



LOS ANGELES AREA
CHAMBER OF COMMERCE

HEALTH CARE



Chair: Augustavia Haydel, L.A. Care Health Plan
Chairs: James Garrison, Pacific Federal Insurance Corporation
Martin Gallegos, Hospital Association of Southern California
Jeff Shapiro, The Walt Disney Co.
Ellen Zaman, Children's Hospital of Los Angeles

Health Care Council Meeting April 6, 2018 10:00 a.m. – 11:30 a.m.

1. Welcome and Self-Introductions

2. Los Angeles Tackles Mental Health with Councilmember David Ryu

*Honorable David Ryu
Councilmember, Fourth District
City of Los Angeles*

Q&A with Councilmember Ryu

3. Discussion Item

- 2018 Advocacy Agenda

4. Action Item

- Dialysis Initiative: Presentation by Madison Nagle from Bicker, Castillo & Fairbanks

5. Upcoming Events

- Access Sacramento- May 22nd to May 23rd @ Citizen

*****Thanks to Pacific Federal for once again providing our breakfast!*****

Next Council Meeting

June 1, 2018 | 10:00 a.m. – 11:30 a.m.



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Honorable David Ryu
Los Angeles City Council, Fourth District

Los Angeles City Councilmember David E. Ryu represents the 4th Council District which includes the neighborhoods of Sherman Oaks, Toluca Lake, Hollywood, Hollywood Hills, Los Feliz, Silverlake, Miracle Mile, Hancock Park, Windsor Square, Larchmont and a portion of Koreatown.

Ryu studied economics at UCLA; Public Policy and Administration at Rutgers; won a prestigious United Nations graduate internship; and was a Netkal Fellow at USC's School of Social Work.

As Senior Deputy to Los Angeles County Supervisor Yvonne Burke, he worked for years on issues like public health, housing, children and family services, transportation and senior services. He helped oversee the County budget and worked for a time as a Special Investigator for the Auditor-Controller, rooting out waste and fraudulent expenditures.

Ryu returned to the non-profit world and served as Director of Development and Public Affairs at one of Los Angeles's largest non-profit health care providers: Kedren Acute Psychiatric Hospital and Community Health Center.

On July 1st, 2015 Ryu became the first Korean American to serve on the LA City Council and only the second Asian American.



SUMMARY of Fair Pricing of Dialysis Act

OVERVIEW:

California is home to over 66,000 dialysis patients and more than 570 licensed outpatient dialysis clinics. As of 2017 almost 30% of the clinics were located in LA County. Current law directs the Department of Public Health (DPH) to regulate such clinics and establish minimum staffing ratios. The initiative would require dialysis clinics to issue refunds for revenue above 115% of the average cost of dialysis treatment in CA plus healthcare improvement costs, such as staff training and patient education and counseling. Revenue earned above 115% cap would need to be refunded to patients or the patients' payers each year. Clinics that do not issue required funds within 210 days after the end of the fiscal year would be fined in an amount equal to 5% of their total required refunds, but not to exceed \$100,000.

LA Chamber opposed a similar bill, SB 349 (Lara), that would have created similar rules and regulations for dialysis care. This bill passed the Senate and is waiting to be voted on in the State Assembly.

Key Provisions of this Initiative

Specifically, the measure:

- Requires clinics, beginning in 2019, to provide rebates to commercial health insurers when total revenues exceed 115% of certain costs for direct patient care and treatment quality.
- Outlines a process for legal challenges against the measure's rebate provision as an unconstitutional taking of private property without due process or just compensation. If the courts rule in the clinic's favor, the clinics have the burden to propose an alternative revenue cap.
- Imposes a penalty of 5% on the amount of the rebates to the Department of Public Health to implement and enforce laws governing chronic dialysis clinics.
- Requires annual reports relative to the rebate provision that include the number of treatments provided, the amount of direct care and quality improvement costs, the amount of the revenue cap, the amount the revenues exceed the cap and the amount of rebates provided to payers.

Fiscal Impacts

State administrative costs of around \$1 million annually to be covered by increases in license fees on chronic dialysis clinics. State and local government savings largely associated with reduced government employee and retiree health benefits spending on dialysis treatment, potentially up to tens of millions of dollars annually

Arguments in favor:

- *Patient care is suffering*



- *Overcharging drives up costs*
- *Dialysis corporation profits are out of control*
- *some patients face additional hurdles*

Supporters: Californians for Kidney Dialysis Patient Protection, SEIU- United Healthcare Workers West,

Arguments in opposition:

- *The proposition limits what private health insurance companies pay for dialysis treatment in California. In doing so, this measure would dangerously reduce access to care for Californians with kidney failure who need dialysis treatment three days a week, three to four hours at a time, to survive.*
- *Reduced access for California's most vulnerable patients*
- *The definition of "patient care services costs" excludes many federally required and other critical parts of operating a clinic such as a facility administrator, physical medical director, nurse clinical coordinator, etc.*
- *This initiative will result in reduced appointment times and clinic closures in an already difficult environment with dialysis patients needing 3-4 days a week treatments. Research shows that missing even one dialysis appointment increases the risk of death for dialysis patients by 30%.*
- *All patients and taxpayers will be negatively affected. As dialysis clinics shut down, more patients will be going to more expensive hospitals or end up in emergency rooms from complications of missing appointments.*
- *The new government price controls set a dangerous precedent for California businesses. If proponents are successful, they will likely try to extend similar price controls to other health care providers and businesses.*

Opposition: Patients and Caregivers to Protect Dialysis Patients, Association of California Nurse Leaders, Minority Health Institute, Military Officers Association of America, California National Guard Association of California, California Chamber of Commerce Los Angeles County Business Federation (BizFed) Valley Industry and Commerce Association, United Chambers of Commerce of the San Fernando Valley Gateway Chambers Alliance Chambers of Commerce Alliance of Ventura and Santa Barbara Counties Fresno Chamber of Commerce