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State Senate

State Assembly

Department of
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Secretary of
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Official
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Information

Note: It has come to our attention that an error is causing This Week in Sacramento to display incorrectly on some mobile devices. We are working to resolve this issue, and have attached a PDF version of this week's edition for those affected. Thank you.

Although a Main Single Payer Healthcare Bill Has Been Declared Dead by the Assembly Speaker, There is a Piecemeal Approach Looming

Healthcare advocates and lawmakers are working on a piecemeal approach to universal healthcare. They want to offer a public insurance option to compete with private companies, increase subsidies for those buying insurance through the Affordable Care Act, cover most undocumented immigrants, and lower prescription drug costs. A new coalition of California labor and health advocacy groups – including Health Access California and the Service Employees International Union – unveiled the latest legislative push Thursday, outlining Democratic-led efforts supporters say will improve the state's healthcare financing and delivery system. Legislation is still being crafted, but any major overhaul will face steep political and financial challenges. Rough estimates indicate the costs for measures to expand access, improve quality, and lower consumer costs could be as much as \$10 billion – an amount lawmakers acknowledge is not available in this year's budget.

Key players on healthcare in Sacramento, including the California Hospital Association and the California Medical Association, are not involved in early discussions. Its chances in an election year are unclear. But, advocates say they are trying to shore up Obamacare, move toward universal access to coverage and lower high healthcare costs. Health Access claims efforts get the state closer to a Medicare-for-All type system, and if the window of opportunity opens at the federal level, the state will be that much closer when it is possible. The following are proposals under discussion in the state Legislature.

Creating a California Public Insurance Option: Under this approach, the government could compete with private insurers in the healthcare marketplace and offer more coverage choices in regions with few current options or high-priced plans. The idea is attractive to policymakers like Assembly Member Jim Wood (Dem-Healdsburg), who represents a very rural coastal district, which has less competition in the healthcare plans that are available. One idea adds a government-run public option to the current plans offered through Covered California. Another approach builds on Medi-Cal by expanding it to create a competitive alternative to existing plans.

Expanding State Financial Assistance to Purchase Insurance: Senator Ed Hernandez (Dem-

Azusa) has introduced [SB 1255](#) to expand existing federal subsidies with state money to help consumers purchase insurance on Covered California. A report released this week to the Assembly Universal Healthcare Select Committee also recommended lawmakers make Obamacare more affordable by boosting financial assistance with state dollars. Senator Hernandez is eying \$900 million that was set aside for the Children's Health Insurance Program if the federal government had defunded it. But, that never happened. However, the Department of Finance has warned that the state could be responsible for future cost increases for new programs, such as the idea Senator Hernandez is suggesting.

Covering Undocumented Immigrants: At present, the vast majority of Californians – 93% – have some type of coverage. There are roughly 3 million remaining uninsured residents. Nearly 2 million of them are undocumented immigrants, who are not covered by Obamacare. Many have incomes that enable them to qualify for Medi-Cal. Senator Ricardo Lara (Dem-Bell Gardens) previously led the state's efforts to expand Medi-Cal to kids. Now he wants to do the same for undocumented immigrants ages 19 and older who do not currently qualify for the program. Senator Lara has tried four times, to no avail. This year he is proposing it again with [SB 974](#), but Governor Jerry Brown has not been receptive.

Imposing a California Individual Mandate: President Donald Trump, backed by Republicans in Washington, has formally ended the individual mandate under Obamacare that requires citizens to have health coverage or pay a federal tax penalty. That requirement expires in 2019. As a result, health insurers and policy experts are concerned healthy, young people will drop their health insurance, destabilizing markets and making coverage even more expensive. No lawmaker has formally endorsed an individual mandate bill, but some are considering it. The California Association of Health Plans (CAHP) backs the idea. CAHP is concerned about the impact the federal repeal will have on premiums for people purchasing their own coverage. CAHP is talking to policymakers about the need to introduce legislation this year that establishes a state-based individual mandate as a way to stabilize California's healthcare market and protect Californians from facing even higher healthcare premiums.

