

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 10/20)

Fiscal Year 2022-23	Business Unit 4140	Department Department of Health Care Access and Information	Priority No.
Budget Request Name 4140-076-BCP-2022-A1		Program 3831- Health Care Quality and Affordability	Subprogram

Budget Request Description
 Office of Health Care Affordability

Budget Request Summary

The Department of Health Care Access and Information (HCAI) requests 59 positions in 2022-23, 117 positions and \$13.0 million General Fund in 2023-24, and 142 positions and \$31.6 million General Fund in 2024-25 and annually thereafter. HCAI also requests corresponding statutory changes.

Requires Legislation <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed Health and Safety Code section 1385.035, Health and Safety Code Chapter 2.6 (commencing with Section 127500), and Insurance Code section 10181.35	
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 Michael Valle	Date 1/25/2022

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

Project No. TBD **Project Approval Document:** TBD

Approval Date: TBD

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 Monica Erickson	Date 1/25/2022	Reviewed By Scott Christman	Date 1/25/2022
Department Director Elizabeth Landsberg	Date 1/25/2022	Agency Secretary Vishaal Pegany for Mark Ghaly, MD, MPH	Date 1/26/2022

Department of Finance Use Only

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

PPBA Sonal Patel	Date submitted to the Legislature 4/1/2022
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Attachment A

A. Budget Request Summary

The Department of Health Care Access and Information (HCAI) requests 59 positions in 2022-23, 117 positions and \$13.0 million General Fund in 2023-24, and 142 positions and \$31.6 million General Fund in 2024-25 and annually thereafter.

The 2021 Budget Act included \$30 million General Fund to begin implementation of the Health Care Affordability Program. A related request proposes to reappropriate the \$30 million and includes corresponding provisional language while the policy work associated with implementation of this Program was approved in the 2021 Budget Act. The chart below displays the total cost of the program:

ESTIMATED COSTS	BUDGET YEAR	BUDGET YEAR+1	BUDGET YEAR+2	BUDGET YEAR+3	BUDGET YEAR+4
Estimated Personal Services	\$ 10,715,000	\$ 19,693,000	\$ 23,996,000	\$ 23,996,000	\$ 23,996,000
Estimated Operating Expenses and Equipment	\$ 4,838,000	\$ 7,775,000	\$ 7,634,000	\$ 7,634,000	\$ 7,634,000
Total State Operations Expenditures	\$ 15,553,000	\$ 27,468,000	\$ 31,630,000	\$ 31,580,000	\$ 31,580,000

Corresponding statutory changes are also requested. Please see the Department of Finance website for the proposed statutory changes: <https://esd.dof.ca.gov/trailer-bill/trailerBill.html>.

This request includes \$1,650,000 in 2022-23, \$1,150,000 in 2023-24, and \$900,000 in 2024-25 and annually thereafter in information technology costs.

This request also includes \$1,300,000 in 2022-23, \$3,350,000 in 2023-24, and \$2,850,000 in 2024-25 and annually thereafter in contracting resources.

B. Background/History

While California has reduced its uninsured rate to a historic low of seven percent through an aggressive coverage expansion to over 3.7 million newly eligible Medi-Cal enrollees and 1.4 million enrolled through Covered California¹, affordability is a significant strain on individuals, employers and the state as health care costs continue to grow.² While health insurance premiums have recently moderated due to lower utilization as a result of the COVID-19 pandemic, this abatement in health care cost growth is expected to be temporary.³

Research has attributed escalating health care costs primarily to high prices and the underlying factors or market conditions that drive prices, particularly in geographic areas and sectors where there is a lack of competition due to consolidation and market power.² For example, a recent study found that private insurance payments to California hospitals were on average more than double the rates paid by Medicare and ranged widely from 89 percent to as high as 364 percent of Medicare payments.⁴

Absent changes in policy or the market, the downstream impact of higher health care

¹ Kaiser Family Foundation. (2017). State Health Facts: Health Insurance Coverage of the Total Population. Retrieved from <https://www.kff.org/>

² Peterson-KFF Health System Tracker. (2020). How have healthcare utilization and spending changed so far during the coronavirus pandemic? Retrieved from <https://www.healthsystemtracker.org/>

³ Covered California. (2020, October 13). Covered California Begins Renewal of More Consumers Than Ever Before and Announces Final 2021 Rate Change at All-Time Low of 0.5 Percent. Retrieved from <https://www.coveredca.com/consumers-than-ever-before-and-announces-final-2021-rate-change-at-all-time-low-of-0-5-percent/>; and Kronick, R., and Neyaz, S.H. (2019). Private Insurance Payments to California Hospitals Average More than Double Medicare Payments. Retrieved from <https://www.westhealth.org/>

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costs exacerbate affordability challenges for consumers and negatively impact the potential for wage growth. Between 2010 and 2018, wages in the state kept pace with inflation by increasing by 19 percent.⁴ Meanwhile, families with job-based coverage experienced a 45 percent increase in health insurance premiums, or more than twice the rate of wage growth. During the same period, families experienced a 70 percent increase in PPO deductibles, or nearly four times the rate of wage growth.⁵

An increasing number of states – Massachusetts, Connecticut, Delaware, Oregon, Nevada, New Jersey, Pennsylvania, Rhode Island, and Washington – have implemented health care cost targets, with the goal that transparency-based, public reporting can reduce cost growth and better data and analytics can inform cost containment efforts. For all nine states, a program for a health care cost target requires collecting data on total health care expenditures (all claims and non-claims-based payments to providers, cost-sharing paid by consumers, and administrative costs and profits) and performing data analysis on cost trends by dimensions such as service category, payer, and provider. Given that the goal is an affordable high-value system, not just a low-cost system, several state programs also simultaneously monitor performance on quality of care measures.

While there is a plethora of California-specific research on costs and potential drivers, such as the aforementioned study documenting wide variation in commercial reimbursements to hospitals and literature on market concentration and high prices⁶, the state currently lacks market-wide data insights of cost trends and variation that can inform actionable policies to mitigate cost growth without disrupting one of the largest sectors of California's economy.

AB 80 (Chapter 12, Statutes of 2020) provided HCAI the authority to establish the Health Care Payments Database (HPD), also known as an All Payer Claims Database or APCD. The HPD will be a large research database derived from individual health care payment transactions. Similar to other states that have already implemented an HPD, this database will be used to analyze total health care expenditures and allow for deeper data dives on cost drivers and high-cost service categories, such as diabetes treatment and specialty drug prices.

The proposal for a Health Care Affordability Program builds on efforts in other states to reduce costs, such as the Massachusetts Health Policy Commission (HPC), which was established in 2012 with the charge of setting a target for growth in per capita health care spending, monitoring health care spending, and providing data-driven policy recommendations regarding health care delivery and payment system reform.

The key activities of the Program include:

- 1) **Set Health Care Cost Targets:** The Health Care Affordability Board created under the Program will establish a statewide health care cost target and have the authority to set targets by health care sector, which may include the fully integrated delivery system sector and geographic region, and for an individual health care entity, as appropriate. The Board shall consider recommendations and public comment prior to formally adopting targets.
- 2) **Increase Cost Transparency through an Annual Report and Public Meeting:** The Program will collect and analyze data from existing and emerging public and private data sources to

⁴ Stremikis, K. (2020). Ever-Rising Health Costs Worsen California's Coronavirus Threat. Retrieved from <https://www.chcf.org/blog/ever-rising-health-costs-worsen-c-v-coronavirus-threat/>

⁵ Ibid.

⁶ Petris Center on Health Care Markets and Consumer Welfare. (2018). Consolidation in California's Health Care Market 2010-2016: Impact of Prices and ACA Premiums.

Retrieved from <http://petris.org/>

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publicly report total health care expenditures and per capita total health care expenditures and factors contributing to health care cost growth, including in the pharmaceutical sector. The Program will publish an Annual Report and conduct public hearings to inform the Health Care Affordability Board, policymakers including the Governor and Legislature, and the broader public about performance against the cost target, cost trends and actionable recommendations for mitigating cost growth.

