

SB 1156 Prioritizes Insurance Industry Profits Over the Health of Low-Income Dialysis Patients

Bill lets insurance industry deny coverage and slash payments for low-income patients on dialysis who receive charitable premium assistance.

Big health insurance companies are sponsoring Senate Bill 1156, legislation that would allow insurance companies to deny coverage and slash payments for the care of low-income patients with kidney failure who receive charitable premium assistance. Here are some facts as well as answers to several insurance company myths.

- **SB 1156 allows insurance companies to deny coverage for low-income patients.** As amended, the bill still allows insurance companies to deny coverage just because patients receive charitable premium assistance to help pay their premiums.
- **SB 1156 slashes what insurance companies pay for dialysis care, below the actual cost of care.** In addition, the bill allows insurance companies to slash reimbursement down to Medicare rates for the patients with premium assistance they do allow. Medicare reimbursement levels are often below the actual cost of providing dialysis care.
- **SB 1156 is a windfall for insurance company profits.** There is no requirement that insurers pass along any “savings” from the significant reimbursement reductions.
- **SB 1156 jeopardizes the viability of clinics throughout the state – threatening access to care for dialysis patients** who need dialysis 3 days a week, four hours at a time, to survive.
 - Like all health care providers (hospitals, doctors, clinics), cross-subsidization from privately insured patients is necessary to sustain dialysis services *for all patients* because government payors reimburse at or below cost of care.
 - Ninety percent (90%) of dialysis patients rely on government coverage (Medicare, Medi-Cal) at rates that are at or below cost. The payment advisory committee for the federal government (MedPAC) stated in their March 2018 report to Congress that Medicare dialysis provider margins were 0.4%. Medi-Cal rates are below that of Medicare.
 - SB 1156 will cause dialysis clinics to become unprofitable and cut back services or close – particularly in rural urban areas where there are fewer privately insured patients. For some clinics, the loss of just one or two privately insured patients can cause a clinic to become unprofitable.
- **SB 1156 will cost the state millions** by shifting privately insured patients to Medi-Cal and by requiring reimbursement increases to offset losses from private pay patients in order to keep a viable and accessible dialysis clinic network.



CALIFORNIA DIALYSIS COUNCIL

Myths about SB 1156:

MYTH: Thousands of dialysis patients are being granted premium assistance and “steered” towards private health insurance plans, driving up premiums for everyone in the risk pool

FACT: Proponents of SB 1156 state dialysis patients are inappropriately accessing commercial insurance. This is simply not the case. The data make that clear. In California there are approximately 66,000 dialysis patients. Of those, about 6,000 have commercial insurance, less than 800 of those have purchased their insurance from the individual marketplace (Cover CA). Of these 6,000 patients about 1,000 rely on charitable assistance to maintain their coverage.

The two primary reasons that patients reach out for assistance is because of financial hardship (they have lost their job) or because they do not qualify for Medicare or Medi-Cal and have no other options. So 1,000 individuals out of the 66,000 dialysis patients in California use charitable assistance to maintain their commercial health insurance coverage. These individuals are not abusing the system, they do not skew the private insurance risk pool, and it certainly does not represent steering of patients. These are the facts.

MYTH: Dialysis providers “steer” patients receiving premium assistance to private health insurance plans because they reimburse more.

FACT: Charities like AKF do not precondition financial assistance on grantees selecting particular insurance coverages. In fact, no patient is EVER enrolled in commercial coverage by a provider or AKF. Patients with ESRD seek premium assistance because they very often suffer job loss and financial hardship when their kidneys fail. Without charitable assistance they are at high risk of also losing their health insurance – right when they need it most, and with severe health and financial consequences. Further, approximately 10% of patients at any point have access to commercial insurance and only a subset of those rely on premium assistance.

MYTH: Reimbursement rates for California dialysis providers are too high and contribute to the overall high cost of health care.

FACT: The anecdotal rate data proponents of SB 1156 have raised is the result of negotiated and agreed-to contracts between providers and insurers. That said, dialysis providers have no qualms discussing reimbursement in general. The conversation requires an understanding of the unique Medicare entitlement for ESRD and the federal policy that governs how long an individual with ESRD can keep their commercial insurance (30 months), both of which are unique within health care. Like all health care providers (hospitals, doctors, clinics), because government payors reimburse at or below the cost of care, cross subsidization from the private insurance sector is necessary to sustain dialysis services for all patients.

MYTH: Patients are harmed when they receive charitable premium assistance.

FACT: Patients will be harmed by SB 1156. Most individuals with ESRD qualify for Medicare, and for most individuals—Medicare represents good insurance coverage. For others however, commercial insurance may be a better fit, and that’s something a patient decides with the help of their family or loved ones. By reducing private insurance payments to the Medicare rate, SB 1156 jeopardizes the financial viability of clinics throughout the state – threatening access to care for dialysis patients who need dialysis 3 days a week, four hours at a time, to survive.