

# What Patients, Labor Groups, and Newspapers are Saying About AB 290

## The San Diego Union-Tribune

### California dialysis industry wrong to game payments; Slippery practice needs to end

SAN DIEGO UNION-TRIBUNE EDITORIAL BOARD

“...A California Healthline analysis showed the industry has spent some \$3 million to oppose Assembly Bill 290 by Assemblyman Jim Wood, D-Healdsburg, and outlined how the industry offered financial assistance to persuade patients to use private insurance instead of Medicare and other government providers, which pay lower rates.

Wood’s bill would limit private insurance reimbursements for patients who got money from industry groups such as the American Kidney Fund.

...What’s not up for debate is it’s wrong for the dialysis industry to game the system...”

## The Press Democrat

### Everyone pays for dialysis clinics’ pricing scheme

SANTA ROSA PRESS-DEMOCRAT EDITORIAL BOARD

“... People with kidney failure usually qualify for federal Medicare insurance that will pay for dialysis. But Medicare pays only a fraction of what private insurance pays for the same treatment. It therefore behooves profit-minded dialysis companies to convince people to stay on private insurance. One way they do that is by funding the American Kidney Fund, which helps low-income dialysis patients pay their private insurance premiums.

The providers — companies like DaVita Inc. and Fresenius Medical Care — spend a little to receive a lot. All insurance policyholders lose because the insurers spread the cost

around. Researchers at UCLA found that government pays on average \$248 per dialysis session compared with \$1,041 paid by private insurers.

All of which brings us to Wood’s bill. It would cap payments by private insurers for dialysis at the Medicare rate when the patient has received one of those dialysis industry subsidies. No more stealth subsidies to stay on private insurance just to keep the big checks rolling in.

...Woods’ bill also addresses a similar system with substance abuse treatment programs.”

## **AB290 is needed to protect patients from unscrupulous treatment providers**

OPINION BY RYAN HAMPTON, WHO IS IN RECOVERY FROM HEROIN ADDICTION

“...Over the past several years, an ugly trend has popularized within the Southern California addiction treatment industry. Unscrupulous individuals looking to make an easy buck, rather than provide qualified treatment, have flocked to our communities and started enticing potentially lucrative victims to seek treatment by promising “free” care. A dangerous concoction of policy loopholes has led to many patients being taken advantage of by these bad actors.

...When a patient’s insurance benefit runs out, the rehabilitation center stops paying the insurance premiums and kicks the patient out, often back onto the streets, in a practice so common it’s nicknamed “curbing.” This practice has led to the untimely death of countless people.

...AB 290 will fix a loophole in California that is allowing unscrupulous operators to prey on the suffering. Our communities are dying. And we deserve better than the status quo.”



## **A fight against price-gouging in dialysis treatment**

OPINION BY CRISTINA CASTRO, SACRAMENTO RESIDENT, AND DAUGHTER OF DIALYSIS PATIENT

“...When my mom started dialysis, she received health coverage through Medi-Cal and got on the waiting list for a kidney transplant. She didn’t owe any premiums, co-pays or deductibles for her care. It was an arrangement that largely worked for her.

However, one day a social worker at her dialysis clinic urged my mom to sign up for private insurance. The social worker told us that my mom had a better chance of getting a kidney transplant if she signed up with a program called the American Kidney Fund. It is an organization that receives hundreds of million dollars each year from the two largest dialysis corporations, DaVita and Fresenius, and uses those funds to pay dialysis patients’ healthcare premiums.

...After signing up with the American Kidney Fund, my mom started having to pay high out-of-pocket costs for her medications – something she never had to do with Medi-Cal. When she tried to schedule a normal appointment with her doctor, the clinic said they couldn’t see my mom because they didn’t accept her new health insurance.

With all the money we were spending, we were getting so stressed. That’s when we began trying to get my mom back into Medi-Cal, a process that took eight months. By that time though, she was 68 and considered too old to be eligible for a kidney transplant.”

# THE SENTINEL

## AB290 would ensure focus on patients, not profits

OPINION BY ANA IBARRA, DIALYSIS PATIENT FROM HANFORD, CA

“...One of their most lucrative money-making schemes involves a charity called the American Kidney Fund. Each year, the two corporations give hundreds of millions of dollars to the organization, which helps low-income dialysis patients pay for their health insurance. It sounds good on the surface until you realize the corporations use the American Kidney Fund as a vehicle to boost their profits.

... Threats by DaVita or Fresenius to close clinics are hollow because they would still make hundreds of millions in profits each year in the U.S., just not the outrageous windfall they’ve been receiving by overcharging people with private insurance whose premiums are paid for by the American Kidney Fund.”