- 3) **Enforcement of the Cost Target:** The Program will oversee the state's progress towards the health care cost target by providing technical assistance, requiring public testimony, requiring submission of performance improvement plans, monitoring progress with performance improvement plans, and assessing civil penalties, including escalating civil penalties for noncompliance.
- 4) **Promote and Measure Quality and Health Equity:** In consultation with other state departments, external quality improvement organizations and forums, payers, physicians and other providers, the Program will utilize HCAI data, as well as data collected by other departments, and adopt a single set of quality and equity measures for evaluating the spending of health care service plans, health insurers, hospitals, and physician organizations, with consideration for minimizing administrative burden and duplication.
- 5) **Advance and Monitor Adoption of Alternative Payment Models (APM):** The Program will promote the shift from payments based on fee-for-service to those rewarding high quality and cost-efficient care. In furtherance of this goal, the Program will support the Health Care Affordability Board in setting statewide goals for increasing the adoption of APMs and approving standards for APMs that may be used by payers and providers during contracting.
- 6) **Promote Sustained System-wide Investment in Primary Care and Behavioral Health:** Because primary care is foundational to an effective health care system, the Board will set benchmarks for the percentage of total health care expenditures allocated to primary care and behavioral health and set spending benchmarks in order to build and sustain infrastructure and capacity.
- 7) **Advance Standards for Health Care Workforce Stability and Training Needs:** The Program will monitor the effects of cost targets on health care workforce stability, high-quality jobs, and training needs of health care workers. To assist health care entities in implementing cost-reducing strategies that advance the stability of the health care workforce, and without exacerbating existing health care workforce shortages, the Program will develop standards that will be approved by the Health Care Affordability Board.
- 8) **Address Consolidation and Market Power:** The Program will monitor cost trends, including conducting research and studies, on the health care market including, but not limited to, consolidation and market power on competition, prices, access, and quality. In collaboration with the Attorney General, Department of Managed Health Care and California Department of Insurance, as appropriate, the Program will promote competitive health care markets by examining mergers, acquisitions, or corporate affiliations that entail a material change to ownership, operations or governance structure involving health care service plans, health insurers, hospitals or hospital systems, physician organizations and/or pharmacy benefit managers, and other health care entities. The review of proposed material changes by the Program is not intended to supplant the role of the Attorney General but provide increased bandwidth for examining these market issues through dedicated staff performing rigorous data analysis.

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C. State Level Consideration

This proposal supports the California Health & Human Services Agency (CalHHS) guiding principle of “Use Data to Drive Action” as it would enable the use of data and analytics to better understand drivers of health care cost growth. This proposal also supports the CalHHS strategic priority of “Build a Healthy California for All” because it would reduce the rate of growth in health care costs and increase public transparency of the quality of care and equity of health care delivery.

This request supports HCAI’s goals to provide valuable public service and advance operational excellence by providing the capability to set targets for total health care cost growth, disseminate data, and public transparency. The Program will also fulfill a role within state government through its charge of developing a comprehensive strategy for cost containment in California. This includes measuring progress towards lowering per capita health care spending while maintaining quality of care, addressing cost increases in excess of health care cost targets through public transparency and other progressive enforcement actions, and referring to the Attorney General transactions that warrant further review, such as those that may reduce market competition or increase health care costs.

D. Justification

The resources approved in the 2021-22 Budget Act do not provide permanent resources required for the Program. HCAI is requesting permanent positions to implement the program and additional resources are needed in FY 2023-24 and ongoing. The \$30 million previously approved resources provide funding for the first and partial second year of implementation. This is entirely a new business function for HCAI and requires dedicated staff resources as well as expert consultation and technical assistance for planning, implementation, and ongoing operations. Resources are also needed to integrate these new business functions into HCAI’s existing programmatic infrastructure and to leverage existing shared HCAI technology, data, administrative, and legal services.

The most comparable staffing model for this effort is the Massachusetts HPC. For the Fiscal Year 2019 Budget, the Massachusetts HPC had a total annual budget of \$9 million and employed 59.0 full-time equivalent (FTE) staff. After excluding staff positions not related to the work of the Office of Health Care Affordability, 32.0 FTE staff support the HPC’s work on research and analysis on health care cost trends, quality performance and cost and market impact reviews of transactions.

The HPC has additional scope beyond what is described in the statute, and the state of Massachusetts has a population of nearly 7 million people and a statewide health care spend of \$70 billion annually. California has nearly six-times the population of Massachusetts, with a significantly higher statewide health care spend of \$300 billion annually.⁷⁸ California is also geographically expansive and diverse. It has a complex marketplace with a significant volume of diverse capitated, delegated, and other managed care arrangements. As such, California has many more times the number of providers and other health care entities.

In addition to the Massachusetts HPC, the organizational structure and staffing model for the Program is informed by a review of data analysis and research units within the following state agencies: Covered California, Department of Managed Health Care, the

⁷ Kaiser Family Foundation. (2014). Health Care Expenditures by State of Residence. Retrieved From <http://www.kff.org/>

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Department of Health Care Services, and HCAI. The staffing model is also based on the required staff needed to augment HCAI shared services organizations to support the new Program.

Given the time for recruitment and strategic planning, the staffing for the Program would begin with a team of fifty-nine (59.0) staff and grow to one hundred forty-one (141.0) staff over a three year period.

For 2022-23, fifty-nine (59) key staff positions are needed to establish the Program. This includes one (1) Deputy Director at the Career Executive Assignment (CEA B), one (1) Chief Medical Officer at the exempt appointment level, one (1) Pharmaceutical Consultant II (Specialist), two (2) branch chiefs at the Career Executive Assignment (CEA A) managing the Health Care Cost Trends, Quality Performance, and Investigations & Enforcement branches, one (1) Deputy Chief Counsel at the Career Executive Assignment (CEA B), one (1) Assistant Chief Counsel, seven (7) managers, and forty-five (45) staff level positions. For subsequent years, the phase-in of staffing is expected to grow to one hundred sixteen (116.0) staff positions in 2023-24 and one hundred forty-one (141) staff positions in 2024-25.

The next section describes the responsibilities that will be performed in a fully staffed Program (141.0 positions):

Establishment of the Program Areas (117.0 positions) and Shared Services (24.0 positions)

Health Care Affordability Division:

- Deputy Director (CEA B) (1.0 position)

The Deputy Director serves as the administrative head of the Program and gives direction and leadership toward the achievement of its statutory responsibilities, mission, and strategic goals. The Deputy Director will be responsible for oversight of all duties designated by law, including hiring and managing staff to support the functions of setting and enforcing cost targets, measuring quality performance through a priority set of standard measures, promoting healthcare workforce stability and training needs, setting a statewide goal for the adoption and monitoring of progress towards alternative payment models (APM), developing standards for APMs for use by payers and providers during contracting, setting benchmarks for primary care and behavioral health spending, and promoting competitive healthcare markets by conducting cost and market impact reviews.

- Chief Medical Officer (1.0 position) (Exempt)

The Chief Medical Officer (CMO) serves as the head of medical policy, reports directly to the Director, and supervises the Pharmacy Consultant. The CMO oversees the Program's implementation of policies pertaining to cost targets that are informed by the social, regulatory, political, and economic factors that relate to patient care. Leverages medical expertise to advise on proposals by health care entities for improving performance against cost targets while maintaining quality care. Advises on the development of a single set of quality and equity measures, the setting of standards for adoption of APMs, benchmarks for primary care and behavioral health spending, and standards for promoting the stability of the health care workforce. Stays current with initiatives pertaining to improving value in health care from other states, the commercial sector, and Centers for Medicaid and Medicare Services (CMS). Advises on analyses on utilization, claims, and other data to assess trends, identifies value-enhancing opportunities, and develops strategies for reducing per capita costs and improving quality care and outcomes. Collaborates with other state agencies and private

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purchasers of health care to align strategies and efforts to address health care costs, improve quality, increase adoption of APMs, increase primary care and behavioral health spending, and promote health care workforce stability and training needs.

- Pharmacy Consultant (Pharmaceutical Consultant II Specialist) (1.0 position)

Under the direction of the Chief Medical Officer, the Pharmacy Consultant assesses how pharmaceutical spend is influencing the ability to achieve cost targets. Researches, analyzes and prepares various reports including but not limited to: settings where drugs are provided; trends in list prices using National Average Drug Acquisition Cost data; and trends in average net price increases for existing marketed drugs by manufacturer, including discounts and rebates, using data from various third-party sources, such as IQVIA and Medispan. Evaluates current industry trends, reviews state and federal laws, regulations and policy changes to stay informed of drivers of pharmacy spending, including but not limited to: efforts to shift utilization from existing drugs to newer, more expensive drugs and drugs with a longer period of market exclusivity; the impacts on launch prices on the cost of prescription drugs; and marketing practices that may undermine the eventual emergence of effective generic competitors and the impact of such practices on affordability. Collaborates with other state agencies and private purchasers of health care to align strategies and efforts to address the rising costs of prescription drugs.

