



California
CHAPTER

LEGISLATIVE REPORT #298

Healthcare Reform – What Lies Ahead For 2018

March 16, 2018: This Legislative Report is intended to bring readers up to date on legislation being pursued and considered related to the pursuit of universal

health coverage and a single payer health system. I will outline a recent report commissioned by the Assembly and released by UCSF on pathways to universal coverage as well as legislation introduced and being considered in this area.

The California Nurses Association (CNA) have been strong and aggressive advocates for the state to move to a single payer health system. They are the sponsors of SB 562 (Lara) introduced last year to establish a single payer system but the bill lacked significant details around the implementation and funding which has led to it stalling out in the Assembly. In large part due to the aggressive nature of CNA with Legislators on SB 562, the Assembly created the Select Committee on Health Delivery Systems and Universal Coverage. The Committee is co-chaired by Assemblymember Joaquin Arambula, MD, an emergency physician, and Assemblymember Jim Wood, DDS, who also is the Chair of the Assembly Health Committee.

This select committee held six hearings between October 2017 and February 2018 to look at many aspects of our current healthcare system, other states' and countries' healthcare systems, as well as explore possible pathways California could take to reform our healthcare system and move towards more of a "universal healthcare system". The Select Committee worked with UCSF to issue a report titled "A Path to Universal Coverage and Unified Health Care Financing in California"

<http://healthcare.assembly.ca.gov/reports>. This report is a summary of those hearings and outlines a pathway the State may want to pursue.

Pathways:

Short Term Steps

Improve coverage by using state funds to:

Expand Medi-Cal coverage to income-eligible undocumented adults.

This is being pursued in SB 974 (Lara)

Extend Covered California premium tax credit assistance to undocumented individuals.

Assemblymember Wood has introduced AB 2517 to pursue this idea.

Improve affordability:

Address affordability and participation for those already eligible for Medi-Cal and Covered California.

Senator Hernandez has indicated he is considering legislation to increase state subsidies to help consumers afford insurance. This will be in SB 1255.

Limit out-of-network prices for hospitals benchmarked to a specified ratio of the price paid by Medicare for similar services.

Improve access:

Increase the amount of Medi-Cal payment rates.

Assemblymember Gray has introduced AB 2203 which increases Medi-Cal rates for primary care services to 100% of Medicare.

The California Medical Association is strongly advocating for increasing all provider rates to 100% of Medicare.

Explore a Medicaid Public Option.

Assemblymember Wood has indicated this is an idea he likes and may pursue.

Simplify the consumer choice process by requiring each fully insured product in the large group market to be either a bronze, silver, gold or platinum plan as defined by Covered California. Senator Hernandez has introduced SB 910 to get rid of "short term duration" plans.

Increase transparency:

Require hospitals and larger medical groups to post information on the average prices received from people covered by ESI, Covered California, Medicare and Medi-Cal.

This has been pursued by Senator Hernandez in the past and may again show up this year.

Establish an all-payer claims database.

This has been pursued by Senator Hernandez in the past and may again be pursued this year.

A roadmap for a broader transformation of California's health care system

California could embrace a goal of guaranteed access to health care for all through unified public financing that improves health outcomes and keeps costs for the state and its residents in check. To achieve that goal, several preconditions would need to be satisfied:

Diverse stakeholders must develop a sense of shared purpose and mutual responsibility to advance a health system that works well for all Californians

Data must be collected and analyzed to better understand the status quo and to explore how a new system could be monitored and managed

State budgetary implications must be modeled; financial risks must be assessed and mitigated

State constitutional amendments would need to be approved by the voters

Federal statutory changes and waivers would need to be obtained

Beyond the ideas put forward by the UCSF report there are a number of other bills being pursued in this area which I detail below.

It is also important to mention there are 5-10 "spot" bills which will be amended over the next month which will also be in the area of healthcare reform.

AB 595 (Wood) – This bill gives authority

to the Department of Managed Healthcare to approve health plan mergers. They may reject a merger if they believe it will negatively impact consumers.

AB 2499 (Arambula) – This bill would change

the medical loss ratio from 85/15 to 90/10. This would require health plans to spend at least 90% of the premiums they collect on providing medical care and quality improvements and only 10% on overhead costs.

SB 1021 (Wiener) – This bill would eliminate

the sunset date on caps for co-pays on drugs to \$250.

Rumored Legislation that could be amended into a "spot" bill

Enact State Individual Mandate

Rate regulation of health plans.