Controlling Rising Healthcare Costs: The high cost of healthcare was ranked as Americans' top financial concern in a Gallup poll last year. Coverage is expected to get more expensive, with nationwide costs expected to rise 5.5% every year between now and 2026 and Obamacare premiums in California projected to increase 35% by 2021, according to Covered California. Testimony has been provided to the Assembly Universal Healthcare Select Committee that recommends California lawmakers control rising healthcare costs by changing the way providers are paid, from a system based on volume of services to one that rewards better health outcomes. Rising healthcare costs are being driven largely by unregulated prices in the commercial market, where most Californians get their healthcare, but also by hospital consolidations. As chains have grown bigger, health insurers and plans have also consolidated, arming them with more purchasing power to negotiate lower prices.

Assembly Member Wood wants to bring some regulatory oversight to health plan mergers, which could help drive down prices. He has proposed [AB 595](#), which gives state health insurance regulators the chance to deny mergers and allow the public to weigh in. Other efforts are underway to control costs by lowering prescription drug prices, capping payment rates to medical providers and requiring health plans to limit the amount of revenue spent on profits, marketing and administrative costs, requiring them instead to spend that money on patient care.

Additional bills already in print include one that would seek to ban Medi-Cal work requirements being spearheaded by the Trump Administration. Another prevents insurance companies in California from selling bare-bones plans or charging higher premiums for people with pre-existing conditions.

Path to Single-Payer: A Commonwealth Fund survey this year shows growing support for a universal healthcare system, among both Republicans and Democrats. A poll this month found that 92% of adults believe all Americans should have the right to affordable healthcare – 99% of Democrats said so, followed by 92% of independents and 82% of Republicans. Assembly Member Laura Friedman (Dem-Glendale) is outlining an alternative route for California to achieve single-payer. She is considering a possible bill that sets the state on a course to implement a taxpayer-financed universal system after certain benchmarks are met, such as reining in healthcare costs and securing federal waivers needed.

Lieutenant Governor Gavin Newsom, a proponent of single-payer, said the proposals under discussion are a step in the right direction, with the potential to move California closer to the ultimate goal – a system of universal, guaranteed single-payer healthcare. With a short-term focus on increasing access while reducing costs, the state can build an onramp to universal access through single-payer.

More Universal Healthcare Developments: Campaign to Advocate for Universal Healthcare Universal Unveiled

This week, a new campaign called Care4All California was unveiled in Sacramento by over 50 organizations representing healthcare advocates, labor, and communities of color, faith, and progressive groups. The group said the state should be proud that California achieved the nation's largest gains in health coverage by rigorously implementing and improving upon the Affordable Care Act (ACA). "Now that we have beaten back ACA repeal for now, we must stay vigilant to protect our progress, but also continue the effort to get all Californians covered, control costs, and improve quality and equity," Care4All maintained.

The Care4All campaign seeks to improve access to healthcare in California, and to move beyond the debate over repealing the ACA to the work that still needs to be done. The campaign is committed to ensuring that California has 100% health coverage, as well as improving quality, affordability, and equity in our health system – and doing so now, with proposals that are ambitious, yet achievable without the need for federal approval.

In 2018, the campaign is advancing a policy agenda that advances access, affordability, quality, and equity by:

- Expanding Medi-Cal coverage to all low-income Californians, regardless of immigration status;
- Improving affordability for individuals who purchase through the ACA;
- Eliminating hurdles to care for the most vulnerable Californians including low-income workers and families, seniors, and persons with disabilities;
- Improving outcomes and equity through greater oversight and accountability; and,
- Addressing healthcare cost drivers that make care unaffordable, from insurance to hospital care to prescription drugs

Senate Insurance & Banking Committee Split; New Assignments Announced

The Senate Rules Committee met late this week and made a number of changes to key committees. The Senate Banking and Insurance Committee was split. The new Senate Insurance Committee Chair is Steven Glazer (Dem-Alameda). Senator John Moorlach (Rep-Orange County) is the Vice Chair. The new Senate Banking and Financial Institutions Committee Chair is Steven Bradford (Dem-Los Angeles).

In other important news to employers, the new Senate Labor and Industrial Relations Committee Chair is Richard Pan (Dem-Elk Grove), replacing Senator Bradford. Senator Bob Wieckowski now has Senate Speaker Toni Atkins' (Dem-San Diego) spot on the Labor Committee. The rumor is that additional committee changes will be made after Senator Atkins becomes President Pro Tempore on March 21.