Acquisitions and Management Support Unit:

- Acquisitions and Management Support Unit Supervisor (Staff Services Manager 1) (1.0 position)

Under the direction of the OHCA Deputy Director, The Administrative and Management Support Supervisor oversees all ongoing administrative support services to the Division.

Responsible for overseeing coordination of documentation, outreach materials, correspondences and communications, meetings, briefing materials, as well as all budget, procurement, and travel activities. Supports all branches in the day-to-day operation of the division.

- Administrative and Management Support Associate (Associate Governmental Program Analyst) (1.0 position)

The Administrative and Management Support Associate provides ongoing support to the Division. Coordinates documentation, outreach materials, correspondences and communications, meetings, briefing materials, budget, procurement, and travel. Supports all branches in the day-to-day operation of the branch and Program.

- Administrative and Management Support Analyst (Staff Services Analyst) (1.0 position)

The Administrative and Management Support Associate provides ongoing support to the Division. Coordinates documentation, outreach materials, correspondences and communications, meetings, briefing materials, budget, procurement, and travel. Supports all branches in the day-to-day operation of the branch and Program.

- Administrative and Management Support Assistant (Office Technician (Typing)) (2.0 positions)

The Administrative Assistant provides ongoing support to the Division. Coordinates meetings, briefing materials, and travel. Manages the day-to-day operation of the Program.

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Health Care Cost Trends Branch:

- Branch Chief, Health Care Cost Trends (Career Executive Assignment CEA A) (1.0 position)

The Branch Chief for Health Care Cost Trends serves as the head of the Health Care Cost Trends Branch and reports directly to the Deputy Director. The Branch Chief oversees all data research and analytic activities for the health care cost target program. Manages the production of high quality, objective research and analysis needed to fulfill the Program's mission of reducing per capita health care costs in California. This includes building and developing Research and Analytics teams comprising managerial and analytical staff for the data research and analysis of cost trends and variation. Supporting the Investigations & Enforcement Branch in development of regulations for enforcement of cost targets through providing technical and expert consultation related to methods for linking excessive cost growth to the appropriate health care entity using deidentified patient attribution methods and statistical techniques for detailed data analysis. Stays current with the research and policy literature, maintains ties to peers in other health policy research organizations, and coordinates with other state departments as needed. Responsible for supervising the Planning and Management Branch Section, overseeing outreach and engagement with regulated entities and administration of the Health Care Affordability Board and other related stakeholder committees.

Research and Analytics Section:

- Health Policy Research Manager (Research Scientist Manager) (1.0 position)

Under the direction of the Branch Chief for Health Care Cost Trends, the Health Policy Research Manager leads all research and analytic activities for the health care cost target program. The Health Policy Research Manager has a strong understanding of research and statistical methods and trains and develops staff to analyze health care cost data. Oversees staff analysis of data on total health care expenditures, works with expert consultants as needed, assembles findings and policy recommendations for the Annual Report and other cost research and studies, and advises on any research and technical projects related to health care costs. The Health Policy Research Manager will be critical for hiring and developing policy research staff that will analyze health care cost trends and develop policy recommendations for reducing per capita health care costs.

- Senior Health Policy Researcher (Research Scientist II) (1.0 position)

Under the direction of the Health Care Cost Trends Branch Chief, the Senior Health Policy Researcher performs the most complex analysis and scientific research to evaluate health care costs. This includes applying appropriate statistical techniques for analyzing cost trends and variation and advising on changes to cost targets and the setting of sector-specific targets. The Senior Health Policy Researcher will serve an integral role in supporting the Investigations & Enforcement Branch in developing regulations for enforcement of cost targets by providing technical and expert consultation related to methods for linking excessive cost growth to the appropriate health care entity using deidentified patient attribution methods and statistical techniques for data analysis. The Senior Health Policy Researcher provides scientific evaluation and research method consultation to staff within the Health Care Cost Trends and Quality Performance branches and maintains a working knowledge of major research studies related to health care costs, quality performance, APMs, primary care and behavioral health, the health care workforce as it relates to costs, and market consolidation.

- Senior Health Policy Specialist (Research Data Specialist III) (3.0 positions)

Under the direction of the Health Policy Research Manager, the Senior Health Policy Specialist will perform the most complex research and data analysis projects on total health care

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expenditures using research and statistical methods. It is expected that several hundred expenditure and financial data files will be submitted annually by health care entities. To support the Annual Report, the Senior Health Policy Specialist analyzes these data files, and other relevant and available data, to identify cost trends and variation. The Senior Health Policy Specialist works independently and with little supervision and applies the most appropriate and current statistical techniques for data analysis.

- Health Policy Specialist, (Research Data Specialist II) (4.0 positions)

Under the direction of the Health Policy Research Manager, the Health Policy Specialist performs various complex research and data analysis projects on total health care expenditures using research and statistical methods. It is expected that several hundred expenditure and financial data files will be submitted annually by health care entities. To support the Annual Report, the Health Policy Specialist analyzes these data files, and other relevant and available data, to identify cost trends and variation. Synthesizes findings in written memos, reports, presentations, and data visualizations. Reviews the health policy literature and works with the Senior Health Policy Researcher and expert consultants as needed, to develop policy recommendations for reducing per capita health care costs.

Planning and Management Section:

- Section Chief, Planning and Management (Health Program Manager II) (1.0 position)

The Section Chief for Planning and Management serves as the head of the Planning and Management Section and reports directly to the Health Care Cost Trends Branch Chief. The Section Chief oversees engagement with external health care entities such as health plans, hospitals, medical groups, and others. Oversees the governance of external stakeholder groups, including the Health Care Affordability Board and others. Responsible for coordinating program policies, including proposed legislation and regulations to implement the program. Stays current with the research and policy literature, maintains ties to peers in other health policy research organizations, and coordinates with other state departments as needed.

- Portfolio Engagement Manager (Health Program Specialist II) (3.0 positions)

Serves as a portfolio manager to manage collaboration between the program and regulated health care entities, such as health plans, hospitals, medical groups, and others. Serves as a liaison and single point of contact to a portfolio of healthcare entities. Establishes and maintains positive relationships with appropriate staff at health care entities. Maintains effective communication processes between the department and external stakeholders. Leads programmatic technical assistance with health care entities and strategically coordinates innovative solutions, developed by the program that can help health care entities meet cost targets, improve quality and equity, and maintain a stable healthcare workforce. Coordinates with staff from the Health Care Cost Trends, Quality Performance, and Investigations & Enforcement branches to support the goals of the program. As needed, advises the Investigations & Enforcement Branch in the review of performance improvement plans.

- Program Policy Coordinator (Health Program Specialist II) (1.0 position)

The Program Policy Coordinator leads development of program regulations across all branches of the Program, in collaboration with legal staff. Participates in regulations workshopping with stakeholders. Verifies that regulations align to program goals. Performs regular environmental scans of California legislation, federal legislation, and other policies and makes recommendations to further program goals. Serves an integral role in supporting the development of regulations for enforcement of cost targets.

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- Board Coordinator (Health Program Specialist II) (2.0 positions)

The Health Care Affordability Board Coordinator provides staff administration support to the public board and other related stakeholder committees. Manages board communications and meeting forum in accordance with public meeting laws.

Quality and Equity Performance Branch:

- Branch Chief, Quality Performance (Career Executive Assignment Level A) (1.0 position)

The Branch Chief for Quality and Equity Performance leads the Quality Performance Branch and reports directly to the Deputy Director. The Branch Chief will serve a key role in identifying and adopting a single set of standard measures assessing quality and equity performance of health care service plans, health insurers, hospitals, and physician organizations, while reducing administrative burden and duplication. After adopting the single measure set, the Branch Chief will oversee the data analytics and reporting of quality performance in the Annual Report and develop recommendations for improving the quality and equity of care. Oversees efforts for effective monitoring of impacts to health care workforce stability and training needs and development of workforce impact standards. Manages the setting of statewide goals for the adoption of APMs and measuring the state's progress, as well as setting of standards that maybe used by payers and providers during contracting. The Branch Chief develops expertise among staff to work with quality and equity measure sets, including health plan reported measures, facility-specific measures, and health plan and medical group quality reporting data, and APMs promoted by state and national organizations, such as the Health Care Payment & Learning Action Network (HCP-LAN) and the CMS Innovation Center.

