Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

### A. GENERAL INFORMATION

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<td>5/13/2022</td>
<td>Department of Health Care Access and Information</td>
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3. Organizational Placement (Division/Branch/Office Name)

Office of Healthcare Affordability

4. CEA Position Title

Deputy Director

5. Summary of proposed position description and how it relates to the program's mission or purpose. (2-3 sentences)

Position is pending Budget Change Proposal and Department of Finance Approval.

This position will serve as the Deputy Director for a newly formed Office of Health Care Affordability (OHCA) within HCAI – a core Governor's budget proposal. The BCP creating the Office includes more than 140 staff and an annual budget of more than $31 million at full implementation. The Deputy Director will be responsible for overseeing all aspects of policy development for this critical new office whose charge is controlling health care costs for all Californians.

6. Reports to: (Class Title/Level)

Chief Deputy Director

7. Relationship with Department Director (Select one)

- [x] Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.

- [ ] Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(Explain):

8. Organizational Level (Select one)

- [ ] 1st
- [x] 2nd
- [ ] 3rd
- [ ] 4th
- [ ] 5th (mega departments only - 17,001+ allocated positions)
9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

The Deputy Director will serve as the administrative head of the Office of Healthcare Affordability and give direction and leadership toward the achievement of its statutory responsibilities, mission, and strategic goals. They will set broad strategic priorities and objectives for program completion, oversee policies and procedures utilized by the program, review program evaluation reports, legislative reports, privileged legal correspondence, and proposed regulations having significant policy impact. The Deputy will consult with the Director, Chief Deputy Director, and members of the executive management team regarding the implementation of proposed or pending policy actions with potential impact to the Office and the Department.

The Deputy will carry out policy directives of the Healthcare Affordability Board (Board) and the HCAI Director and maintain and enforce the policies established by the Board, including but not limited to the Healthcare Cost Growth Targets and the Healthcare Market Trends, coordinating closely with the Deputy Chief Counsel. They will identify related issues relevant to the Administration’s priorities concerning healthcare costs, quality, and equity, and develop research and data analyses as necessary; ensure timely program management of required data collection, reports, board materials in conformity with statutory requirements and oversee the preparation of legislative analyses and technical assistance to state and federal policymakers.

In addition, the Deputy will oversee administrative support activities related to staffing, vendor contracts and grants, and budget preparation and analysis. They will collaborate with other HCAI program directors on related and complementary policy and program priorities and objectives. Provides management guidance and leadership in planning and directing research and data analysis of healthcare costs, reporting associated quality performance measures, and conducting Cost and Market Impact Reviews. Develops and issues public reports including various analyses of healthcare costs, the Annual Cost Trends Report, and the presentation of an Annual Public Hearing on total healthcare spending in California.

The Deputy will represent HCAI in matters relating to OHCA to the Legislature, other state, federal and local agencies, statutorily established boards, commissions, and advisory bodies to HCAI, affected constituency groups and stakeholders. They will also respond to inquiries by the media and other interested parties concerning OCHA’s role in reporting public information about healthcare costs and affordability, associated quality performance, and reviews of transactions in the healthcare market. Represents OHCA and HCAI at state and national healthcare policy or healthcare services research conferences and events.
10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- Program is directly related to department's primary mission and is critical to achieving the department's goals.

- Program is indirectly related to department's primary mission.

- Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: The Office of Health Care Affordability and its component parts are critical to the department's mission. HCAI's mission is to expand equitable access to health care for all Californians - ensuring every community has the health workforce they need, safe and reliable health care facilities, and health information that can help make care more effective and affordable. OHCA is fundamental to meeting HCAI's goal of making care more affordable for Californians. While there is a plethora of California-specific research on costs and potential drivers, such as study documenting variation in commercial reimbursements to hospitals and literature on market concentration and high prices, 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. That is where OHCA comes in.
11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

The change justifying this request is the forthcoming Office of Health Care Affordability which will have more than 140 staff and an annual budget of more than $31 million at full implementation. The Deputy will lead a team engaging in complex policy development, data collection and analysis, stakeholder engagement, rule making and enforcement activities.
### C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

The Office will perform the following key policy duties:

1. **Set Health Care Cost Targets**: The Health Care Affordability Board created under the Office will establish a statewide health care cost target and have the authority to set targets by health care sector. The policy is that health care entities statewide including health plans, hospitals and most medical groups would have to limit the rate of growth of their costs to no more than the percentage target set by the Office. The statewide impact will be to limit the rate of growth of health care costs in the state.

2. **Increase Cost Transparency through an Annual Report and Public Meeting**: The Office will collect and analyze data from existing and emerging public and private data sources to 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 Office 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. The recommendations for better controlling health care costs in the state have statewide impact as they can help limit rising health care costs for employers, individuals and family and the state – all of whom buy health coverage.

3. **Enforcement of the Cost Target**: The Office will oversee compliance with the health care cost targets 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. Enforcing cost growth targets will help limit the rate of growth of health coverage costs statewide.

4. **Address Consolidation and Market Power**: The Office will monitor cost trends, including conducting research and studies, on the health care market including consolidation and market power on competition, prices, access, and quality. The Office 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. Reviewing proposed mergers and acquisitions of health care entities and analyzing the impact the proposed transaction would have on health care costs will guard against anticompetitive mergers in the state and consequently help keep the cost of health coverage and services down.
C. ROLE IN POLICY INFLUENCE (continued)

13. What is the CEA position’s scope and nature of decision-making authority?

The OHCA Deputy Director will have significant decision-making authority over all aspects of the Office. The Deputy Director will serve as the administrative head of the Office, giving direction and leadership to achieve 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 providing data to inform setting cost targets and enforcing those targets, evaluating costs against quality performance through a priority set of standard measures, promoting healthcare workforce stability and training needs, measuring and promoting a sustained system wide investment in primary care and behavioral health, 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 when contracting, promoting competitive healthcare markets by conducting cost market impact reviews and working collaboratively with the Healthcare Affordability Board in these activities. The Director will oversee the production of several statutorily required reports to the Legislature.

14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?

This position will develop and implement several significant new policy areas as described including calculating total cost of care in the state, setting cost targets for health care entities and enforcing those targets, setting goals for primary care and behavioral health spend, setting goals for adoption of Alternative Payment Models, analyzing proposed mergers and acquisitions by health care entities.