

2019 LEGISLATIVE SESSION

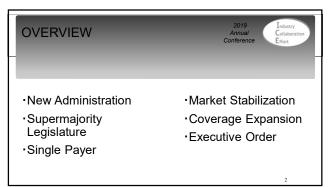
YEAR END REVIEW

Exec. V.P. Government Affairs Americas Physician Groups

California Hospital Association

V.P. Legislative Affairs California Association of Health Plans

1



2

STATE BUDGET Health California for All Commission – Renamed the existing Council on Healthcare Delivery Systems to the Council for All Commission, and adjusts the responsibilities to evaluate options to transition to a single-payer health care financing system Optional Benefits – Restored the following optional Medi-Cal benefits: audiology, incontinence creams and washes, optical, podiatry, and speech therapy Maternal Mental Health – Extended Medi-Cal coverage from 60 days to 1

year for women with post-partum depression

STATE BUDGET

2019
Annual
Conference

Industry
Collabora
Effort

- Undocumented Expansion Extended Medi-Cal Coverage to young adults up to age 26
- Senior Penalty Increased the income eligibility for Medi-Cal's Aged and Disabled program up to 138% of the FPL
- Pharmaceutical Executive Order Included budget trailer bill language to require DHCS to conduct Stakeholder meetings regarding the carve out of the pharmacy benefit from Medi-Cal managed care
- MCO Tax Reauthorized the MCO Tax

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4

CALIF. INDIVIDUAL MANDATE SB 78

2019 Annual Conference



- The California law imposes a tax penalty on any state resident who fails to maintain minimum essential coverage (MEC) for themselves and their dependents
- The tax penalty for failing to maintain MEC won't apply to certain individuals whose premium contribution for health coverage exceeds 8.3% of their household income for the taxable year
- The tax penalty is applied for each month without coverage, and is approximately one-twelfth of the state average premium for bronze level coverage for the applicable household size
- Beginning Jan. 1, 2020, California will provide additional premium subsidies to state residents who qualify for federal premium credits and earn between 4,00% and 600% of the FPL \$50,000 to \$75,000 for a single individual and \$103,000 to \$155,000 for a family of four.

 5

5

FOCUS ON HEALTH PLAN BILLS – *NICK*

2019 Annual Conference



- AB 731 (Kalra) Rate Review
- AB 929 (Rivas) CA Health Benefit Exchange Data Collection
- AB 1642 (Wood) Medi-Cal: Alternative Access Sanctions

6

AB 731 RATE REVIEW - REQUIREMENTS



- Expands rate review to large group health plan contracts, as specified.
- For large group products a health plan shall file the methodology, factors, or assumptions that would affect the rates paid by a large group.
- For large groups, the DMHC shall determine whether the methodology, factors, and assumptions used to determine rates are unreasonable or not justified no later than 60 days following receipt of all the information the department requires to make its determination.

7

AB 731 RATE REVIEW - REQUIREMENTS

2019 Annual



- Allows a large group contract holder to apply to DMHC to review a rate change and determine if it is unreasonable or not justified, if the contract holder has more than 2,000 total enrollees; or, the plan failed to provide specified information.
- Requires the DMHC to use reasonable efforts to complete the review within 60 days of receiving all the information required to make a determination.
- Requires health plans and insurers to notify the contract holder if a large group contract or policy rate has been determined unreasonable by DMHC.
- If a plan fails to provide all the information required, the bill specifies that the rate is unjustified.

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8

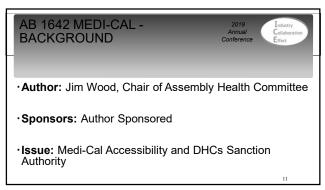
AB 731 RATE REVIEW - REQUIREMENTS

2019 Annual Conference



- Requires a health plan to disclose specified information in rate filings by geographic region for individual
 and group contracts, including the price paid for specified services compared to the price paid by the
 Medicare Program for the same services in each benefit category.
- A change on premium rates or changes in coverage stated in a large group health plan contract shall not become effective unless plan sends written notice at least 120 days before the contract renewal date.
- Changes the time frame for an existing public meeting requirement related to the large group market from annual to every even numbered year for DMHC (SB 546).
- Makes contracted rates between a health plan or health insurer, and a large group, confidential information exempt from disclosure under the California Public Records Act.