- Quality and Equity Analysis Unit Manager (Health Program Manager II) (1.0 position)

Under the direction of the Branch Chief, the Quality Analysis Unit Manager leads the Quality and Equity Analysis Unit and oversees research and analysis to evaluate the quality performance of California's health care service plans, health insurers, hospitals, and physician organizations using the single set of standard quality measures. Serves as the lead internal subject matter expert on a variety of quality of care data sources, including Health Care Effectiveness Data Information Set (HEDIS), Cal Hospital Compare, and Office of Patient Advocate health plan and medical group quality reporting data, as well as emerging techniques for measuring the equity of care. Leads and oversees the development and monitoring of quality and equity performance measures, creation of dashboards, and production of a broad range of data visualizations that will be included in the Annual Report. The Quality and Equity Analysis Unit Manager oversees the review of the literature on quality and equity improvement efforts and works with the Senior Health Policy Researcher and expert consultants as needed, to recommend policy actions that could improve the quality and equity of care in California.

- Senior Quality and Equity Specialist (Health Program Specialist II) (5.0 positions)

Under the direction of the Quality and Equity Analysis Unit Manager, the Senior Quality and Equity Specialist utilizes expert research and analytic skills to evaluate the quality and equity performance of California's healthcare service plans, health insurers, hospitals, and physician organizations using the single set of quality and equity measures. The Senior Quality and Equity Specialist will serve as an internal subject matter expert on a variety of quality of care data sources and emerging techniques for measuring the equity of care. The Senior Quality and Equity Specialist will develop and monitor quality performance measures, create dashboards, and produce a broad range of data visualizations that will be included in the Annual Report. The Senior Quality and Equity Specialist reviews the literature on quality improvement efforts and

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works with the Senior Health Policy Researcher and expert consultants as needed, to recommend policy actions that could improve the quality and equity of care in California.

- Payment Reform Unit Manager (Health Program Manager II) (1.0 position)

Under the direction of the Branch Chief, the Payment Reform Unit Manager will lead the setting of statewide goals for the adoption of APMs and measuring the state's progress. Leads and oversees the development and monitoring of APM adoption, creation of dashboards, and production of a broad range of data visualizations that will be included in the Annual Report. Engages state departments, experts from state and national collaboratives, and other relevant stakeholders to develop standards for APMs that may be used by payers and providers during contracting. Maintains working knowledge of the Health Care Payment Learning & Action Network (HCP-LAN) APM framework, models promoted by the CMS Innovation Center, and emerging and existing literature to inform the development of APM standards that focus on affordability, efficiency, equity, and quality, as well as have the flexibility to allow for innovation and evolution over time.

- Payment Reform Specialist (Health Program Specialist II) (4.0 positions)

Under the direction of the Payment Reform Unit Manager, the Payment Reform Specialist utilizes expert research and analytical skills to support the setting of statewide goals for APM adoption and measure the state's progress. Serves as the internal subject matter expert on key focus areas, such as investments in primary and behavioral health, shared risk arrangements, or population-based payments, as well as implementation resources for payers and providers that include the HCP-LAN and the CMS Innovation Center. Monitors APM adoption, creates dashboards, and produces a broad range of data visualizations that will be included in the Annual Report. Reviews the literature on APM adoption and works with the Senior Health Policy Researcher, Quality Performance Unit staff, and expert consultants as needed, to recommend policy actions that could increase APM adoption in California.

- Workforce and Primary Care Unit Manager (Health Program Manager II) (1.0 position)

Under the direction of the Branch Chief, the Workforce and Primary Care Unit Manager will lead the monitoring and promoting of health care workforce stability and the measuring and promotion of system wide investment in primary care and behavioral health. Leads and oversees the development and monitoring of workforce stability, highlighting of best practices, creation of data visualizations, and development of analyses that will be included in the Annual Report. Leads and oversees the development and monitoring of primary care and behavioral health investment, setting of benchmarks, creation of data visualizations, and development of analyses that will be included in the Annual Report. Engages state departments, experts from state and national collaboratives, and other relevant stakeholders to develop standards and best practices.

- Health Care Workforce Specialist (Health Program Specialist II) (2.0 positions)

Under the direction of the Workforce and Primary Care Unit Manager, the Health Care Workforce Specialist serves as a lead internal subject matter expert for health care workforce stability and training needs of health care workers. Coordinates with staff from the Health Care Cost Trends, Quality and Equity Performance, and Investigations & Enforcement branches to effectively monitor impacts to health care workforce stability and training needs. Supports the Health Care Affordability Board in developing standards for promoting health care workforce stability and training needs. Monitors impacts to health care workforce stability and training needs. Collects and reports best practices for improving affordability as well as any concerns regarding impacts on the

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health care workforce stability and training needs of health care workers, as feasible. Solicits and compiles public comments regarding any impacts of health care affordability efforts on the health care workforce stability or training needs. As needed, advises the Investigations & Enforcement Branch in the review of performance improvement plans.

- Primary Care and Behavioral Health Specialist (Health Program Specialist II) (2.0 positions)

Under the direction of the Workforce and Primary Care Unit Manager, the Primary Care Specialist serves as a lead internal subject matter expert for primary care and behavioral health investment. Coordinates with staff from the Health Care Cost Trends, Quality and Equity Performance, and Investigations & Enforcement branches to effectively monitor primary care and behavioral health investments. Supports the Health Care Affordability Board in developing measurement standards, benchmarking, and monitoring for promoting primary care and behavioral health investment.

Monitors primary care and behavioral health investment. Collects and reports best practices for improving affordability as well as driving additional investment in primary care and behavioral health. Solicits and compiles public comments regarding any impacts of health care affordability efforts on system wide investments in primary care and behavioral health. As needed, advises the Investigations & Enforcement Branch in the review of performance improvement plans.

Investigations & Enforcement Branch:

- Deputy Chief Counsel (Career Executive Assignment Level B) (1.0 position)

The Deputy Chief Counsel leads the Investigations & Enforcement Branch and reports directly to the Chief Counsel. The Deputy Chief Counsel manages a legal staff specifically dedicated to support and advise the Program on legal matters and carry out the Program's investigation and enforcement responsibilities. This includes interpreting laws, rules, and regulations as they relate to the Program's activities and representing the Program in administrative proceedings, litigation matters, and managing outside counsel as needed. The Deputy Chief Counsel will stand up the regulatory program for enforcement of cost targets and cost and market impact reviews, including development of regulations, guidance, and bulletins. The Deputy Chief Counsel will also assemble a combination of legal staff and contractors with expertise in quantitative analysis, economics and health care markets to conduct cost and market impact reviews of mergers, acquisitions and corporate affiliations that may impact market competition, the state's ability to meet cost targets, or costs for purchasers and consumers. The Deputy Chief Counsel shall advise and attend meetings of the Health Care Affordability Board. The Deputy Chief Counsel shall keep the Chief Counsel and Program executives apprised of critical developments within the Investigations & Enforcement Branch.

- Assistant Chief Counsel (3.0 positions)

The Assistant Chief Counsel leads a team of attorneys and analysts within the Investigations & Enforcement Branch and reports to the Deputy Chief Counsel. The Assistant Chief Counsel manages the attorneys, analysts, and support staff, and is responsible for assignment of cost target violations and notices of proposed material changes, for investigation and analysis by review teams within the section. The Assistant Chief Counsel also assigns performance improvement plans for review. It is anticipated that several dozen cost target violations and performance improvement plans will be assessed by the Program each year as enforcement of cost targets ramps up. The number of notices of material change received by the Program may grow to several hundred a year. Recommendations regarding performance improvement plans, as

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developed by the review teams in consultation with the Quality and Equity Performance Section, are reviewed by the Assistant Chief Counsel prior to submission to the Director. Proposed responses to notices of material change which may trigger a cost and market impact review are assessed by the Assistant Chief Counsel before submission to the Director. The Assistant Chief Counsel will manage contracts with professional experts to provide specialized analysis for conducting cost and market impact reviews, and in support of civil penalties and appeals. The Assistant Chief Counsel will be responsible for executive level review and quality control of the cost and market impact review reports produced by the review teams, as well as the analysis and proposed enforcement actions for health care entities not in compliance with cost targets.

