



**CALIFORNIA
HOSPITAL
ASSOCIATION**

*Providing Leadership in
Health Policy and Advocacy*

July 12, 2019

TO: CHA Members
FROM: Carmela Coyle, President & CEO
SUBJECT: Weekly Advocacy Review

Member Advocacy Call

July 16, 8:30 a.m.

Dial-In: (800) 882-3610 Passcode: 5010912#

*Please **mute** your phone once you
have been connected to the call by entering 61#.
Enter 60# to un-mute your phone for comments/questions.*

FEDERAL

Federal Update (O'Rourke)

Surprise Medical Bills and DSH Legislation Clear the Health Subcommittee

The House Energy and Commerce Health Subcommittee on Thursday reported legislation — H.R. 3630, the No Surprises Act — that would limit unexpected medical bills for patients and set a benchmark rate for payment to providers for out-of-network emergency services. The benchmark rate would be based on the 2019 average in-network rate for a geographic area with an index for increases each year. Several members of the committee, including California Reps. Matsui and Ruiz, expressed concern about the impact the benchmark rate would have on hospitals, physicians, and network adequacy.

The Californians and other members also voiced concerns about how payers and providers would settle disputes. The bill's authors, who are the chair and ranking member of the full committee — Reps. Pallone (D-NJ) and Walden (R-OR) — agreed to continue discussions before the full committee mark-up next week.

Pallone, who committed to working with members to address their concerns in the coming days, had previously signaled little interest in overhauling his bill. One possible compromise would set payment parameters for providers and insurers and then force them into arbitration if they fail to reach an agreement.

The health subcommittee also reported a list of bipartisan measures that would reauthorize key public health and Medicare programs, including four years of funding for community health centers. The community health center funding measure includes an amendment to eliminate for two years the \$4 billion in cuts to disproportionate share hospitals, set to take effect on October 1.

For additional information, contact Anne O'Rourke at (202) 488-4494 or aurourke@calhospital.org.

Regulatory Update (Keefe)

The Centers for Medicare & Medicaid Services (CMS) issued a [proposed rule](#) that would establish two new mandatory payment models — the [Radiation Oncology Model](#) and the [End-Stage Renal Disease Treatment Choices Model](#). CMS also issued its calendar year 2020 home health prospective payment system [proposed rule](#).

CHA is analyzing the proposed rules; comments will be due 60 days following publication of each rule in the *Federal Register*.

For additional information, contact Alyssa Keefe at (202) 488-4688 or akeefe@calhospital.org.

STATE

Legislative Update (Scott)

The Legislature adjourns for its summer recess on July 12, returning on August 12 for the remainder of the legislative session.

Surprise Billing

AB 1611 (Chiu, D-San Francisco) was removed from the agenda of the Senate Health Committee hearing on July 10, effectively pausing it for this session. It is possible that various procedural maneuvers might be employed to allow the bill to continue through the legislative process this year. This important debate, while delayed, will continue. We expect heightened media attention on this development, as well as continued scrutiny of the issue.

AB 1611 offers important protections for patients — preventing those who need emergency care from receiving unexpected bills for out-of-network care is something we can all agree on. However, the bill would also set an out-of-network reimbursement rate for emergency services. A guaranteed rate would lower the amount insurers pay hospitals and discourage contracting. Additionally, nothing in the bill would require insurance companies to pass their savings on to consumers in the form of lower premiums or reduced out-of-pocket costs.

Supplier Diversity

AB 962 (Burke, D-Inglewood) would require hospitals with operating expenses of \$25 million or more to annually submit a report to the Office of Statewide Health Planning and Development (OSHPD) on their minority; women; lesbian, gay, bisexual, transgender; and veteran-owned business procurement efforts. The bill would also require OSHPD to convene a hospital diversity commission to, among other things, provide guidance on the best methods to increase procurement with diverse suppliers in the hospital industry. AB 962 passed the Senate Health Committee July 10 and will now be heard in the Senate Appropriations Committee.

Nurse-to-Patient Staffing Ratios

SB 227 (Leyva, D-Chino) would require the California Department of Public Health (CDPH) to impose administrative penalties for violations of nurse-to-patient staffing ratios and would eliminate the department's ability to link the penalty amount to the actual risk of harm to patients, unless the hospital

proves to the satisfaction of CDPH that any fluctuation in required staffing levels was unforeseeable and uncontrollable. SB 227 passed the Assembly Appropriations Committee July 10 and will now be voted on by the full Assembly.

Information on additional priority health care-related bills is available at www.calhospital.org/legislative-update.