



February 27, 2019

The Honorable Jim Wood
Chair, Assembly Health Committee
State Capitol, Room 6005
Sacramento, CA 95814

AB 290 (Wood)
Position: Opposed

Dear Assemblymember Wood,

On behalf of the members of the Merced-Mariposa County Medical Society (MMCMS), we write to in opposition to AB 290.

This bill establishes requirements for any entity making third-party premium payments if the entity is a provider of services that receives a direct or indirect financial benefit from the third-party payments or, is an entity that receives a majority of funding from one or more financially interested health care providers.

AB 290 will decrease access to dialysis clinics for patients in rural and urban medically underserved areas, where there are fewer commercially insured patients. Since AB 290 will hinder a low-income patient's ability to receive charitable premium assistance for End-Stage Renal Disease (ESRD), the loss of just a few commercial patients in a medically underserved area will result in the closure of that dialysis clinic. According to the American Kidney Fund, approximately 350 California patients with employer group health plans obtain charitable premium assistance to maintain enrollment in private qualified health plans. The average household income for these Californians receiving premium assistance is less than \$20,000 annually, and 59% of these patients are minorities, primarily Latino and African-American. Furthermore, the American Kidney Fund opines that AB 290 will jeopardize access to care for approximately 2,660 Californians who receive charitable premium assistance for out-of-pocket costs associated with their Medicare plans.

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MMCMS is opposing AB 290 because it links private sector payor's fee schedules to Medicare reimbursement rates. Although the bill limits this linkage to entities which receive most of its funding from financially-interested providers, MMCMS opposes efforts to establish government reimbursement rates in the private sector. In short, AB 290 sets rates by including language that mandates that providers who treat patients that receive charitable assistance to temporarily maintain commercial insurance for their family, will receive Medicare reimbursement rates even though the health care service plan or health insurer has already collected a commercial-market based monthly insurance premium. This provides a windfall of revenue to health plans and health insurers with no requirement that the revenue be passed on to consumers in the form of lower insurance premium rates. This also takes resources out of the health care system and redirects it to the shareholders and CEO's of health care plans and health insurers, while allowing the health plan or health insurer to circumvent agreed upon contracts between the insurers and the providers. Reimbursement rates are vital material terms in contracts, and AB 290 would retroactively alter these material terms fairly negotiated by two competent parties.

MMCMS opposes AB 290 because after forcing patients and charity organizations to fulfill substantial new consumer protections, transparency requirements, and reimbursing providers less than their already negotiated contractual rate, the bill provides the health plans and health insurers all the information in order to cancel or refuse to renew an existing enrollment for a reason other than the source of a premium payment.

Finally, by providing the health plans a mechanism to deny coverage for patients with ESRD, AB 290 will result in increased costs for California taxpayers. According to David Maxwell-Jolly, a respected fiscal analyst, AB 290 would result in thousands of ESRD patients losing assistance for coverage. He determined that this shift from private insurance coverage to government health care will cost taxpayers up to \$12.7 million annually.

For these reasons, MMCMS respectfully opposes AB 290. Thank you in advance for your consideration of our position. If you have any questions, please do not hesitate to contact Chrisy Muchow, our Executive Director at (209) 723-2976.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tahir Yaqub', with a stylized flourish at the end.

Tahir Yaqub, MD
President

cc: The Honorable Members of the Assembly Health Committee Kristine Mapile, Consultant,
Assembly Health Committee Alex Khan, Consultant, Assembly Republican Caucus