- Attorney IV (8.0 positions)

Under the direction of the Deputy Chief Counsel and Assistant Chief Counsel, the Attorney IV serves as the legal expert for material changes that include mergers, acquisitions and corporate affiliations, as well as the assessment and enforcement of actions, against health care entities identified as non-compliant with cost targets. The Attorney IV should expect to assess and respond to a half dozen or more cost target violations and performance improvement plans each year as the principal assigned staff member. All initial assessments of notices of material change are reviewed by the Attorney IV prior to elevation to the Assistant Chief Counsel. The Attorney IV shall be the lead attorney for the cost and market impact review teams, with multiple reviews under way by each team at any given time. The Attorney IV coordinates directly with health care entities as the primary point of contact for cost and market impact reviews and assessments, and enforcement responses for health care entities not in compliance with cost targets. The Attorney IV also coordinates with the staff for HealthCare Cost Trends and Quality and Equity Performance branches to support the development of the Annual Public Meeting, including the identification of themes, statements from subject matter experts, statements from health care entities, as well as preparation of public and board materials for the meeting. The Attorney VI leads the review of, and the development of recommendations regarding, performance improvement plans submitted to the Program.

- Attorney III (16.0 positions)

Under the direction of the Deputy Chief Counsel and Assistant Chief Counsel, the Attorney III assists on all legal functions for cost and market impact reviews and enforcement actions for compliance with cost targets, such as legal research, development of policies and procedures, and compliance with state and federal laws and regulations regarding procurement, open meetings, public records, data security, and ethics. The Attorney III assists Program branches in the development of regulations. As a member of the review team led by the Attorney IV, the Attorney III works directly with analyst staff and expert consultants to prepare cost and market impact reviews and analysis of, and enforcement actions for, health care entities identified as non-compliant with cost targets. In coordination with Program staff from other branches, and under the lead of the Attorney IV, the Attorney III assists in the review of, and the development of recommendations regarding, performance improvement plans submitted to the Program. The Attorney III is expected to conduct the initial assessment of several notices of material change each month with input from the branch's examiners and to prepare a proposed initial response.

- Administrative Assistant (Office Technician (Typing)) (1.0 position)

The Administrative Assistant provides ongoing support to the Deputy Chief Counsel and the rest of the branch. Coordinates meetings, briefing materials, and travel. Manages the day-to-day operation of the branch.

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- Supervising Corp. Examiner (1.0 position)

Under the direction of the Deputy Chief Counsel, the Supervising Corporation Examiner leads a financial analysis team of Corporation Examiner IVs, Corporation Examiners, and Auditors, and reports to the Deputy Director. The Supervising Corporation Examiner directs the financial examination activities of the Program, and acts as the statewide coordinator of the administration and enforcement of the most complex financial reviews in support of cost and market impact reviews, civil penalty enforcements, and the assessment of performance improvement plans.

- Corporation Examiner IV (Sup) (3.0 positions)

Under the direction of the Supervising Corporation Examiner, the Corporation Examiner IV evaluates and analyzes the most complex financial statements, acts as lead person or examiner-in-charge of the most complex examinations and investigations. The Corporation Examiner IV combines this individualized financial analysis with market data and expert surveys to prepare the cost and market impact reviews. This includes working in concert with the Attorney IV lead to obtain supporting financial documentation from health care entities. The Corporation Examiner IV also supports the enforcement of cost targets by providing expert analysis to develop and defend civil penalty assessments, and review performance improvement plans, as coordinated by the Attorney IV.

- Corporation Examiner (9.0 positions)

Under the direction of the Supervising Corporation Examiner, the Corporation Examiner independently conducts the more complex examinations or investigations of health care entities and assists in larger financial reviews. Assists the Corporation Examiner IV to combine individualized financial analysis with market data and expert surveys to prepare the cost and market impact reviews, and support enforcement of cost targets.

- Auditor I (6.0 positions)

Under the direction of the Supervising Corporation Examiner, the Auditor I assists in the more difficult field audits of data and documents submitted by health care entities subject to regulations pertaining to cost and market impact reviews and enforcement of cost targets. The Auditor I may be assigned responsibility for particular sections or phases of a financial review; independently makes less difficult audits where the scope of the audit is restricted by small size of the entity audited, less complex accounting systems, and the limited number of problems encountered in the application of the law; prepares audit reports and supporting schedules. Audits less complicated tax returns and financial statements for completeness, accuracy, and proper application of the law.

- Staff Services Manager I (1.0 position)

The Staff Services Manager I leads an administrative support team of Associate Government Program Analysts and Staff Services Analysts, and reports to the Deputy Chief Counsel. The Staff Services Manager I supervises the branch's analysts performing journey person level work and personally performs the most difficult or sensitive administrative support functions. The Staff Services Manager is responsible for management analysis and budgeting for the branch, and is the recognized authority in information management and security, with ongoing coordinating responsibility over other analysts in this sensitive area of the branch's operation. The Staff Services Manager establishes information processing protocols for the branch and as needed on a project basis.

- Associate Governmental Program Analyst (5.0 positions)

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Under the direction of the Staff Services Manager, the Associate Governmental Program Analyst supports the work of the branch by conducting and/or reviewing analytical studies and surveys, formulating procedures, policies, and program alternatives, and making recommendations on a broad spectrum of administrative and program-related problems. The Associate Governmental Program analyst coordinates closely with the financial examiners to assist the review teams with analysis and preparation of reports.

- Staff Services Analyst (2.0 positions)

Under the direction of the Staff Services Manager I, the Staff Services Analyst analyses, organizes financial information received by the branch, and assists review teams with information processing. The Staff Services Analyst exercises independence and judgement in tabulating and analyzing data, preparing organization, workload, and other charts, and consults with branch staff and others to give and secure information. Prepares reports and make recommendations on procedures, policies, and program alternatives.

Contracting Resources:

The contracting resources requested include:

- \$1,250,000 in 2022-23 for IT consulting for systems development and continuous operation; \$750,000 in 2023-24; and \$500,000 annually thereafter.
- \$400,000 in 2022-23 for IT software, services, and infrastructure and \$400,000 annually thereafter.
- \$1,300,000 in 2022-23 for program planning and management consulting, \$550,000 in 2023-24, and \$50,000 annually thereafter.
- \$2,800,000 in 2023-24 for enforcement consulting contracts and \$2,800,000 annually thereafter.

What follow are required staff needed to augment HCAI shared services organizations to support the new Program:

Office of Legislative and Public Affairs

- Associate Governmental Program Analyst (1.0 position)

Under the direction of the Assistant Director of the Office of Legislative and Public Affairs, the Associate Governmental Program Analyst provides communications support to management related to the Office of Healthcare Affordability (OHCA) and HCAI's other programs. This work includes engagement with the news media and stakeholders through digital communications, press releases, newsletters, talking points, video and other products to advance the mission and vision of HCAI and OHCA. The position will also assist in the production of internal communications and messaging and the day-to-day duties of the Office of Legislative and Public Affairs.

Administrative Services Division:

HCAI is requesting Administrative shared services resources to support the additional workload and staff that will be added to the department.

- Classification and Pay Analyst (Associate Personnel Analyst) (2.0 positions)

Under the direction of the Classification and Pay Manager I, the Classification and Pay Staff Services Analyst assists on all hiring compliance including but not limited to reviews and analyzes hiring packages, and researches and interprets California civil service law, rules, policies and procedures to provide consultation and guidance to management on personnel

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issues, including classification allocation, organizational changes, and staffing alternatives and preparation of necessary hiring documentation to comply with the California Department of Human Resources' (CalHR) established Best Hiring Practices.

- Exams Analyst (Associate Governmental Program Analyst) (1.0 position)

Under the direction of the Classification and Pay Manager I, the Exams Analyst provides technical assistance to departmental management staff so that all critical examinations are administered, all decisions and actions on employee selection meet management's needs, and are consistent with laws, policies, and standards governing the State civil service. In addition, independently plans, develops, and administers examinations, and conducts job analyses and consults with HCAI leadership concerning goals, strategies, and activities related to the current department workforce and succession plan.

