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June 13, 2014

The Honorable Ed Hernandez, Chair
Senate Health Committee
Capitol Building, Room 2191
Sacramento, CA 95814

Re: AB 1558 (R. Hernández)
Scheduled for hearing by the Senate Health Committee on June 18, 2014
Position: OPPOSE UNLESS AMENDED

Dear Senator Hernandez:

Regretfully, the University of California (UC) must oppose AB 1558 (R. Hernandez) unless it is amended to remove the reference to the University of California as the entity responsible for collecting claims data to develop an All Payer Claims Database. AB 1558 would create the California Health Data Organization within UC to organize data provided by health plans and insurers on a Web site to allow consumers to compare the prices paid for procedures, as specified. We believe a third party is better positioned to serve as the data collector for the purposes of AB 1558 because the University, as a major health care provider, would be collecting information about itself along with other providers, which may be perceived as a conflict of interest.

UC owns and operates five academic medical centers that, together, make UC the fourth largest health care delivery system in California. As a leader and innovator in California's healthcare delivery system, UC believes that its first priority is to care for patients safely and effectively. To that end, UC welcomes the development and distribution of meaningful information to help consumers determine the value of hospital and other provider services and supports providing reliable information to consumers to assist them in making their health care decisions. Because we recognize and support the need for transparency and access to meaningful information for consumers, UC would favor any independent third party collecting this data and making it available to consumers. However, we oppose the location of the California Health Data Organization at a UC campus or located with any other provider of healthcare services.

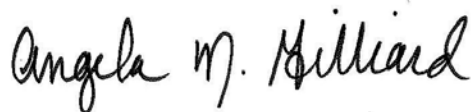
If this legislation were enacted, UC would act with integrity to preserve confidentiality of the data. However, we believe that by housing the California Health Data Organization within UC, a *perceived conflict of interest* would cause adverse reactions to UC's role, no matter how many protections and safeguards were to be included. UC is a competitor in California healthcare

markets. We believe that others in the healthcare market would threaten litigation and claim that UC had an unfair competitive advantage.

We are concerned that UC will be disadvantaged by a *perceived conflict of interest* because safeguards and protections would likely be so stringent that UC medical centers would be excluded from participating in the process of developing and commenting on policies, procedures and functions of the database. Because UC has been vocal on the development and function of all payer claims database development and dissemination of pricing information to consumers, we are concerned that this bill would have a chilling effect on UC's ability to participate in this very important conversation because of concerns about perceived conflicts. In addition, perceived conflict and suspicion surrounding the collection and display of data for consumers would hurt the credibility of the data and effort to display meaningful information to consumers.

For these reasons the University is opposed unless amended on AB 1558. The University appreciates your consideration of our concerns. Should you have any questions concerning the University's position on this bill, please do not hesitate to contact me at (916) 445-9924.

Sincerely,



Angela M. Gilliard, JD
Legislative Director

cc: Assembly Member Roger Hernández
Members, Senate Health Committee
President Janet Napolitano
Provost Aimee Dorr
Executive Vice President Nathan Brostrom
Senior Vice President Daniel M. Dooley
Senior Vice President John Stobo, MD
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