



Office of the Governor

ARNOLD SCHWARZENEGGER
THE PEOPLE'S GOVERNOR

EXECUTIVE ORDER S-06-07

03/14/2007

WHEREAS the State recognizes the vital importance of ensuring that Californians can make informed choices about the health care services they purchase based on the quality and value of those services; and

WHEREAS consumers currently lack the information tools to compare physicians, hospitals and health plans on the basis of cost and quality because the comparative data is nonexistent or not meaningful; and

WHEREAS the State is committed to improving the access to, quality and effectiveness of these health care services provided to Californians; and

WHEREAS the State believes that transparent data on health care quality and pricing can stimulate competition in a way that increases the quality and value of health care services, while reducing the cost of care; and

WHEREAS the State realizes the potential of health information technology to provide the tools that can aid health system participants to improve the quality and affordability of health care services; and

WHEREAS the State has established a goal to achieve 100 percent electronic health data exchange among payers, health providers, consumers of health care, researchers, and government agencies in the next 10 years; and

WHEREAS purchasers, including the State, are key to improving the transparency and accountability of health care and the state is a major purchaser of health care, through Medi-Cal, the Healthy Families Program, and the California Public Employees Retirement System; and

WHEREAS on August 22, 2006 President George W. Bush signed executive order "Promoting Quality and Efficient Health Care in Federal Government Administered or Sponsored Health Care Programs" directing federal agencies to encourage adoption of health information technology, increase transparency of quality of pricing information, and promote quality and efficiency of health care services; and

WHEREAS this executive order is consistent with State priorities in health information technology, cost containment, and quality improvement; and

WHEREAS private sector entities are currently engaged in health information technology development, quality and price transparency projects, and quality and efficiency improvement efforts; and

WHEREAS thousands of physicians in organized delivery systems currently successfully participate in nationally-acclaimed private sector pay for performance initiatives; and

WHEREAS public sector entities are currently engaged in regional initiatives in chronic disease management, health information technology, performance measurements and provider tools; and

WHEREAS collaboration between the public and private sector is essential for development of policies and creation of information systems necessary to accomplish the goals set forth in the President's executive order in ways that meet the needs of the diverse array of stakeholders.

NOW, THEREFORE, I, ARNOLD SCHWARZENEGGER, Governor of the State of California, by virtue of the power and authority vested in me by the Constitution and statutes of the State of California, do hereby issue this

Order and direct as follows:

1. The Secretaries of the Health and Human Services Agency and the Business, Transportation and Housing Agency and the State Chief Information Officer shall convene a workgroup of key public and private stakeholders, including representation from the California Public Employees Retirement System, foundation, patient advocacy groups, providers, health plans.
2. The workgroup shall be convened by April 16, 2007, to solicit input and participation in the development of the comprehensive strategy the State will undertake to increase quality, strengthen health care transparency and increase accountability in public and private health care delivery systems.
3. The following are key actions the State will pursue to advance the adoption of health information technology increase transparency of quality and pricing information, and promote quality and efficiency of health care services:
 - o Provide State leadership and coordination of the health information technology related efforts to achieve 100 percent electronic health data exchange;
 - o Accelerate the use of health information technology, leveraging State purchasing power, including support for uniform interoperability standards and adoption of health information technologies, such as e-prescribing;
 - o Leverage improved health care outcomes and quality improvements via Medi-Cal reimbursement policies;
 - o Encourage public and private sector purchasers to require the measurement and reporting of provider performance and the aggregation of data for quality transparency and consumer choice;
 - o Collaborate with private and public entities to develop a quality reporting mechanism through the Office of the Patient Advocate;
 - o Strengthen the ability of the Office of Statewide Health Planning and Development to collect, integrate and distribute data on health outcomes, costs, utilization and pricing for use by purchasers, health plans, providers and consumers to help inform and drive decision making. Pricing information will be developed with thoughtful consideration and using appropriate stakeholder participation and research;
 - o Examine appropriate opportunities to promote private and public sector efforts to develop, implement and evaluate programs that align incentives between health plans and providers to improve performance in the areas of quality and efficiency of health care; and
 - o By December 31, 2007, develop with stakeholders, including representatives of patients, physicians, hospitals, long-term care providers, pharmacists, payers and other appropriate stakeholders initial performance metrics to measure the success of health care transparency and accountability implementation activities undertaken by public and private health care purchasers.

IT IS FURTHER ORDERED that agencies under my direct executive authority shall cooperate in the implementation of this Order. Other entities of State government not under my direct executive authority, including the Insurance Commissioner, the University of California, the California State University, California Community Colleges, constitutional officers and legislative and judicial branches are requested to assist in its implementation. In particular, the California Public Employees Retirement System is the major purchaser of health care for State active and retired employees and is in a unique position to facilitate the implementation of health care transparency and accountability in the delivery of care. Therefore, the California Public Employees Retirement System is requested to participate in this collaborative effort and to assist the Secretaries and the Chief Information Officer in the implementation of this Order.

This order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its departments, agencies or other entities, its officers or employees, or any other person.

IT IS FURTHER ORDERED that as soon as hereafter possible, this Order shall be filed with the Office of the Secretary of State and that widespread publicity and notice shall be given to this Order.



IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 14th day of March 2007.