- Personnel Specialist (1.0 position)

Under direction of the Transactions Manager, the Personnel Specialist is responsible for sensitive/confidential transactions functions and applies state laws, departmental and control agency rules and regulations, and bargaining unit provisions pertaining to a variety of personnel transactions in such areas as personnel record keeping, payroll, personnel documents processing, management reports and projects, and related personnel transactions functions.

- Office Technician (1.0 position)

The Office Technician provides ongoing support to the Human Resources section, and handles detailed and sensitive customer contact, as well as origination of correspondence, documents, reports and maintains confidential files.

- Facility Services Analyst (Associate Governmental Program Analyst) (1.0 position)

Under the direction of the Staff Services Manager I, the Facility Services analyst performs all facility support activities including but not limited to facility maintenance functions, security systems, and asset management.

- Budgets Analyst (Associate Budget Analyst) (1.0 position)

Under the direction of the Staff Services Manager I, the Associate Budget Analyst performs all budget support activities including but not limited to budget development and maintenance functions.

- Contracts Analyst (Associate Governmental Program Analyst) (1.0 position)

Under the direction of the Staff Services Manager I, the Associate Governmental Program Analyst performs all contract support activities including but not limited to drafting contract and contract negotiation functions.

- Accounting Officer Specialist (2.0 positions)

Under the direction of the Accounting Administrator, the Accounting Officer Specialist performs and follows statewide fiscal and accounting policies, procedures, and functions related to accounts payable and receivable contained in the State Administrative Manual of various accounting duties including but not limited to establishing, maintaining, and reconciling records in the Financial Information System for California (FI\$Cal) and State Controller's Office (SCO).

- Associate Administrative Analyst (1.0 position)

Under the direction of the Accounting Administrator Supervisor I, the Associate Administrative Analyst formulates, maintains and monitors the organization and labor

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distribution control tables; establishes standards and maintains employee master tables, appropriation Symbol, Budget Sequence, Descriptor, Index, Program Cost Account, Cost Allocation, and Project Control.

Information Services Division:

The IT infrastructure for the Office of Health Care Affordability will be used to collect data from health care entities identified by the HCAI as mandatory data submitters, as well as other relevant and available data sources. The collected data will include health care expenditures, financial information, quality measures, and workforce information. The Office of Health Care Affordability will require IT infrastructure to apply the defined formats for data submission, enforce data quality standards on those submissions, store the collected data, and make the data available for analysis and reporting.

HCAI is also requesting IT shared services resources to support the additional program and administrative staff that will be added to the department with enterprise IT services and support.

- IT Specialist II (1.0 position)

Under the direction of the Chief Data Officer, Enterprise Data Operations Branch Chief, supports expansion and maintenance of HCAI's existing enterprise data warehouse, data management environment, and data analytics toolsets to serve the research analysts of the Program with efficient, automated, and timely data collection, data quality, data linkage and enhancement, data analysis, data visualization, and data publishing. Serves as Enterprise Data Architect to plan, manage, and implement data solutions that leverage existing and future HCAI data infrastructure, to meet the current and emerging programmatic needs. Performs the most complex data management tasks as part of the HCAI's Enterprise Data Operations Branch.

- IT Specialist I (1.0 position)

Under the direction of the Data Management Group Manager, supports expansion and maintenance of HCAI's existing enterprise data warehouse, data management environment, and data analytics toolsets to serve the research analysts of the Program with efficient, automated, and timely data collection, data quality, data linkage and enhancement, data analysis, data visualization, and data publishing. Performs complex data management tasks as part of the Data Management Group.

- IT Associate (1.0 position)

Under the direction of the Data Management Group Manager, supports expansion and maintenance of HCAI's existing enterprise data warehouse, data management environment, and data analytics toolsets to serve the research analysts of the Program with efficient, automated, and timely data collection, data quality, data linkage and enhancement, data analysis, data visualization, and data publishing. Performs less complex data management tasks as part of the Data Management Group.

- IT Specialist I (2.0 positions)

Under the direction of the Development Services Group Manager, supports the Program in business application design, development, and implementation. Acts as a lead to develop, code, support, and enhance system applications. Performs system integration. Performs application maintenance and continuous operations. Performs database administration.

Researches and evaluates emerging technologies.

- IT Specialist II (1.0 position)

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Under the direction of the Planning and Management Branch Chief, supports the program to lead coordination of IT support and system development. Serves as the senior liaison between the Information Services Division and the Program. Manages the most complex IT projects; manages scope, schedule, resources, and consultants. Regularly engages with the Program director so that IT services are aligned to the needs of the Program and meet the department's enterprise architecture and technology standards. Leads California Department of Technology project approval lifecycle oversight and interface with State government control agencies.

- IT Specialist I (1.0 position)

Under the direction of the Portfolio Planning Group Manager, supports the Program to coordinate IT support and system development. Serves as a liaison between the Information Services Division and the Program. Manages less complex IT projects; manages scope, schedule, resources, and consultants. Regularly engages with the Program director so that IT services are aligned to the needs of the Program and meet the department's enterprise architecture and technology standards. Supports California Department of Technology project approval lifecycle oversight and interface with State government control agencies.

- IT Associate (1.0 position)

Under the direction of the Portfolio Planning Group Manager, supports the Program to perform business analysis, requirements definition, system design, and business process modeling. Evaluates Program business needs against available technology capabilities, performs costing analysis, and performs alternatives analysis. Support testing and continuous process improvement. Contributes to the California Department of Technology project approval lifecycle documentation for business analysis.

- IT Specialist I (2.0 positions)

Under the direction of the Enterprise Platforms Group Manager, supports the Program and the enterprise to perform the most complex website development and administrative workflow automation activities. Designs, codes, and maintains the most complex features and functionality. Provides helpdesk support for the most complex requirements and issues.

Performs database administration and system integration. Consults with users regarding strategy, user experience, and functionality and recommends and implements solutions to meet program needs.

- IT Associate (2.0 positions)

Under the direction of the Digital Services Unit Supervisor, supports the Program and the enterprise to perform less complex website development and administrative workflow automation activities. Designs, codes, and maintains features and functionality. Provides helpdesk support for user and content owner requirements and issues. Performs database administration and system integration. Consults with users regarding strategy, user experience, and functionality and recommends and implements solutions to meet program needs.

- IT Specialist I (1.0 position)

Under the direction of the Information Security Officer, supports the Program and the enterprise to perform continuous security risk assessment on HCAI applications, systems, and technology architectures. Responsible to develop and maintain security policies and procedures and network and user account documentation. Responsible to perform incident response and forensic evaluation of information security incidents. Supports users with the

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security awareness program, and overseeing that security methodologies, standards, and behaviors comply with California state policy and best practice.

- IT Specialist I (2.0 positions)

Under the direction of the Enterprise Infrastructure Group Manager, Senior Infrastructure Engineer supports the Program and enterprise by planning and overseeing the most complex server, application, and network operations. Supports network capabilities required for program application operation, data transmission, data integrity, and data storage. Conducts research and evaluates the most complex emerging technologies.

- IT Associate (2.0 positions)

Under the direction of the Enterprise Infrastructure Group Manager, Associate Infrastructure Engineer supports the Program and enterprise by planning and overseeing server, application, and network activities related to security operations. Supports network security operations required for program application operation, data transmission, data integrity, and data storage. Is dedicated to performing security operations activities to protect HCAI data and systems. Conducts research and evaluates the emerging technologies.

- IT Specialist I (1.0 position)

Under the direction of the Information Technology Service Desk Unit Supervisor, supports the Program and enterprise by providing IT hardware, software, and services support. Responds to IT incidents and requests for services and engages with users to analyze and develop IT solutions to meet program needs. Performs training and assists users with using common IT software and platforms. Maintains service desk databases, conducts service desk and desktop systems planning, and conducts research on emerging technologies.

- IT Associate (1.0 position)

Under the direction of the Acquisitions and Management Services Unit Supervisor, supports the Program and the enterprise by researching, processing, and executing IT acquisitions, according to state and department policy. Demonstrates understanding of major computing environments and architectures to research, evaluate, and recommend acquisitions approaches that comply with department enterprise architecture standards and provide the best value to program buyers. Develops and manages department IT contracts and tracks IT assets.