Senate Insurance Committee Membership

Chair Steven Glazer (Dem-Alameda)
Vice Chair Ted Gaines (Rep-Granite Bay)
Senator Tom Berryhill (Rep-Jackson)
Senator Cathleen Galgiani (Dem-Stockton)
Senator Ed Hernandez (Dem-West Covina)
Senator Ben Hueso (Dem-Chula Vista)
Senator Ricardo Lara (Dem-Bell Gardens)
Senator Holly Mitchell (Dem-Los Angeles)
Senator John Moorlach (Rep-Orange County)
Senator Mike Morrell (Rep-Rancho Cucamonga)
Senator Josh Newman (Dem-Brea)
Senator Anthony Portantino (Dem-San Dimas)
Senator Richard Roth (Dem-Riverside)

Senate Banking Committee Membership

Chair Steven Bradford (Dem-Los Angeles)
Vice Chair Andy Vidak (Rep-Bakersfield)
Senator Ted Gaines (Rep-Redding)
Senator Cathleen Galgiani (Dem-Stockton)
Senator Ben Hueso (Dem-Chula Vista)
Senator Ricardo Lara (Dem-Bell Gardens)
Senator Anthony Portantino (Dem-San Dimas)

Senate Labor Committee Membership

Chair Richard Pan (Dem-Elk Grove)
Vice Chair Jeff Stone (Rep-Riverside)
Senator Hannah-Beth Jackson (Dem-Santa Barbara)
Senator Holly Mitchell (Dem-Los Angeles)
Senator Bob Wieckowski (Dem-Fremont)

Senate Energy Committee Receives Testimony Related to Utility Company Fire Insurance Coverage

Last week, the Senate Energy, Utilities and Communications Committee conducted its annual oversight hearing of the Public Utilities Commission (PUC), at which time Members expressed interest in the nexus of wildfire and investor owned utility insurance. PUC Chair Michael Picker expressed the view that self-insurance is not going to work. According to Commissioner Picker, the insurance industry has been stepping away not only from the utilities but from individual homeowners. Picker's experience is that the utilities have had a very hard time getting insurance, so they are self-insuring. Maybe it is necessary to create an insurance pool for the utilities, Picker said. After the northern and southern California wildfires, it became clear the utilities are not sufficient to self-insure. Maybe the state needs something like the California Earthquake Authority; Picker believes he can get all Commissioners to support this concept, should the Legislature direct in this regard.

Senator Henry Stern (Dem-Encino) commented on the Thomas Fire, specifically for those homeowners who essentially did not have insurance or were underinsured, their last resort is their utility as their insurance company, and end up paying for that after the fact in rates, he said. To Senator Stern, Picker said there is risk to the natural environment when, in fact, the utility is the cause of fire. This is not always true, though. For example, in the Middletown fire, it was actually the homeowner who caused the fire. Particularly in federal forest lands, the greatest cause of fire is not utility infrastructure, it is lightning strikes. Regarding the CalFire Tree Mortality Taskforce, the PUC role is how the state can develop forestry biomass facilities that were intended to reduce fire fuels. One problem is getting the fuels that were intended for actually preventing forest fires. The bark beetle biomass is difficult to get it out of the forest.

Stern concluded by asking about whether the insurance industry is holding utilities over a barrel when they try to re-up on their insurance policies – just like homeowners are either getting their plans cancelled or seeing their premiums rise 6x, 10x. Stern asked whether the PUC is conducting any oversight in this area. Picker responded that he had an early conversation with the Insurance Commissioner's office to discuss this. They felt there would be adequate coverage. Picker is starting to see that the pace of concern in the insurance industry may actually be greater than anybody expected. Picker also commented his 30 year carrier, State Farm, declined coverage because his new home is in a high fire hazard area. They are redlining large parts of the state, as in 44% of the state's landmass. The PUC does not have a lot of authority in the area of requiring insurers write policies for utilities. Picker went on to express the view that the ability for utilities to afford reinsurance could result in bankruptcy, which begs the question whether people getting service from the utilities in high fire hazard areas should actually pay a premium into an insurance pool. Stern said this is a responsibility of the Legislature, but requested Picker take a message back to the Governor's Office to request zooming out with the Tree Mortality Taskforce and try to come up with a comprehensive solution this year, especially when looking at liability calculation. Stern concluded by saying the insurance industry is financially sound and needs to play a greater role, as the reinsurance market is incredibly robust with assets in the hundreds of billions of dollars. So, there is a pool of capital out there.