Health Care Council  
February 6, 2014  
10:00 – 11:30 AM

1. Welcome and Self Introductions

2. Health Care Reform: The Impact on L.A. County’s Community Clinic System

Special Guest:  
Louise McCarthy, President & CEO, Community Clinic Association of Los Angeles County

3. Action Item: Rate Regulation Ballot Measure

Special Guest:  
Laurel Kauffer, Member, Consumer Watchdog  
Brandon Castillo, Partner, Bicker, Castillo & Fairbanks


Special Guest:  
Tim and Tammy Smick, Members, Consumer Watchdog  
Brandon Castillo, Partner, Bicker, Castillo & Fairbanks

5. Discussion Item: Proposed 2014 ACCESS D.C. Federal Health Care Priorities

Upcoming Chamber Events:
- ACCESS DC, LA on the Hill: Monday, March 10th- Wednesday, March 12th

Next Council Meeting:  
Friday, April 4, 2014  
10-11:30 AM
Louise McCarthy
President and CEO
Community Clinic Association of Los Angeles County

Louise McCarthy is the President & CEO of the Community Clinic Association of Los Angeles County (CCALAC), where she represents the interests of LA area Community Clinics and Health Centers, and those they serve. Prior to taking this role, Ms. McCarthy served as CCALAC’s Vice President of Governmental Affairs for three years.

Before joining CCALAC, Ms. McCarthy was the Assistant Director of Policy for the California Primary Care Association, where she worked on statewide legislative, regulatory and administrative issues impacting California’s community clinics and health centers. She has also worked for the California Bureau of State Audits, conducting performance evaluations of state agencies, and for the Los Angeles Area Chamber of Commerce, analyzing policies affecting the business community.

Ms. McCarthy serves on the boards of the L.A. Care Health Plan, the California Primary Care Association, the California Family Health Council, California Health Interview Survey, the Workforce Investment Board of the City of Los Angeles, the Insure the Uninsured Project and the Southern California Clinical and Translational Science Institute. She holds a Masters in Public Policy from the UCLA School of Public Affairs.
“The Insurance Rate Public Justification And Accountability Act”
www.JustifyRates.org

What will the ballot measure do?

✔ Require health insurance companies to publicly disclose and justify, under penalty of perjury, proposed rate changes before they take effect.
✔ Make every document filed by an insurance company to justify a rate increase a public record.
✔ Require public hearings on proposed rate increases.
✔ Give Californians the right to challenge excessive and unfair premium rate increases.
✔ Prohibit health, auto and home insurers from considering Californians’ credit history or prior insurance coverage when setting premiums or deciding whether to offer coverage.
✔ Give the insurance commissioner authority to reject unjustified rate increases.
✔ Allow the insurance commissioner to order rebates for consumers and businesses that are paying excessive rates.

Why do we need to regulate health insurance rates?

Health insurance is becoming increasingly unaffordable for California families, but there’s no transparency in how health insurance companies set prices and no accountability for unjustified premium increases.

✔ The California HealthCare Foundation finds that insurance premiums in California have gone up 170% in the last decade – 5 times faster than the rate of inflation.
✔ Four health insurance companies – Kaiser, Anthem Blue Cross, Blue Shield of California, and Health Net – control 71% of California’s health insurance market.
✔ More Californians die every year because they are uninsured than from traffic accidents or homicides, according to Harvard researchers.

Do health insurers have to justify and get approval for rate increases in other states?

Yes. At least thirty-five states, but not California, already require health insurance companies to justify and get rate increases approved before they take effect.
What happens now in California when a rate increase is excessive?

Nothing at all. This year, one insurance company raised rates by up to 19.9% for almost 270,000 Californians, despite the fact that the state insurance commissioner found that the rate increase was excessive. The insurance commissioner has no authority to stop excessive rate increases.

Laurel Kaufer is a self-employed single mom who has struggled for the last decade with rising health insurance premiums. She said it best when she asked: “If I have to get preapproval from my insurance company every time I want my health care paid for, shouldn’t they have to get approval when they want me to pay more?”

Doesn’t federal health reform take care of this problem?

No. The Affordable Care Act contains many important consumer protections to stop unfair practices by insurance companies and get more people insured. But it has one big loophole: It did not give anyone in California the power to say no to health insurance companies when they impose excessive rate hikes.

Other states with the power to regulate rates are using it to lower health insurance prices under federal health reform. That’s why United States Senator Dianne Feinstein, the first person to sign the ballot petition, is an honorary co-chair of the campaign, and the measure is supported by California Insurance Commissioner Dave Jones.

