

# FIRST DO NO HARM



California Association of  
**Health Plans**

**Shortsighted efforts to force health plans to hand over premium dollars to providers for non-medical services could further damage our health care system during a critical time**

**Premium dollars paid by employers, small businesses, and health plan enrollees should be preserved to ensure COVID-19 care can be covered.**

Early in the pandemic, **health plans stepped up to assist our provider partners in myriad ways, including extending billions of dollars in financial assistance.** Now, some provider groups are pushing proposals to mandate that health plans hand over premium dollars for non-medical services. These proposals fail to recognize the current **rush in claims for elective and non-urgent procedures due to pent-up demand**, and how **weekly outpatient care visit counts are now slightly exceeding pre-pandemic levels.**

RECENT ANALYSIS BY HARVARD UNIVERSITY RESEARCHERS  
**of over 50 million outpatient visits,**  
found that care is returning to and even exceeding pre-pandemic levels.

Recent studies are starting to reveal the real costs health plans must be prepared to cover in treating COVID 19 patients, while information regarding long-term health impacts on those recovering from the virus is just coming to light.

**The following factors will impact projected utilization and costs in unpredictable ways:**

- Potential surges as stay-at-home orders begin to lift
- A resurgence in medical care due to pent-up demand
- Future COVID-19 treatment and vaccine costs

**Forcing health plans to divert critical premium dollars from patient care to providers' pockets for non-medical services is a dangerous idea considering the mounting costs of COVID-19 hospitalizations and treatment.**

COVID-19 costs in California are estimated to be

**\$2.4 BILLION**

*six times the annual cost of influenza in the state.*

COVID-19 hospitalization costs paid by health plans range from **\$31,000 to \$108,000 per person.**

Source UC Berkeley 2020 Study

# Shortsighted Proposals Threaten Access to Care for 26 Million Californians

SB 242 would create a permanent mandate for health plans and insurers to pay for providers' overhead business expenses without ties to any public health emergency or demonstrated business need.

Evidence shows that provider-patient loads have rebounded and billions of dollars in support are going to providers.	Health plans must be able to plan financially for the increase in care that the COVID-19 pandemic is bringing.	Significant harm could be caused to our health care financing and delivery system if health plans are forced to divert premium dollars to providers.
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## A Closer Look at Provider Funding During the Pandemic

Health plans supported the below federal funding to healthcare providers.

<b>Over \$3 billion</b> in direct support to California providers so far via the CARES Act. (Source: CDC)	<b>\$8.8 billion</b> has been distributed to over 49,000 California physicians and medical groups through the Provider Relief Fund established by HHS and does not need to be repaid.
<b>\$8.9 billion</b> to California providers and hospitals in accelerated and advanced payments from HHS.	
<b>\$150,000 to \$10 million</b> range of Federal loans to provider groups through the U.S. Paycheck Protection Program (PPP).	<b>\$75 billion</b> was allocated last year to hospitals nationwide under federal relief legislation.
<b>\$8.5 billion</b> recently approved by Congress to support rural hospitals hit hard by the pandemic.	

Health plans have advocated that Congress continue to push for timely disbursement of federal funds to hospitals and providers on the front lines, including independent practices and rural facilities.

## California's Health Care Providers already are receiving \$4.5 Billion per month from Health Plans, regardless of patient volume

Hospitals and doctors are paid in part based on a Capitated Model, which are voluntary contracts under which plans make periodic payments to providers. These payments are not tied to patient volume, so payments have continued to flow from health plans to providers during the pandemic. An analysis of CAHP's 46-member health plans' payments to providers over two years found:

Year	Yearly Capitated Health Plan Payments to Providers	Monthly Capitated Health Plan Payments to Providers
2019	\$55 billion	\$4.6 billion
2018	\$53 billion	\$4.4 billion