

State Focus on Health Care Reform: California



California

Before it adjourning in September, California lawmakers (including the country's first PA Speaker of the House, Karen Bass) passed a series of bills intended to reform the insurance industry in California, and improve health and safety in California health care facilities. Read more to learn how these changes may potentially imPAct health care in the Golden State.

The first bill, Assembly Bill (AB) 1945, requires state officials to standardize “clear and unambiguous” questions for health insurance application forms. The bill also would prohibit insurers from canceling a policy unless they could prove that a consumer deliberately misled the company during the application process.

Senate Bill (SB) 1440 requires insurers to spend at least 85 % of premiums on health-care benefits. Current law prohibits insurers from spending more than 15 % of premiums on administrative costs. Critics of this policy argued that companies often exclude profits from this calculation, which lessens the amount available for benefits. The clarification in the law has been hailed among health care reform groups as a major reform to the health insurance industry in California.

Two bills, SB 981 and AB 1203, focus on “balance billing,” in which hospitals or physicians that are not part of a patient’s insurance network charge the patients for the difference between the insurance payment and the provider’s fee. The first bill requires emergency department physicians and health plans to resolve disputes through a third-party mediator rather than looking solely to the patient. AB 1203 would prevent a non-contracted hospital or provider from directly billing a patient for post-stabilization services, requiring the provider to first make contact with the insurer before seeking payment.

Some recent high-profile celebrity cases also spurred legislators to pass AB 211, which requires providers to increase safeguards for patient medical records and sets fines for violations of privacy. As passed, the bill establishes the Office of Health Information Integrity within the California Health and Human Services Agency. This new office would assess and impose administrative fines for violations of privacy laws.

Two bills tackle hospital-associated infections. SB 1058 requires hospitals to screen all patients within 24 hours of admittance for methicillin-resistant Staphylococcus aureus (MRSA) and report all instances of hospital-associated infections to the state Department of Public Health (DPH) and the Centers for Disease Control and Prevention. SB 158 establishes an infection-monitoring program within DPH.

As of October 1, these bills now sit on the governor’s desk, awaiting signature. It is unclear whether Governor Schwarzenegger will veto some or all of these reforms. Budget battles between the legislature and the state’s chief executive have put all passed bills at risk of veto.