Health insurance rates are too high, but can regulation really hold down premiums?

Yes. California voters approved an insurance reform law called Proposition 103 at the ballot in 1988. That law requires auto, homeowners and other business insurance companies to open their books and publicly justify rate increases. This initiative simply applies the same rules to health insurance.

The Consumer Federation of America reported this year that California drivers saved over $100 billion on their auto insurance thanks to rate regulation.

California is the only state in the nation where auto insurance premiums have actually gone down over the last 25 years. What other product has gone down in price since 1989? Auto insurance premiums increased an average 43% over the same time period nationally.

Proposition 103 has also fostered healthy profits for the insurance industry, and California is the fourth most competitive state for auto insurance in the nation.

Public justification and accountability have prevented excessive auto insurance rates in California, and will give consumers the same protection against excessive health insurance rates.

When is the initiative measure on the ballot?

The Insurance Rate Public Justification and Accountability Act is on the next general election ballot in November 2014.
Flawed Ballot Measure Would Hurt Small Businesses and Reduce Access to Care

A trial lawyer-sponsored special interest group, Consumer Watchdog, is pushing an initiative for the November 2014 ballot that would give the Insurance Commissioner sweeping new power to approve rates and benefits for all individual and small group health insurance plans in California. This will result in higher rates and reduced access to care, and will hurt small businesses.

Here’s why the state’s leading organizations representing businesses, doctors, physician groups, hospitals and other health care providers oppose the measure:

**Hurts Small Businesses**
The measure gives one politician the power to set rates, benefits, co-pays and other costs for millions of small business employees. This means that an Insurance Commissioner could require small businesses to cover more benefits than they want OR to reduce employees’ deductibles, thereby increasing the premiums small business owners have to pay as employers. This could force many small businesses to lay off workers, drop coverage or even go out of business.

**Creates More Costly Bureaucracy**
The measure creates ANOTHER expensive state bureaucracy, ultimately paid for with higher health insurance premiums. It will cost tens of millions of dollars for the new bureaucracy, salaries and benefits, but does nothing to control the underlying costs that are driving health care premiums.

**Sponsored By Trial Lawyer-Backed Special Interests**
Proponents included a provision in the measure that allows themselves and their trial lawyer backers to pocket millions of dollars in costly intervenor fees – at the expense of consumers and businesses. In fact, the proponents have already received over $11.5 million from a similar provision used in auto and home insurance regulation.

**Reduces Access to Care**
Nothing in this measure guarantees reasonable co-pays, coverage levels or doctor choice, but it would, ultimately lead to higher rates and reduce access to care for patients.
California Medical Association
California Hospital Association
California Children’s Hospital Association
California Association of Physician Groups
California Association of Health Plans
California Association of Health Underwriters
Association of Northern California Oncologists
Association of California Life and Health Insurance Companies
Hospital Association of San Diego and Imperial Counties
Hospital Association of Southern California
Hospital Council of Northern and Central California
Imperial County Medical Society
Medical Oncology Association of Southern California
Riverside County Medical Association
San Bernardino County Medical Society
Santa Clara County Medical Association
Southern California Public Health Association
Employer Health Coalition
California Chamber of Commerce
California Business Roundtable
California Asian Pacific Chamber of Commerce
Los Angeles County Business Federation
Valley Industry & Commerce Association
Small Business Action Committee
Southwest California Legislative Council
Westside Council of Chambers of Commerce (WC3)
Buena Park Area Chamber of Commerce
Clovis Chamber of Commerce
Greater Fresno Area Chamber of Commerce
Greater Riverside Chambers of Commerce
Harbor City/Harbor Gateway Chamber of Commerce
Indio Chamber of Commerce
Lake Elsinore Valley Chamber of Commerce
Lawndale Chamber of Commerce
Murrieta Chamber of Commerce
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Commerce
Elk Grove Chamber of Commerce
Caklpac Technology
Rancho Cordova Chamber of
Commerce
Stone Bookkeeping
Quackenbos-Bell Commercial Real
Estate

**Taxpayer Organizations**
Calaveras County Taxpayers
Association
Solano County Taxpayers Association
Sutter County Taxpayers Association

**Civil Justice Reform**
California Citizens Against Lawsuit
Abuse
Civil Justice Association of California

**Health Care Providers**
Coachella Valley Physicians of
PrimeCare, Inc.*
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Physician Partners Medical Group, Inc.
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PrimeCare of Sun City, Inc.*
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Prime Community Care, Inc.*
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Valley, Inc.*
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*Neither Prime Community Care nor PrimeCare are affiliated with Prime Healthcare Services, Inc.*
The Troy and Alana Pack Patient Safety Act
Fact Sheet

The Problem
In California, more than 40,000 people die every year as a result of physician or hospital errors. Medical negligence is the third leading cause of death in this country, after heart disease and cancer, according to a study in the Journal for Patient Safety. And, according to the California Medical Board, nearly one out of five doctors suffer from substance abuse sometime during their careers. The problem is mostly with a few bad actors: a small number of negligent doctors commit most acts of medical malpractice.

