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ASSEMBLY HEALTH COMMITTEE PASSES BILL TO STOP THIRD PARTY PAYER SCHEME FROM DRIVING UP HEALTH CARE COSTS FOR ALL
AB 290 Will Increase Consumer Protection, Rein-In Inflated Medical Claims in Dialysis and Drug Rehabilitation Industries

Sacramento, CA – Legislation designed to increase consumer protection by reining-in a profiteering scheme operated by the dialysis and drug rehabilitation industries passed the Assembly Health Committee on a bipartisan vote.

AB 290 would prevent certain dialysis providers and residential treatment centers throughout California from profiteering by shifting patients into commercial health coverage to receive higher reimbursements for what are often inflated and unnecessary medical claims. This practice has been particularly harmful to Californians suffering from opioid addiction and kidney failure.

"Runaway costs in health care affect everyone," said Assemblymember Jim Wood, author of AB 290. "I'm committed to protecting patients so they get the care they need, but I'm not interested in protecting dialysis companies from continuing a practice for their own benefit and billion-dollar profits. I'm tired of these companies abusing the health care system, and when opponents of AB 290 try to make this issue complicated – it's just not. Profiteering at the expense of health care consumers is immoral and it should be seen only for what it is – a self-serving practice that unnecessarily inflates health care costs for everyone."

"AB 290 will help to crack down on certain industries that are gaming the health care system for their own gain," said Charles Bacchi, president and CEO of the California Association of Health Plans. "These tactics drive up health care costs for everyone and put patients in jeopardy. This bill will protect patients and improve affordability."

AB 290 protects patients by:

- Setting requirements for a person or company that purchases or pays for health insurance on behalf of someone else if the purchaser stands to benefit financially from that health insurance policy (also known as "third-party payers").

- Establishing safeguards to protect patients who get caught up in these schemes and removes the financial incentive for unscrupulous providers to submit inflated medical claims.

- Requiring financially interested third-party payers to disclose to the patient and the health plan their intention to pay a patient's premiums, and requiring financially interested third-party payers to pay premiums for the full plan year, even if a patient stops treatments that benefit the provider (in order to ensure continuity of care for patients).

- Prohibiting financially interested third-party payers from billing a patient for the difference between a Medicare rate and the contracted rate.

- Removing the financial incentive for third-party providers who directly or indirectly pay for a patient's health insurance premiums by setting the reimbursement rate to whichever is lower, the Medicare rate or the rate set by the patient's health insurance policy. The Department of Managed Health Care and the California Department of Insurance would be able to fine financially interested providers that try to evade the bill's requirements.

AB 290 supporters include the California Association of Health Plans, SEIU California, Health Access California, Association of California Life and Health Insurance Companies, California Labor Federation, and the Pacific Business Group on Health.

The bill will next be heard by the Assembly Appropriations Committee.

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