalHHSA strategic priority of "Build a Healthy California for All" by supporting more equitable access to affordable and high-quality health care for all; this includes adding PBM data to the HPD framework, which will help provide a more complete picture of where profits are being retained along the prescription drug supply chain.

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.

For example:

- OHCA uses the HPD system to support the calculation of total healthcare expenditures (as required by Chapter 47, Statutes of 2022).
- DHCS uses the HPD system to help fulfill their obligations to report to CMS, and for analytics that help the administration of the Medi-Cal program.
- The California Department of Public Health intends to use the HPD system to supplement required and enhanced communicable disease surveillance activities.
- The California Health Benefits Review Program intends to use the HPD system to analyze the impacts of proposed healthcare legislation.
- As of January 2026, there have been over 40 requests by researchers and analysts for access to non-public HPD datasets and nearly 10 have been fulfilled.
- HPD data dashboards are available on the public HCAI website.
- HPD public data assets are available on the California Open Data portal.
- HPD data will be used to analyze prescription drug costs including PBM costs and to develop policy recommendations to improve prescription drug affordability.

Approval of this proposal to continue the HPD program expands the benefit of healthcare data transparency for Californians, researchers, analysts, and the CalHHSA.

D. Outcomes and Accountability

Approval of this proposal will provide the resources necessary to continue operating the HPD Program as required by law.

The HPD program will:

- Provide public benefit for Californians and the state by increasing transparency about healthcare costs, utilization, quality, and equity.
- Inform 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.
- 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.

Approval of this proposal will also provide HCAI with resources necessary to implement the requirements of Health and Safety Code Section 127673.05 on PBM data collection.

Market transparency creates the conditions for competitive markets and lower prices. This proposal adds to the public information already available about the prescription drug marketplace in California, expanding on the information about the supply chain available through HCAI and DMHC's implementation of SB 17 (Chapter 603, Statutes of 2017) and HCAI's implementation of HPD. That information will be available to policymakers to inform policies on lowering the cost of care and improving competition in the prescription drug market.

E. Implementation Plan

HCAI will continue to implement and operate the HPD Program and fulfill the legal requirements which include 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.
- Collect payment and pricing data from pharmacy benefit managers.
- Produce analytic reports.
- Process external applications to request the use of non-public data.
- Collect dental claims data.

For PBM data collection, HCAI will use a phased approach to allow sufficient time for recruitment, stakeholder engagement, data collection program development, and building expertise in PBM licensure and data.

2026-2027:

- Promulgate PBM data collection regulations.
- Register PBM submitters in the HPD system.
- Begin collecting test data from PBM submitters and work with PBMs to improve submissions until they meet the standards for production data files.

2027-2028:

- Complete collection of historical production data from PBM submitters.
- Initiate ongoing, annual data collection from PBM submitters.
- Create an analytic PBM dataset.
- Begin analysis of the PBM data, toward the goal of producing in 2028 an initial public report on drug costs and the impact of PBMs on those costs.

F. Supplemental Information

The fund sources requested are as follows, to be transferred into the HPD Fund, with spending authority:

For 2026-27:

- $6,250,000 from the California Health Data and Planning Fund
- $6,250,000 from the Health Plan Improvement Trust Fund
- $5,000,000 from federal reimbursements through the Medi-Cal program
- $4,500,000 from the Pharmacy Benefit Manager Fund
- $500,000 from user fees collected

For 2027-28 and ongoing:

- $6,250,000 from the California Health Data and Planning Fund
- $6,250,000 from the Health Plan Improvement Trust Fund
- $5,000,000 from federal reimbursements through the Medi-Cal program

- $5,600,000 from the Pharmacy Benefit Manager Fund
- $500,000 from user fees collected

To fulfill the requirements of Health and Safety Code Section 127674, and effectuate the funding model described above:

- HCAI requests ongoing authority to make HPD Program expenditures from 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 DHCS, and requests ongoing authority to deposit these monies into the Health Care Payments Data Fund.
- HCAI requests ongoing authority to deposit funds generated from receiving data user fees from eligible data users into the Health Care Payments Data Fund.
- HCAI requests ongoing authority to transfer funds from the Health Plan Improvement Trust Fund to the Health Care Payments Data Fund.
- HCAI requests ongoing necessary authority to transfer funds from the California Health Data and Planning Fund to the Health Care Payments Data Fund.
- HCAI requests ongoing necessary authority to transfer funds from the Pharmacy Benefit Managers Fund to the Health Care Payments Data Fund.

In addition, HCAI requests 4 positions be transferred to DHCS for the purposes of managing and transmitting Medi-Cal data to HCAI; and utilizing HPD to support management of the Medi-Cal program, which is a requirement for HPD's federal funding.

These DHCS positions include:

- 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.
- Senior Medi-Cal Data Research Specialist (Research Data Specialist III) (2.0 positions)
    - Serve in a lead role designing and using HPD datasets and data products to support management of the Medi-Cal program.

BCP Fiscal Detail Sheet

(Dollars in Thousands)

BCP Title: Healthcare Payments Data Program

BR Name: 4140-035-BCP-2026-A1

Budget Request Summary

Personal Services

Personal Services	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Positions - Permanent	0.0	-4.0	-4.0	-4.0	-4.0	-4.0
Total Positions	**0.0**	**-4.0**	**-4.0**	**-4.0**	**-4.0**	**-4.0**
Earnings - Permanent	0	5,402	5,472	5,472	5,472	5,472
Total Salaries and Wages	**$0**	**$5,402**	**$5,472**	**$5,472**	**$5,472**	**$5,472**
Total Staff Benefits	0	28	497	497	497	497
Total Personal Services	**$0**	**$5,430**	**$5,969**	**$5,969**	**$5,969**	**$5,969**

Operating Expenses and Equipment

Operating Expenses and Equipment	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5301 - General Expense	0	6,020	6,128	6,128	6,128	6,128
5320 - Travel: In-State	0	24	34	34	34	34
5322 - Training	0	8	11	11	11	11
5324 - Facilities Operation	0	89	125	125	125	125
5340 - Consulting and Professional Services - External	0	2,690	2,717	2,717	2,717	2,717
5346 - Information Technology	0	8,239	8,616	8,616	8,616	8,616
Total Operating Expenses and Equipment	**$0**	**$17,070**	**$17,631**	**$17,631**	**$17,631**	**$17,631**

Total Budget Request

Total Budget Request	FY26	FY26	FY26	FY26	FY26	FY26

	Current Year	Budget Year	BY+1	BY+2	BY+3	BY+4
Total Budget Request	**$0**	**$22,500**	**$23,600**	**$23,600**	**$23,600**	**$23,600**

Fund Summary

Fund Source

Fund Source	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
0995 - Reimbursements	0	5,000	5,000	5,000	5,000	5,000
State Operations - 3436 - Health Care Payments Data Fund	0	17,500	18,600	18,600	18,600	18,600
Total State Operations Expenditures	**$0**	**$22,500**	**$23,600**	**$23,600**	**$23,600**	**$23,600**
Total All Funds	**$0**	**$22,500**	**$23,600**	**$23,600**	**$23,600**	**$23,600**

Program Summary

Program Funding

Program Funding	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
3860 - Administration	0	206	280	280	280	280
3865 - Health Care Payments Data Program	0	22,294	23,320	23,320	23,320	23,320
Total All Programs	**$0**	**$22,500**	**$23,600**	**$23,600**	**$23,600**	**$23,600**