We must do more to keep California patients safe.

Right now, no law requires public reporting of doctors who are substance abusers. No law requires random drug testing for doctors, even surgeons. No law requires checking the prescription drug database to check for overprescribing. And when injured patients try to hold negligent medical officials accountable, there’s a cap on what insurance companies need to pay. The payment cap, enacted in 1975, is a one-size-fits-all approach – even when patients will suffer from a doctor’s negligence for the rest of their lives.

The Solution
Consumer groups and patients have written a common sense law to protect patient safety, called the Troy and Alana Pack Patient Safety Act. It will boost patient safety by:

- Requiring doctors to undergo random drug and alcohol testing, just like airline pilots, bus drivers and others entrusted with keeping the public safe.

- Cracking down on prescription drug abuse and overprescribing by requiring physicians to check a statewide database before prescribing certain prescription drugs to patients.

- Ensuring that injured patients and their families are fairly compensated and can hold negligent doctors accountable. Under this law, the $250,000 cap enacted in 1975 will be indexed for inflation. Meanwhile, there will be no changes to the state’s strict existing cap on attorney’s fees in medical negligence cases.

About Troy and Alana Pack
Ten-year-old Troy Pack and his seven-year-old sister Alana were hit and killed by a drugged driver while walking down a sidewalk in their Bay Area neighborhood. The driver was high on a prescription drug cocktail authorized by negligent doctors who never bothered to check her prescription history of stocking up on thousands of pills. Since that tragic day a decade ago, Troy and Alana’s dad, Bob Pack, has been fighting to change state law to ensure that victims of medical negligence receive justice and that no other family ever has to suffer like this again.


Paid for by Your Neighbors for Patient Safety
MICRA Ballot Measure is Costly for Businesses and for Taxpayers

A proposed November ballot measure that would make it easier and more profitable for lawyers to sue doctors and hospitals poses a serious threat to employers, their employees and to taxpayers. Here’s why a broad coalition of business and taxpayer groups, local governments, doctors, community health clinics, hospitals, public safety and labor opposes the proposed MICRA ballot measure.

Costly for businesses and their employees.

- This measure was written by trial attorneys to make it easier and more profitable for lawyers to sue doctors and hospitals — even if that means higher health costs for the rest of us.
- Under the terms of this measure, lawyers would triple their legal fees. Our health laws should protect access to care and control costs for everyone, not increase lawsuits and payouts for lawyers.
- According to a study by California’s former Legislative Analyst, this proposition will increase health care costs across all sectors by $9.9 billion annually.
  - This translates to around $1,000/year in higher health costs for a family of four.
- Faced with higher health care costs, employers could be forced to pass along higher costs to employees, reduce or eliminate coverage, or reduce pay and other benefits.

Costly for taxpayers.

- According to California’s independent Legislative Analyst, the proposition could increase state and local government health care costs by “hundreds of millions of dollars annually”.
- County and state hospitals have to pay medical malpractice awards out of the budgets they receive from taxpayers. If medical malpractice awards increase, government costs will increase too. Somebody has to pay, and that will be taxpayers through higher taxes and California citizens through higher health care premiums.

Jeopardizes the privacy of our personal health information.

- This measure requires a government database with personal information on patients’ prescription drug history. Hackers have already managed to access personal information from millions of Target customers and even the Pentagon, and another big database will only make our information more vulnerable.
Jeopardizes patient access to quality health care.

- This measure will cause doctors to leave the state and practice in places where malpractice insurance rates are lower. Many people could lose their personal physicians if this measure were to become law.

- Community health care clinics, like Planned Parenthood, say this measure will raise insurance costs that will cause specialists, like OBGYNs to reduce or eliminate services to their patients. Finding doctors to deliver children in rural areas and community clinics is already difficult and reducing services will make a bad situation worse.

- There are regrettably individual tragic cases of medical negligence. Currently, the law requires unlimited awards for gross negligence, and unlimited awards for loss of future income and unlimited awards for past, present and future medical expenses. It is wrong to increase costs for all Californians when the system is working as is.

