April 17, 2025

The Honorable Caroline Menjivar
Chair, Senate Health Committee
1021 O Street, Room 3310
Sacramento, CA 95814

SUBJECT: SB 660 (Menjivar) — CONCERNS

Dear Senator Menjivar:

As you know, hospitals and health systems have been at the forefront of data exchange. Hospitals and other health care providers have invested significant resources in health information exchange (HIE) and participated in state, federal, and national initiatives toward its advancement.

To that end, the California Hospital Association (CHA), on behalf of 400 hospitals and health systems, supports an HIE governance framework that will advance seamless care transitions, improve quality, and reduce disparities in care. CHA also appreciates the ongoing dialogue with you — as the author of Senate Bill (SB) 660 — sponsors, and committee staff to achieve a balanced approach to HIE governance implementation that will enable participants to work collaboratively toward full implementation. However, CHA believes that SB 660 should include three important principles, detailed below.

1. **The Data Exchange Framework (DxF) Governing Board should be composed of data exchange experts and Data Sharing Agreement (DSA) signatories.**
   California is home to many of the nation's leading data exchange experts, including two members of the federal Health Information Technology Advisory Committee who have been building data exchanges for more than two decades. Due to the provisions in SB 660, however, they would be disqualified from the DxF Governing Board — as would many others. Not only is their expertise essential on this board, but so is balancing them with practitioners responsible for implementing the DxF — especially those who work in under-resourced safety-net organizations. Practitioners bring on-the-ground perspective about how a change in state policy will affect health care delivery for our most vulnerable patients.

2. **Parameters around how much and how often the proposed governing board can alter DSA policies and procedures should be implemented.**
   Beginning January 31, 2024, hospitals, health plans, and other providers were required to be actively exchanging data. The current version of the DSA includes a series of policies and procedure documents that lay out requirements, such as what data elements must be exchanged, how quickly entities must respond to a data request, and privacy standards to adhere to. For those required to sign the DSA, current and future policies and procedure documents become legal requirements.

Further, California's efforts to promote data exchange are happening within a larger national framework, which includes federal law (e.g., the Health Insurance Portability and Accountability Act and the 21st Century Cures Act), along with national exchange networks. As such, it is vitally important that any changes to the DSA be consistent with national data exchange standards, as required by California Health and Safety Code Section 130290(a)(1). If changes are inconsistent, we risk creating unnecessary duplication and confusion for providers implementing the DSA, which would drastically slow our progress.

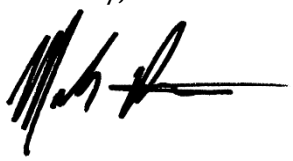
We also contend that changes to the DSA policies and procedures should be subject to a comment period and delayed implementation, giving providers adequate time to raise concerns and implement those changes efficiently.

3. **Enforcement mechanisms should be deferred until additional policies, procedures, and technical specifications are developed.**
   Hospital and other provider leaders have been working to inform DxF policy and procedure development for nearly four years — but these legally binding documents still need a significant amount of work. For example, neither a policy or procedure exists for resolving conflict among DxF participants, nor do technical specifications for exchange. Until these technical specifications and other policies and procedures are developed, hospitals and other entities lack a clear understanding of what is required to comply with DxF. Before requiring that any enforcement mechanisms and new activities — which will require additional staff resources — are completed, the California Health and Human Services Agency's Center for Data Insights and Innovation should focus on completing its work set forth in Assembly Bill 133.

   a. **Compliance with the DxF should not be a condition for contracting with state government.**
      The language in SB 660 requires that hospitals, skilled-nursing facilities, and other providers must be in compliance with the DxF to contract with the Department of Health Care Services, the California Public Employees' Retirement System, or Covered California. As previously noted, however, additional work and time are needed to develop fundamental policies, procedures, and technical specifications to ensure hospitals and other entities have a clear understanding of what is required to comply with DxF. Tying DxF compliance to contracting with these state agencies at this time is, at a minimum, wholly premature.

CHA looks forward to continuing to work with the author's office to discuss these and other crucial aspects of the proposal.

Sincerely,



Mark Farouk
Vice President, State Advocacy

cc: The Honorable Members of the Senate Health Committee
Terri Boughton, Consultant, Senate Health Committee
Joe Parra, Consultant, Senate Republican Caucus