

# **PRESS RELEASE:**

## **California Governor Signs Bill to Rein in Profiteering Schemes by Dialysis, Drug Treatment Industries**

**SACRAMENTO, Calif.** – California Gov. Gavin Newsom signed [Assembly Bill 290](#) today, a law that will stop a profiteering scheme used most notably by certain dialysis and addiction treatment centers.

Currently, some drug rehabilitation facilities and a dialysis industry-funded charitable organization, the American Kidney Fund, pay health plan premiums on behalf of their patients, which allows healthcare providers to submit inflated medical claims. These claims are many times higher than the cost of care and far more than they would be paid by Medicare or Medi-Cal for the same treatment. The practice drives up the cost of healthcare for all Californians.

“This is a great day for all California consumers who have been footing the bill for too long, paying more for their health care and premiums because of these inflated and unscrupulous medical insurance claims,” said Assemblymember Jim Wood (D-Santa Rosa), the author of Assembly Bill 290. “This law is simply overdue, and today, I am pleased we will now be able to prevent these shadowy third-party health care providers from abusing the health care system with their scams and jeopardizing access to quality and affordable health care for everyone.”

AB 290 had been amended to ensure patients who currently receive financial assistance through the American Kidney Fund would be able to retain their private healthcare coverage, and that the law would not take effect until January 2022.

Under the law, addiction treatment centers and dialysis providers would be prevented from submitting inflated claims for reimbursement. Rather, the reimbursement rates will be capped at the same amount they would receive from Medicare.

The law is supported by the California Labor Federation, SEIU California, Health Access California, California Association of Health Plans, and the Association of California Life and Health Insurance Companies.

Learn more on our [fact sheet](#), infographics about the [profiteering scheme](#) and the [facts about patient coverage](#), and on our [explainer video about AB 290](#).