A misleading measure intended to fool the voters.

- This is another example of special interest legislation trying to fool the voters into thinking this about something that it’s not. The authors of this proposal purposely threw in drug testing doctors to disguise the real intent, which is to increase the limits on medical malpractice awards so that trial lawyers make even more money.

- In fact, the main proponent of the measure was recently quoted in the LA Times: “The drug rules are in the initiative because they poll well, and the backers figure that’s the way to get the public to support the measure. ‘It’s the ultimate sweetener,’ says Jamie Court, head of Consumer Watchdog.”
Health Care Priorities

Maintain Medicaid as an important component of ACA
Successful implementation of the Affordable Care Act (ACA) to ensure broad access to quality health care coverage must include sustained support for Medicaid expansion. The Medicaid provider tax is a vital source of funds needed to ensure access to health care services for all Californians and must be protected. While we are grateful that funding has been secured for half of 2014, we hope that federal agencies will work with California officials to rapidly approve future funding extensions. It is also critical that Congress maintain Medicaid in its current form during a long-awaited expansion in many states.

Enhance the Capacity of Provider and Hospital Networks
Wide access to health care coverage and reduced costs cannot be achieved without full provider participation and adequate hospital preparedness. Promoting fair reimbursement rates for primary care and specialty providers will incentivize expansion of the networks available to the millions who will gain coverage under ACA. Additionally, we urge Congress to increase funding for Graduate Medical Education that will benefit both academic medical centers and Children’s Hospitals. Increased access to providers to meet new demand in Los Angeles will be essential to ensuring the promise of coverage under the ACA is made real.

Promote Innovations to coordinate care, lower costs, and improve outcomes
ACA provisions capping administrative costs will encourage greater use of pilot programs and cost-savings that enhance care. In order to improve the health of our nation and businesses, it is critical to support innovations that encourage delivery of higher quality care while reducing costs - elements that will ultimately allow competition and innovation to thrive in the health care industry. Pilot programs such as the Dual Eligible Integration Demonstration, medical homes, and ACO’s should move forward in Los Angeles County with adequate reimbursement rates and monitoring for quality in order to provide more streamlined care for vulnerable populations, ultimately improving health outcomes and savings.

Support the Early Success of Covered California
Covered California’s success has made it a national model for state-based exchanges. We are proud to have been active stakeholders during its set-up phase and now want to ensure its continued success. In order to do so, it will be critical to secure additional support from Congress for increased staff to handle the consumer demand for coverage and funding for more assisters and navigators who can infiltrate every pocket of the State to enroll diverse communities. Success of the ACA will hinge on strong enrollment and outreach efforts in Los Angeles County.

Protect Viability of Exchange Insurers
In order to create a stable market for insurers and consumers, it is critical to protect elements of the Affordable Care Act designed to reduce risk for insurers as they test out new exchange markets. For instance, Congress must resist a vote to repeal the risk corridor program, which limits the uncertainty of a new patient mix for insurance companies and ensures consumers continuous access to plans.
**2014 Trip Schedule**

**Monday, March 10**
- Travel Day
- 6:30 p.m.: Welcome Reception

**Tuesday, March 11**
- 7:45 - 9 a.m.: Delegation Breakfast with Keynote Speaker
- 10 a.m.: White House Briefing
- All Day: Administration/Agency and Capitol Hill Advocacy Meetings
- 5:30 - 7 p.m.: Reception
- 8 - 9:30 a.m.: Delegation Breakfast with Keynote Speaker
- All Day: Administration/Agency and Capitol Hill Advocacy Meetings
- 6 p.m.: Closing Night Dinner

*S Schedule subject to change

**Wednesday, March 12**
- 8 - 9:30 a.m.: Delegation Breakfast with Keynote Speaker
- All Day: Administration/Agency and Capitol Hill Advocacy Meetings
- 6 p.m.: Closing Night Dinner

The trip includes large group briefings, events and small group meetings on Capitol Hill. Participants can choose one of the following advocacy tracks:

- Education
- Health Care
- Transportation and Goods Movement Infrastructure
- Energy and Environmental Sustainability
- Housing and Homelessness
- Regional Economy
- Travel and Tourism
- Higher Education
- Technology
- Water
- Regional Economy
- Workforce Development

Early bird registration is $750 per person until Feb. 5; afterwards, it is $825 per person. This fee includes all of the trip’s scheduled events, as well as costs associated with meeting planning and delegate materials.

For more information, contact Samantha Beasley at 213.580.7558.

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* As of 1.30.14