

5 Ways Health Plans are Supporting California's Hospitals



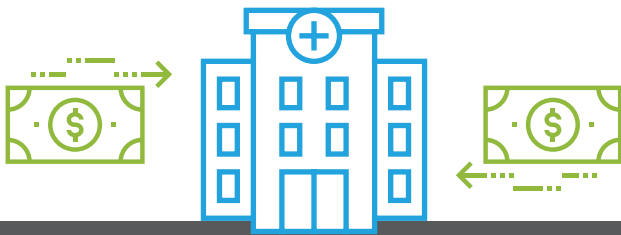
California Association of
Health Plans

California's health plans are fully dedicated to working with the hospital community to meet the needs of all patients in the communities we serve.

Health plans take many important actions and follow strict regulations to ensure patients receive high quality and timely hospital care. Here are five ways health plans are supporting California's hospitals:

1 Providing Monthly \$4.5 Billion Payments:

Health plans pay most hospitals each month through a "capitated payment model." These are voluntary contracts that help keep hospitals operating by receiving a continuous flow of money from health plans every month regardless of patient volume.



2 Paying Claims within 30-45 Days:

Timely Care Standards require health plans to promptly reimburse hospitals in a timely manner. Health plans strictly adhere to all the claims payment and utilization management requirements set out in the Knox-Keene Act including paying complete claims within 30-45 days. If a health plan fails to pay a claim on time, they must pay interest and financial penalties.



3 Paying hospitals on time 95% of the time:

Timely care standards also require that health plans pay claims on time 95% of the time or they will be placed on a Corrective Action Plan.



4 Support For MCO TAX Funding:

Health plans recently supported the Managed Care Organization (MCO) tax which directs **\$200 million** of the tax revenue towards setting up the distressed hospital loan program and the Small Rural Hospital Relief Program.

5 Providing Emergency Grants to Hospitals (a few examples):

\$2 MILLION GRANT: One California health plan recently provided a **\$2 million emergency grant** to Catalina Island's only hospital to help keep the hospital open.

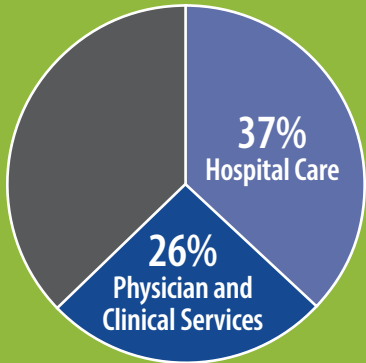
Billions in COVID-19 Grants and financial support:

Health plans extended billions of dollars in financial assistance and stabilizing grants during the height of the COVID-19 pandemic. Health plans also advocated for emergency federal funding for physicians and hospitals helping them secure more than **\$170 billion in direct federal aid** since 2020, **\$100 billion in low interest loans**, and a **20% boost in Medicare reimbursements** for inpatient admissions.

Did You Know?

A Closer Look at Hospital Costs

Premiums Tied to Medical Costs



Hospital Care accounts for **37%** of overall health care spending in California.

Source: CHCF

Hospital prices have **increased by 600% since 1990** and hospital care now represents the largest share of total health care costs.**

Hospital care is the **largest cost-driver** of health plan premiums.



A recent national survey found that **80% of voters** say hospital prices are unreasonable.*

75% of voters said the prices that hospitals and doctors charge privately insured patients for medical services are **too high** relative to Medicare.*

More than 7 in 10 voters support aggressive action to lower hospital prices, including limiting the prices that hospitals can charge privately insured patients to two times what Medicare pays.*



Although many rural hospitals in California are facing financial losses, most large urban hospitals are financially healthy.

Health plans continue to pay the lion's share of hospital costs and remain deeply committed to fulfilling our obligations to the patients we cover and the individual and employer customers we serve.



Significant harm could be caused to our health care financing and delivery system if health plans are forced to diminish patient safety and affordability measures.

*<https://www.arnoldventures.org/stories/new-poll-majority-of-voters-support-aggressive-congressional-action-to-lower-hospital-prices>

**<https://healthcostcrisis.org/references.html>