## POLITICO PRO

### High-stakes dialysis fight in Newsom’s hands, with patient charity threatening to leave

ANGELA HART, REPORTER

“...Newsom in the coming weeks will sign or veto AB 290, which would cap commercial insurance payments from AKF and other outside parties at Medicare rates. Critics of the current system, including Wood, argue that the cozy financial relationship between AKF and for-profit dialysis clinics can steer chronic kidney patients toward higher-cost commercial insurance plans that pay top dollar for treatment. They say that AKF benefits because two leading dialysis companies in turn provide hefty donations that sustain the nonprofit.

By capping rates at Medicare levels, Wood and others say the system would no longer reward AKF and dialysis companies for patient enrollment in higher-cost coverage.

“Why should a segment of the health care industry get away with something like this, which feels like a scam?” Wood said in an interview.

“I think what dialysis companies are doing is abusing the system,” Wood explained. “They make a contribution

to AKF, for which they get a charitable tax deduction. AKF then buys an insurance policy for people, and those people then use that policy in the dialysis centers and the dialysis providers reap a huge return, so they win twice.”

The result, he said, is inflated health care costs for everyone as California tries to alleviate cost pressures on patients and the overall public-private system. “We’re all paying for that through higher insurance costs and I don’t think that’s fair to consumers.”

...Of the 3,700 existing patients receiving third-party financial assistance from AKF, 2,000 are on Medicare. Reimbursement rates for those patients wouldn’t be affected by his bill. For the remaining 1,700 patients on commercial coverage, he urged AKF to not withdraw their assistance. Should AB 290 threaten to disrupt their care, he said safeguards in the bill will give him time to work out a fix.”

## The Dialysis Duopoly Spends Big to Protect Profits in California

ALEXANDER SAMMON, REPORTER

“...When patients consider their options for kidney dialysis, the American Kidney Fund offers financial assistance to those in need. Sometimes that can include covering the individual contributions still necessary under Medicare. But often, the AKF encourages patients not to stay on public health coverage, but to instead sign up for private insurance plans. The patients will receive the same treatments, often at the same clinics, and at no added cost to them: The AKF generously pays their insurance premiums.

While nothing changes financially for the patient, who may even be convinced that private coverage could be better than Medicare down the road, the financial picture for the dialysis companies changes drastically.

...There’s currently a bill in the California legislature, AB-290, that would curtail this arrangement. Under AB-290, companies like DaVita and Fresenius would be able to continue their charitable impulses by donating to the American Kidney Fund, but the amount of money they’d be able to bill private insurers would be capped at the Medicare reimbursement level. The bill also mandates that third-party providers like the AKF “shall agree not to steer, direct, or advise the patient into or away from a specific coverage program option or health care service plan contract,” while mandating that third-party providers commit to a patient’s coverage for the entire year, unconditionally.”



## Dialysis Industry Spends Big To Protect Profits

HARRIET BLAIR ROWAN, REPORTER

“The dialysis industry spent about \$2.5 million in California on lobbying and campaign contributions in the first half of this year in its ongoing battle to thwart regulation, according to a California Healthline analysis of campaign finance reports filed with the state.

... “Nobody is spending \$2.5 million out of the goodness of their hearts,” said David Vance, a spokesman for Common Cause, a nonprofit group that advocates for campaign finance reform. “That kind of money is spent to get the attention of legislators and to get results.”

...People on dialysis, who typically need three treatments

a week, usually qualify for Medicare, the federal health insurance program for people 65 and older, and those with kidney failure and certain disabilities.

But dialysis companies can get higher reimbursements from private insurers than from Medicare.

...The \$2.5 million in political spending by the dialysis industry between January and June falls into two categories: lobbying the legislature, and campaign contributions to support candidates and influence public opinion. Campaign spending made up about \$1.3 million of the total.”

# The New York Times

## Top Kidney Charity Directed Aid to Patients at DaVita and Fresenius Clinics, Lawsuit Claims

REED ABELSON AND KATIE THOMAS, REPORTERS

“...The lawsuit, filed by David Gonzalez, who worked for 12 years at the kidney fund in its patient assistance program until he left in 2015, accused the charity of creating a so-called blocked list of dialysis clinics whose patients would not get financial assistance while making sure patients at clinics operated by DaVita and Fresenius would.

...The lawsuit, filed in 2016, says the charity went to great lengths to ensure no aid was given to patients at clinics that were not donors. Mr. Gonzalez said in his lawsuit that the charity began formally tracking donors in 2009, labeling those clinics that did not contribute as “free riders.”

...With revenues of \$299 million in 2018, the American Kidney Fund is one of the country’s largest charities and helped pay the insurance premiums of about 74,000 people in 2017, or about one in every five patients who underwent dialysis.

It continues to receive the vast majority of its support from DaVita and Fresenius. In 2018, the group’s external auditors said it had received \$247 million from two corporations, which represented 82 percent of its total revenues.”