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# **Senate Health Committee Passes Bill to Address Runaway Costs in Dialysis, Drug Treatment Industries**

## *Legislation Will Rein in Third Party Profiteering Scheme*

SACRAMENTO, Calif. – The Senate Health Committee passed legislation today to address runaway costs and rein in a profiteering scheme by third party health providers – including in the dialysis and addiction treatment industries.

“As the cost of healthcare continues to skyrocket in California, we need to do more to keep providers from gouging consumers,” said Assemblymember Jim Wood, the author of AB 290. “In too many cases, critically ill patients are seen as cash cows, not as people who desperately need life-saving treatment.”

AB 290, which will next be considered by the Senate Appropriations Committee, 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. The California Legislature passed a similar bill in 2018 with bipartisan support.

Currently, some drug rehabilitation facilities and dialysis industry funded charitable organizations such as the American Kidney Fund pay health plan premiums on behalf of their patients and then submit inflated and unnecessary medical claims demanding reimbursement many times higher than the cost of care.

Under AB 290, financially interested third-parties, like drug addiction treatment facilities and industry-funded charitable organizations such as the American Kidney Fund, may still offer premium assistance to patients, but it prevents these third party health providers from charging exorbitant prices, which increases healthcare costs for all Californians.

In the dialysis and drug treatment industries, the private insurance scheme is highly profitable, enabling the companies to charge far more than they would be paid by Medicare or Medi-Cal for the same treatment.

AB 290 will increase consumer protection and provide transparency to health plans about where the payments for treatment are coming from, and remove the financial incentive of third-party health care providers to bill health plans for inflated and unnecessary medical claims.

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