AB 929 CHBE DATA COLLECTION REQUIREMENTS - Establishes Covered California as a Health Oversight Agency and grants board authority to engage in oversight activities relating to the Exchange. - Requires QHPs to report to Covered California information on cost reduction efforts, quality improvements, or disparity reductions. - Covered California is required to publicly report these measures by QHP (on and off exchange – individual and small only). - Plans would be required to report: - Enrolee data (demographic, coverage, premium, product, network, and benefit) - Enrounter data - Quality measures - Performance improvement strategies - Payment methods (including contracted rates)



AB 1642 MEDI-CAL — 2019 Industry Collaboration
REQUIREMENTS - OVERVIEW Conference Effort
Makes a number of shapes to the Medi Cal managed care.
Makes a number of changes to the Medi-Cal managed care: Time and distance standards. Reporting in order to improve the delivery and utilization of services in the Medi-Cal program.
services in the Medi-Lai program. DHCS existing administrative and financial sanction and contract termination authority of prepaid health plans. Instead, this bill requires those authorities, as specified, to apply to any entity that contracts with DHCS for the delivery of health care services,
requires those authorities, as specified, to apply to any entity that contracts with DHCS for the delivery of health care services, including Medi-Cal managed care plans (MCPs), mental health plans, Drug Medi-Cal services providers, and others.
plans, Drug Medi-Cal services providers, and others.

AB 1642 MEDI-CAL -REQUIREMENTS – ALTERNATIVE **ACCESS**



- Beginning July 1, 2020, requires a Medi-Cal MCP requesting an alternative access standard for time and distance to include, a description or how the Medi-Cal MCP intends to arrange for beneficiaries to access covered services if the health care provider is located outside of the time and distance standards.
- Beginning July 1, 2020, demonstrate annually in their reports on compliance with the time and distance and appointment time standards and how the MCPS arranged for the delivery of covered services outside of the time and distance standards
- Requires Medi-Cal MCPs annually report compliance with the time and distance standards to measure compliance separately for adult and pediatric services for primary care, behavioral health, and core specialist services.
- Requires DHCS to include in their evaluation of an alternative access standard request to evaluate and determine whether the resulting time and distance is reasonable to expect a beneficiary to travel to receive care.

13

AB 1642 MEDI-CAL REQUIREMENTS – ALTERNATIVE Annual Conference ACCESS CONT'D



Requires MCP, to assist an enrollee who must travel farther with obtaining an appointment with an appropriate out-of-network provider within the existing time and distance and appointment time standards, by doing the following:

- Make its best effort to establish a member-specific case agreement with an appropriate specialist provider
 Arrange for an appointment with a specialist within the Medi-Cal MCP's network and within the time and distance standards

Exempts the Medi-Cal MCP from assisting the beneficiary to obtain an appointment if there is not a specialist provider within the applicable time and distance standard or the Medi-Cal managed has attempted to establish a member-specific case agreement for the enrollee and the provider refused to enter into the agreement.

14

AB 1642 MEDI-CAL – REQUIREMENTS – ALTERNATIVE ACCESS CONT'D



- Requires a Medi-Cal MCP that has received approval for an alternative access standard to inform its members of the approved alternative access standards in a manner and timeframe determined by DHCS.
- Requires the EQRO to include, as part of the review of a Medi-Cal MCP and its time and distance standards, in addition to the requirements under existing law, for any approved alternative access standards, whether a provider was not located within the requested ZIP code or the Medi-Cal MCP was unable to enter into a contract with a provider in the requested ZIP code

AB 1642 MEDI-CAL -**REQUIREMENTS - SANCTIONS**



- · Sanction Categories:
- Failure to comply with Medi-Cal contract or state and
- federal laws and/or regulations

 Defines good cause to include any finding where the health plan has failed to provide health care services, discriminated against and enrollee, or reason specified in the bill.

16

AB 1642 MEDI-CAL – REQUIREMENTS – PENALTIES



- Authorizes the Director, in lieu of terminating the contract, to require or impose a plan of correction and to issue one or more sanctions for noncompliance or good cause as specified in the bill
- Requires each beneficiary impacted by a violation to constitute a separate civil monetary penalty. Authorizes the Director to assess a separate civil monetary penalty for each day the contractor fails to correct an identified deficiency
- Requires the Director to consider specified nonexclusive factors when imposing civil monetary penalties

17

AB 1642 MEDI-CAL – REQUIREMENTS – PENALTIES



Penalties - Plan Activities

- Temporarily or permanently suspend enrollment and marketing activities;
- Require the contractor to suspend or terminate contractor personnel or subcontractors;
- Suspend default enrollment of enrollees who do not select a contractor for the delivery of health care services

CHA LEGISLATIVE HIGHLIGHTS 2019 Annual



Hospital Rate Regulation (AB 1611)

Halted momentum on bill that would have banned surprise billing for patients (a
measure that hospitals support), but also included a harmful provision that would
have set rates for insurance companies to pay hospitals for out-of-network
emergency care. This bill will resurface in 2020, and CHA will continue to oppose
rate regulation while supporting patient billing protections.

Workers' Compensation Claims (SB 567)

Defeated a bill that would have given workers' compensation benefits to hospital
employees with certain illnesses and injuries — including cancer, asthma,
musculoskelata linjuries, and others — unless the hospital could demonstrate the
employee did not contract the illness or injury at work.

