



## Agenda Item 5b

June 16, 2015

**ITEM NAME:** Senate Bill 275 (Hernandez) – Health Facility Data

As Introduced on February 19, 2015

*Sponsor: Author*

**PROGRAM:** Legislation

**ITEM TYPE:** Action

### **RECOMMENDATION**

Adopt a **Support** position on Senate Bill (SB) 275.

### **EXECUTIVE SUMMARY**

Currently, hospitals and surgical clinics are required to file various reports with the Office of Statewide Health Planning and Development (OSHPD), including reports on hospital discharges, emergency care, and surgery. These reports include patient demographic and encounter data, but do not include physician identifiers. This bill would require OSHPD to adopt a regulation adding physician identifiers to these reports. Adding physician identifiers could generate information that may help providers in improving the quality of their care and consumers in making better decisions regarding where to receive care.

The California Public Employees' Retirement System (CalPERS) Legislative and Policy Engagement Guidelines recommends support for proposals that promote transparency in the reporting of cost and quality data for both for-profit and not-for-profit organizations, including health plans, insurers, health care providers, hospitals, and physicians. SB 275 allows consumers and purchasers of health care services to compare health care outcomes among service providers, so they can make more informed decisions; therefore, staff recommends the CalPERS Board of Administration (Board) adopt a support position.

### **STRATEGIC PLAN**

This item supports CalPERS 2012-17 Strategic Plan Goal A to improve long-term pension and health benefit sustainability by ensuring high-quality, accessible, and affordable health benefits.

### **BACKGROUND**

#### OSHPD Data Collection

Under existing law, OSHPD collects data from hospitals and surgical clinics about patient discharge, patient encounters in hospital emergency departments, and patients undergoing ambulatory surgery procedures. The data can include specific

elements such as date of birth, sex, admission date, discharge date, principal diagnosis, principal procedures, and disposition of the patient, and allows OSHPD to add or delete data elements.

#### Risk-Adjusted Outcome Reports

OSHPD uses the collected data to produce risk-adjusted reports on the outcomes of various procedures and treatments performed at hospitals and surgical centers. Risk-adjustment means that the results are adjusted to account for a patient's condition so that hospitals treating sicker patients can be compared with hospitals treating healthier patients. Current law requires OSHPD to annually publish a risk-adjusted outcome reports on certain medical, surgical and obstetrical conditions or procedures.

In 2001, the Board adopted a support position on SB 680 (Figueroa, Chapter 898, Statutes of 2001) which, among other things, required OSHPD to publish annual risk-adjusted outcome reports for Coronary Artery Bypass Graft (CABG) surgeries, and to include individual physician data where appropriate. As of 2011, the operative mortality rate for isolated CABG surgery in California fell by 31 percent since 2003, the first year of mandated reporting. Although current law doesn't prohibit OSHPD to include physician-level reporting in its outcome reports, the CABG report is the only one required to contain individual physician level data.

#### RAND Study

A 2013 RAND Corporation report, funded by the California HealthCare Foundation (CHCF), titled *Exploring the Addition of Physician Identifiers to the California Hospital Discharge Data Set*, considered whether California should collect and release physician-identified data. The report suggests that potential benefits related to physician-identified data include benchmarks for doctors to improve care, helpful information for consumers regarding where to receive care, and useful information to researchers to understand variations in processes of care and health comes. The report found that of the 48 states that maintain hospital discharge data reporting systems, California is the only one that does not collect physician identifiers. According to the report, not all the states publish such data, and those which do vary in how and to whom it is provided. The report recommends that "OSHPD should move forward without delay to add physician identifiers to the list of data elements it routinely collects as part of the hospital discharge data."

#### **ANALYSIS**

##### 1. Proposed Changes

Specifically, SB 275 would require OSHPD to adopt a regulation that adds physician identifiers to the patient level data elements that are required to be collected and reported by hospitals and surgery clinics.

2. Arguments in Support

The author states that “information on physicians is already collected and reported for one procedure – coronary artery bypass graft surgery (CABG) – and outcomes following this procedure have greatly improved in the decade since these outcome reports have been published.”

3. Arguments in Opposition

According to the Senate Floor analysis of SB 275, the California Medical Association (CMA) and the California Chapter of the American College of Emergency Physicians (CalACEP) are opposed to the bill unless it is amended to address their concerns. More specifically, CMA argues that “adding physician identifiers to the data file may allow a user to re-identify patient-level data” and “physician identifiers alone do not allow for an accurate evaluation of hospital care, given that a physician team and other practitioners and hospital employees are involved in the care of patients.” CalACEP maintains that “when viewed in isolation, outcomes can give a misleading read on provider performance... physicians who treat underserved or disadvantaged populations may have poorer results if their patients are less able to follow through with appointments and medications.”

4. Greater Access to Outcome Data for CalPERS Members

According to testimony provided by the CHCF during a recent informational hearing on health data transparency held by the Assembly Health Committee, transparency regarding health care quality and outcomes is important to several stakeholder groups. For hospitals and other health care providers, displaying reliable quality data for individual providers and comparing these results with other state and national providers helps to focus their quality improvement efforts and provides a gauge for their own success. For health plans and other health care purchasers, quality information helps inform decisions about which providers to contract with, and helps to determine whether costs are justified.

Adding physician identifiers to OSHPD data reporting not only will provide CalPERS members more detailed information about health care outcomes, it will also enable them to compare the performance of potential treating hospitals, physicians, and surgeons, and select appropriate providers on the basis of quality of care, and not just cost.

5. Potential to Enhance CalPERS Data Analysis

CalPERS receives data files from its contracting health plans that include cost factors, demographics, gender, age, and other information similar to what OSHPD currently collects. However, only some of the data files include physician identifiers. This inconsistency makes the current CalPERS data less reliable and not as valuable when attempting to identify and analyze utilization trends. Adding physician identifiers to the existing OSHPD data collection and reporting may help in filling this gap for certain procedures and treatments. Such data can help

purchasers such as CalPERS and its contracting health plans in developing physician and provider benchmarks, and may help inform future decisions to select and contract with service providers.

### **BUDGET AND FISCAL IMPACTS**

1. Benefit Costs

Unknown. If CalPERS members choose to receive services from providers and hospitals that consistently achieve greater performance outcomes, program costs may be reduced.

2. Administrative Costs

None.

### **BENEFITS/RISKS**

1. Benefits of Bill Becoming Law

- Adds data that can be used to benchmark provider performance, which may lead to improvements in the quality of care.
- Allows consumers to make more informed decisions regarding where and from whom to receive care.

2. Risks of Bill Becoming Law

- Adding physician identifiers to the data may allow a user to re-identify patient-level data.

### **ATTACHMENTS**

Attachment 1 – Legislative History

Attachment 2 – List of Support and Opposition

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