- Associate Governmental Program Analyst (1.0 position)

Under the direction of the Acquisitions and Management Services Unit Supervisor, supports the Program and enterprise by performing analytical tasks to develop and monitor the ISD technology budget allocation. Tracks revenues, transfer, and expenditures against multiple program funds and reviews monthly FI\$Cal reports to verify accuracy and reconcile discrepancies. Completes IT cost and other control agency IT compliance reports. Regularly reviews IT expenditures to reduce and contain IT spending; researches alternatives and proposes solutions. Supports recruitment, development, and retention of ISD technology staff by processing recruitment packages and supporting training and development activities for technology staff.

- Senior Data Integrity Specialist (Research Data Specialist II) (2.0 positions)

Under the direction of the Cost Transparency Section Manager, the Data Integrity Specialist uses databases and systems to collect and integrate total health care expenditure data submitted by payers, including assessing the completeness, timeliness, and accuracy of data. The Senior Data Integrity Specialist works independently and with

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little supervision and applies the most appropriate and current statistical methods for data analysis.

- Associate Data Integrity Specialist (Research Data Specialist I) (2.0 positions)

Under the direction of the Data Integrity Manager, the Data Integrity Specialist develops reporting schedules for total health care expenditure data, technical specifications and other resources that support the submission of timely data in a standardized format. Provides technical assistance to payers and providers submitting data, assesses the quality of submitted cost data and works with payers to resolve data quality issues. Prepares analyses of findings pertaining to data quality in written memos, reports, presentations, and data visualizations and recommends improvements for data collection policies.

- Health Program Specialist II (1.0 position)

Under the direction of the existing Enterprise Data Operations Branch Chief, serves as senior program and policy liaison with the Program for HCAI's payments and facility-level data reporting programs. Performs the most complex analyses of data formats and file specifications, measure sets, HCAI policy and regulations, and analytical needs in support of the Program. Serves as a senior subject matter expert for hospitalization, financial, claims, and encounter data and associated specifications and policies. Serves as lead coordinator between significant HCAI stakeholder groups to support the Program, including the Health Care Payments Data Program stakeholder committees and the National Association of Health Data Organization's APCD Council.

- Health Program Specialist I (1.0 position)

Under the direction of the Enterprise Data Operations Branch Chief, serves as associate program and policy liaison with the Program for HCAI's payments and facility-level data reporting programs. Performs analyses of data formats and file specifications, measure sets, HCAI policy and regulations needs in support of the Program. Serves as a subject matter expert for hospitalization, financial, claims, and encounter data and associated specifications and policies. Serves as a coordinator between significant HCAI stakeholder groups to support the Program, including the Health Care Payments Data Program stakeholder committees and the National Association of Health Data Organization's APCD Council.

- Senior Research Data Specialist (Research Data Specialist III) (2.0 positions)

Under the direction of the existing Cost and Quality Analysis Group Supervisor, serves as senior data analytics liaison with the Program for HCAI's payments and facility-level data reporting programs. Performs the most complex analytical needs using health care claims, encounters, utilization, and other existing HCAI datasets in support of the Program. Serves as a senior subject matter expert for hospitalization, financial, claims, and encounter data and associated analytical methods and measures. Provides technical assistance on the most advanced and sophisticated situations to both internal and external data users as a subject matter expert. Fulfills the most complex and sophisticated internal and external ad hoc data requests.

- Associate Research Data Specialist (Research Data Specialist II) (2.0 positions)

Under the direction of the existing Cost and Quality Analysis Group Supervisor, serves as associate data analytics liaison with the Program for HCAI's payments and facility-level data reporting programs. Performs the most complex analytical needs using health care claims, encounters, utilization, and other existing HCAI datasets in support of the Program. Serves as an associate subject matter expert for hospitalization, financial, claims, and encounter data and associated analytical methods and measures. Provides technical

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assistance to both internal and external data users as a subject matter expert. Fulfills internal and external ad hoc data requests.

- Prescription Drug Policy Lead (Health Program Specialist II) (1.0 position)

Under the direction of the Cost Transparency Section Manager, the Prescription Drug Policy Lead supports prescription drug data public reporting and analysis to provide information and reports that are tailored to meet the needs of the Program. Serves as the HCAI subject matter lead in prescription drug supply chain, manufacturing, purchasing, prescribing, and other related topics to prescription drug costs. Supports the Pharmacy Consultant on special assignments as needed relating to how pharmaceutical spend is influencing the ability to achieve cost targets. Leads the design of information products related to the Health Care

Affordability's Program analyses on the pharmaceutical sector and works together with SB 17 staff.

- Prescription Drug Data Lead (Research Data Specialist II) (1.0 position)

Under the direction of the Cost and Quality Analysis Group in the Information Services Division, the Prescription Drug Data Lead supports the prescription drug data public reporting and analysis to provide information and reports that are tailored to meet the needs of the Program. Serves as the HCAI subject matter lead in prescription drug data, including SB 17 and other related data sources, indexes, and groupers. Supports the Pharmacy Consultant on special assignments as needed relating to how pharmaceutical spend is influencing the ability to achieve cost targets. Leads the delivery of information products related to the Health Care Affordability's Program analyses on the pharmaceutical sector and works together with SB 17 staff.

E. Outcomes and Accountability

Approval of this Budget Change Proposal will provide the resources necessary to implement the Office of Health Care Affordability. Overall, if the work results in lower growth in per capita health care costs, California consumers will receive the benefit of lower insurance premiums. For proposed material changes that may reduce market competition and/or increase costs for consumers and purchasers, the Program will provide rigorous data analysis to support oversight activities of state regulators and enforcement authorities that include the Attorney General, Department of Managed Health Care, and the California Department of Insurance. This proposal will provide a mechanism for reporting progress on the goals of the proposed statutory changes and support the appropriate use of budget resources.

F. Analysis of All Feasible Alternatives

Alternative 1: Approve as requested.

Approve the request to establish the Office of Health Care Affordability, 141.0 positions phased in between 2022-23 and 2024-25: \$10.4 million General Fund in 2023-24 and \$29.7 million General Fund in 2023-24 and annually thereafter.

Pros:

- The Office of Health Care Affordability will have the necessary resources to implement the requirements of the proposed statutory changes.

Cons:

- Increased state operational costs, which is likely offset if the health care cost target is met by payers and providers, quality of care improvements lead to better outcomes, adoption of alternative payment models contributes to higher quality, more cost-efficient care, or market

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consolidation is mitigated through increased scrutiny of mergers, acquisitions and corporate affiliations.

Alternative 2: Approve on a permanent basis a portion of the Program that would focus on setting and enforcing health care cost targets.

Pros:

- Provides resources to implement a portion of requirements of the proposed statutory changes.

Cons:

- May inhibit cooperation from payers and providers in furthering the goals of the proposed statutory changes if the Program does not include complementary program components considering quality and equity performance, alternative payment models, primary care and behavioral health investments, and health care workforce stability.

Alternative 3: Deny the request.

Pros:

- No additional cost to state.

Cons:

- The Program will not be able to meet the requirements of the proposed statutory changes.
- There would be no entity within state government that has market wide data insights (e.g., by specific payer, service category, or large physician organization) to set and enforce cost targets and inform public policy on reducing per capita health care costs, while supporting quality and equity of care. Policies to address health care cost growth would continue in a piecemeal fashion.

G. Implementation Plan

In Year 1 (2022-23), pursuant to appropriation, the Program would have 59 positions and funding to achieve the following outcomes:

- **Appoint Health Care Affordability Board Members:** The Governor and Legislature will appoint members to the Board, whose first order of business will be to consider recommendations from the Director and establish a statewide cost target for calendar year 2025 and beyond. In later years, the Board may set specific targets for different health care sectors (e.g., by payer or provider types) and geographic regions.
- **Hire and Develop Staff with Expertise in Policy, Planning, and Stakeholder Engagement:** Hire key managerial and policy staff that will manage and support the Health Care Affordability Board and other public committees, engage with external health care entities, and coordinate all program policies.
- **Emergency Regulations:** Promulgate emergency regulations to support data collection, and other initial programmatic requirements. Start the development of emergency regulations for cost and market impact reviews.
- **Hire and Develop Staff with Expertise in Data Collection and Reporting:** Hire key managerial and analytical staff that will develop reporting schedules, technical specifications and other resources for the collection of baseline data on total health care expenditures.
- **Hire and Develop Staff with Expertise in Health Care Policy and the California Market:** Hire and develop policy research staff that will analyze health care cost trends in California and develop policy recommendations for reducing per capita health care costs.
- **Hire the Administrative Staff:** The Administrative staff will provide support in the areas of facility management, human resources, and accounting functions.
- **Convene a Stakeholder Workgroup to Identify a Single Set of Quality and Equity Measures:** The Program will begin a stakeholder process involving state departments, external quality improvement organizations and forums, payers, physicians and other providers to identify a single set of quality and equity measures. The measure set will assess quality and equity

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performance of health plans, health insurers, hospitals, and physician organizations, while reducing administrative burden and duplication.