19

CHA LEGISLATIVE HIGHLIGHTS Annual Conference



Nurse Staffing Ratio Penalties (SB 227)

- Requires the California Department of Public Health (CDPH) to impose administrative penalties of \$15,000 or \$30,000 for violations of nurse-to-patient staffing ratios.
- Provides hospitals with ability to avoid penalties if they can demonstrate the
 violation was due to "unpredictable" and "uncontrollable" circumstances, and
 prompt efforts were made to maintain required staffing level; and if, in making
 those efforts, the hospital immediately utilized its on-call list of nurses and the
 charge nurse.

20

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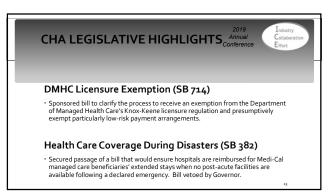
Hospital Seismic Safety (SB 758)

 Would offer relief from the state's outdated and stringent 2030 hospital seismic standards. At CHA's request, this bill has been extended into 2020 to fine-tune language. This will help ensure the provision of uninterrupted care following a disaster and will help assure wary legislators that the bill enhances hospitals' disaster response approach.

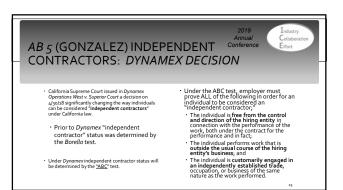
Independent Contractors (AB 5)

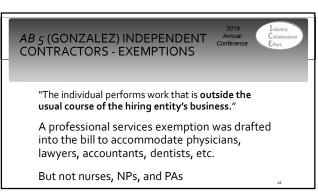
 Codifies and expands the *Dynamex* decision, which adopted an "ABC" test for determining independent contractor status. Substantially limits the use of independent contractors, including health care professionals. Also adopts a limited business-to-business provision that could adversely affect health care staffing agreements and contracts.

CHA LEGISLATIVE HIGHLIGHTS Annual Conference Containing Annual Conference Conference



*Employee v. Independent Contractors *Coverage Bills *Licensure Bills *Vaccination Exemptions

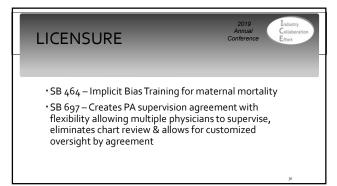




PROFESSIONAL SERVICES **Professional services" to be exempt requires employers to comply with a list of about a dozen factors that will be problematic for employers to satisfy. These factors include: **1) the business service provider is "free from the control and direction" of the contracting business entity; **2) the business service provider is "providing services directly to the contracting business rather than to customers of the contracting business;" **3) the service provider is customarily engaged in an "independently established business of the same nature as that involved in the work performed"; and **5) the service provider can "set its own hours and location of work."

AB 5 IS NOT RESOLVED YET... 2019 Annual Conference - So while "Physicians" are specifically excluded, the remaining problem of other health professionals remained open due to the ongoing kaiser Permanente labor dispute - "Professionals review" have the 22 factors that have to be made to meet the definition. But the factors make it impossible to comply with in the ILC setting. Eq. The second factor is factor to the contraction the intenses saffer that no customers' obviously doesn't fir in the IHC setting since patients a fent "customers". But this was intentional because of the Kaiser stale mate. Now that the dispute is resolved we could see legislation to fix that issue in 2020 - Sectors of gig economy preparing a ballot initiative. We will see multiple pieces of legislation for the next few years on issue of independent contractor. status in California. Likely litigation in this area.





VACCINATION EXEMPTIONS 2019 Annual Conference SB 276 AND SB 714 • SB 277 previously established stricter rules around school admission requirements on immunizations, but some physicians were developing "exemption mill" practices Senator Richard Pan, MD brought legislation to dramatically increase the oversight of physician exemptions, under SB 276 • Pandemonium ensued...an unprecedented level of civil disobedience • The DHCS Director lost her job over a social media posting

• The bill, along with SB 714, was passed and then signed by the Governor

- The Anti-Vaxxer movement has found a voice

31

REGULATORY DEVELOPMENTS

DMHC and DHCS

32



Cal-AIM Waiver Renewal Process: 'Combines existing MMC waivers and spas 'Transitions CalMedi-Connect to statewide DSNP plan requirement in all counties 'Embeds several care coordination pilots

into standard care delivery

34

2020 FORECAST

35

35

- AB 648 (Nazarian) Wellness programs: Oppose – Prohibits a health plan from offering an incentive to an enrollee based on adherence to a wellness program. The bill would establish and impose various requirements related to wellness program. Assembly Appropriations AB 1174 (Wood) Anesthesia Contracts: Oppose – Requires plans to report contract terminations or expirations with anesthesiologists to the Department of Managed Health Care. Allows for health plans to be fined if they do not have and maintain contracts with anesthesiologists as specified. Assembly Appropriations AB 1611 (Chul) Emergency Services Balanced Billing. Support if Amended – Prohibits an enrollee receiving ER services from an out-of-network hospital from paying more than the same cost sharing that the enrollee would pay for the same covered services received from a contracting hospital. Sets a default payment rate for the out-of-network hospital. Senate Health Committee

