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California Assembly Passes Bill to Address Inflated Medical Claims by Dialysis, Drug Treatment Industries

Gov. Newsom Has Until Oct. 13 to Decide Whether to Sign

SACRAMENTO, Calif. – The California Assembly passed a bill Sept. 10 to address runaway costs and rein in a profiteering scheme involving the dialysis and addiction treatment industries, and it now heads to Gov. Gavin Newsom, who has until Oct. 13 to decide whether to sign it into law.

"Passage of this bill moves California one step closer to protecting patients' access to care without inflating the profits of shadowy healthcare corporations," said Assembymember Jim Wood (D-Santa Rosa), the author of AB 290. "This kind of accountability is long overdue."

The bill, which passed the California State Senate Sept. 9, is supported by Health Access California, the California Labor Federation, SEIU California, California Association of Health Plans, and the Association of California Life and Health Insurance Companies.

Currently, some drug rehabilitation facilities and a dialysis industry-funded charity, known as the American Kidney Fund, pay health plan premiums on behalf of their patients. In turn, those rehabilitation facilities and dialysis corporations submit highly inflated medical claims for reimbursement many times higher than the cost of care and far more than they would be paid by Medicare for the same treatment.

Under AB 290, financially interested third-parties may still offer premium assistance to patients, but it prevents health providers from submitting inflated claims for reimbursement, which ultimately increases healthcare costs for all Californians.

AB 290 will increase consumer protection and provide transparency to health plans about where the payments for treatment are coming from and remove the financial incentive of third-party healthcare providers to bill health plans for exorbitant and unnecessary medical claims.

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