- Standup a Program for Cost and Market Impact Reviews: Standup the Program's regulatory program for Cost and Market Impact Reviews and assemble a combination of legal staff and contractors to conduct cost and market impact reviews involving health care service plans, health insurers, hospitals or hospital systems, physician organizations, and/or pharmacy benefit managers.
- For 2022-23 HCAI can absorb the additional staff within current facility space. HCAI will reevaluate facility space and resources to house the future staff in fall of 2022-23.

In Year 2 (2023-24), the Program would have 116 positions and funding to achieve the following outcomes:

- Conduct Quarterly Meetings of the Health Care Affordability Board.
- Emergency Regulations: Promulgate emergency regulations for cost and market impact reviews.
- Perform Cost and Market Impact Reviews: The Program will begin receiving notifications of proposed material changes beginning April 1, 2024. These notifications will trigger the process for performing cost and market impact reviews. These reviews will be public reports and concerning findings can be referred to the Attorney General for review of unfair competition or anticompetitive behavior.
- Convene a Stakeholder Workgroup on Alternative Payment Models (APM): The Program will begin a stakeholder process involving state departments, external organizations promoting APMs, and other entities and individuals with expertise in health care financing and quality measurement to set a statewide goal for adoption of APMs. The stakeholder workgroup will also inform the development of standards for APMs that may be used by payers and providers during contracting.
- Adopt a Single Set of Quality and Equity Measures: Informed by the stakeholder workgroup and Health Care Affordability Board, the Program will adopt a measure set. The Program will require health care service plans, health insurers, hospitals, and physician organizations to report data on the single set of quality and equity measures. Performance on the measure set will be reported in the Annual Report.
- Develop Standards for Promoting Health Care Workforce Stability: The Program will monitor impacts to health care workforce stability and training needs and support the Health Care Affordability Board in approving standards that may be used during review of performance improvement plans.

In Year 3 (2024-25), the Program would have 141.0 positions and funding to achieve the following outcomes:

- Conduct Quarterly Meetings of the Health Care Affordability Board.
- Adopt a Statewide Goal for APM Adoption and Monitor Progress: Informed by the stakeholder workgroup and the Health Care Affordability Board, the Program will set a statewide goal for APM adoption. The Program will establish requirements for payers to report data and other information, including but not limited to, the types of payment models, the number of members covered by APMs, the percent of budget dedicated to alternative payments, or cost and quality performance measures tied to such payment models. Performance on APM adoption will be reported in the Annual Report.
- Adopt Standards for APMs: Informed by the stakeholder workgroup and approved by the Health Care Affordability Board, the Program will adopt standards for APMs that may be used by payers and providers during contracting. The standards for APMs shall focus on improving affordability, efficiency, equity, and quality by considering the current best evidence for strategies such as investments in primary care and behavioral health, shared risk arrangements, or population-based payments.
- Publish Report on Baseline Health Care Spending and Hold Public Meeting: No later than June 2024 a report will be published on baseline health care spending for calendar years 2022 and 2023. The report would cover the following: total per capita health care expenditures, disaggregated by service category, consumer out-of-pocket spending, and spending by health care sector, such as payer, provider, insurance market, or line of business, as well as geographic region.

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As the Program is implemented, HCAI will re-evaluate resources needed to sustain the Program, including consideration for progressive enforcement action and litigation.

H. Supplemental Information

Attachment A: BCP Fiscal Detail Sheet

I. Recommendation

Approve Alternative 1.

Attachment A**BCP Fiscal Detail Sheet**

BCP Title: Office of Health Care Affordability

BR Name: 4140-076-BCP-2022-A1

Budget Request Summary

Personal Services

Personal Services	FY22 Current Year	FY22 Budget Year	FY22 BY+1	FY22 BY+2	FY22 BY+3	FY22 BY+4
Positions – Permanent	0.0	59.0	117.0	142.0	142.0	142.0
Total Positions	0.0	59.0	117.0	142.0	142.0	142.0
Earnings – Permanent	0	0	5,424	13,939	13,939	13,939
Total Salaries and Wages	\$0	\$0	\$5,424	\$13,939	\$13,939	\$13,939
Total Staff Benefits	0	0	3,913	10,057	10,057	10,057
Total Personal Services	\$0	\$0	\$9,337	\$23,996	\$23,996	\$23,996

Operating Expenses and Equipment

Operating Expenses and Equipment	FY22 Current Year	FY22 Budget Year	FY22 BY+1	FY22 BY+2	FY22 BY+3	FY22 BY+4
5301 - General Expense	0	0	166	426	426	426
5302 – Printing	0	0	55	142	142	142
5304 – Communications	0	0	55	142	142	142
5306 – Postage	0	0	55	142	142	142
5320 - Travel: In-State	0	0	222	568	568	568
5324 - Facilities Operation	0	0	832	2,130	2,130	2,130
5340 - Consulting and Professional Services – External	0	0	2,133	3,750	3,750	3,750
5346 - Information Technology	0	0	166	334	284	284
Total Operating Expenses and Equipment	\$0	\$0	\$3,684	\$7,634	\$7,584	\$7,584

Analysis of Problem

Total Budget Request

Total Budget Request	FY22 Current Year	FY22 Budget Year	FY22 BY+1	FY22 BY+2	FY22 BY+3	FY22 BY+4
Total Budget Request	\$0	\$0	\$13,021	\$31,630	\$31,580	\$31,580

Fund Source

Fund Source	FY22 Current Year	FY22 Budget Year	FY22 BY+1	FY22 BY+2	FY22 BY+3	FY22 BY+4
State Operations - 0001 - General Fund	0	0	13,021	31,630	31,580	31,580
Total State Operations Expenditures	\$0	\$0	\$13,021	\$31,630	\$31,580	\$31,580
Total All Funds	\$0	\$0	\$13,021	\$31,630	\$31,580	\$31,580

Program Summary

Program Funding	FY22 Current Year	FY22 Budget Year	FY22 BY+1	FY22 BY+2	FY22 BY+3	FY22 BY+4
3831 - Health Care Quality and Affordability	0	0	11,158	27,719	27,669	27,669
3860 - Administration	0	0	1,863	3,911	3,911	3,911
Total All Programs	\$0	\$0	\$13,021	\$31,630	\$31,580	\$31,580

Analysis of Problem

Personal Services Details

Positions

Positions	FY22 Current Year	FY22 Budget Year	FY22 BY+1	FY22 BY+2	FY22 BY+3	FY22 BY+4
VR00 - Various (Eff. 07-01-2022)	0.0	59.0	117.0	142.0	142.0	142.0
Total Positions	0.0	59.0	117.0	142.0	142.0	142.0

Salaries and Wages

Salaries and Wages	FY22 Current Year	FY22 Budget Year	FY22 BY+1	FY22 BY+2	FY22 BY+3	FY22 BY+4
VR00 - Various (Eff. 07-01-2022)	0	0	5,424	13,939	13,939	13,939
Total Salaries and Wages	\$0	\$0	\$5,424	\$13,939	\$13,939	\$13,939

Staff Benefits

Staff Benefits	FY22 Current Year	FY22 Budget Year	FY22 BY+1	FY22 BY+2	FY22 BY+3	FY22 BY+4
5150350 - Health Insurance	0	0	1,914	4,918	4,918	4,918
5150500 – OASDI	0	0	415	1,066	1,066	1,066
5150600 - Retirement – General	0	0	1,584	4,073	4,073	4,073
Total Staff Benefits	\$0	\$0	\$3,913	\$10,057	\$10,057	\$10,057

Total Personal Services

Total Personal Services	FY22 Current Year	FY22 Budget Year	FY22 BY+1	FY22 BY+2	FY22 BY+3	FY22 BY+4
Total Personal Services	\$0	\$0	\$9,337	\$23,996	\$23,996	\$23,996