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CA Assembly Passes Bill to Rein in Outsized Costs in Dialysis, Drug Treatment Industries

Legislation Protects Californians from Higher Health Care Costs

SACRAMENTO, Calif. – The California State Assembly today passed legislation by a bipartisan vote to contain costs in the dialysis and drug treatment industries that currently result in higher health care costs for all consumers.

“We need to stop third-party healthcare providers from profiteering by taking advantage of vulnerable and unsuspecting patients who need life-saving treatment,” said Assemblymember Jim Wood, the author of [AB 290](#). “Their profit-inflating schemes do nothing to improve the care of kidney patients or those recovering from addiction. This legislation will hold these two industries accountable while safeguarding critical financial assistance to patients in need.”

AB 290 is supported by Health Access California, the California Labor Federation, SEIU California, California Association of Health Plans, and the Association of California Life and Health Insurance Companies and now goes to the Senate for consideration.

Some drug rehabilitation centers lure patients to California with the promise of free treatment. The centers pay for patients’ health insurance premiums, allowing the owners to submit inflated and sometimes unnecessary medical claims at much higher reimbursement rates than what Medicare and Medi-Cal provide. This results in higher health care costs for everyone and in some cases, strands patients out-of-state once their treatment ends.

Large dialysis companies also use the promise of grants from a non-profit organization called the American Kidney Fund to entice dialysis patients to enroll in commercial health plans, rather than get their coverage from Medicare or Medicaid. The dialysis corporations benefit from such a move because they charge patients with private insurance as much as 350 percent more than those covered by Medicare or Medicaid.

The profit-boosting scheme is highly lucrative. In California, for example, the American Kidney Fund paid the premiums of approximately 1,900 dialysis patients in 2017. Nationally, dialysis corporation DaVita reported the practice generated between [\\$495 million and \\$540 million in](#)

[profit](#) in 2017 – which is far more than if those same patients were covered by Medicare or Medicaid.

Under the legislation, financially interested third parties, such as the American Kidney Fund and drug treatment facilities, may still offer premium assistance to patients, but the bill removes the financial incentive to steer patients into coverage motivated by the financial interest of the dialysis or drug treatment industries.

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