

# LEGISLATIVE UPDATE



Week of March 14, 2022

## State Issues

<p>Kaiser/Medi-Cal Proposed Deal</p>	<p>This week there were major updates in the proposed deal between Kaiser Permanente and the Newsom Administration that would allow Kaiser to bypass the traditional Medi-Cal Managed Care contracting protocol and secure a statewide, sole source contract for Medi-Cal services. It will also allow them to serve a select group of beneficiaries, including those who they currently serve.</p> <p>Dr. Arambula has announced that AB 2724 will be gutted and amended to include Governor Newsom’s draft budget trailer bill language. This should not indicate Dr. Arambula’s support for the language or the policy – he is simply affording the policy hearing process to the stakeholders to better explain their concerns and give more legislators the opportunity to ask questions from the Administration and Kaiser. Moving this to the policy process has been one of the early requests from the Local Health Plan Association, who has led the campaign expressing serious concerns about the proposal. The Local Health Plan Association has been putting out ads opposing the proposal, with the headline of “Oppose Kaiser’s Sweetheart Deal.” They have also created numerous materials that are linked in the ad. See links below for a one pager outlining the Top 5 Problems with the proposal; links to news clips; a detailed letter to Budget Leadership; and a lengthy press release.</p> <ul style="list-style-type: none"> <li>▪ <a href="https://www.lhpc.org/sites/main/files/top_5_kaiser_contract_tbl_problems_final.pdf">https://www.lhpc.org/sites/main/files/top_5_kaiser_contract_tbl_problems_final.pdf</a></li> <li>▪ <a href="https://www.lhpc.org/sites/main/files/icymi_2022-28-02.pdf">https://www.lhpc.org/sites/main/files/icymi_2022-28-02.pdf</a></li> <li>▪ <a href="https://www.lhpc.org/sites/main/files/kaiser_proposal_-_lhpc_oppose_3-8-22.pdf">https://www.lhpc.org/sites/main/files/kaiser_proposal_-_lhpc_oppose_3-8-22.pdf</a></li> <li>▪ <a href="https://www.lhpc.org/sites/main/files/lhpc_response_to_no-bid_statewide_medi-cal_contract.pdf">https://www.lhpc.org/sites/main/files/lhpc_response_to_no-bid_statewide_medi-cal_contract.pdf</a></li> </ul> <p>Once the bill is amended, it should be set for hearing in the next few weeks. Dr. Arambula’s office is asking stakeholders to provide them with a list of questions and detailed concerns with the proposal to support his work in exploring the issue. It is unclear at this point if the item will also go through the budget subcommittee hearing process.</p>
<p>New LAO Report on Single Payer</p>	<p>A new report from the Legislative Analyst’s Office was released outlining the costs and policy around California adopting a single payer health care system. This report was requested by the Assembly Rules Committee earlier this year to help assess the costs and implementation issues associated with AB 1400 (Kalra) and ACA 11.</p>

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<p>New LAO Report on Single Payer</p>	<p>The Committee’s request asked the LAO to prepare a comprehensive fiscal analysis of AB 1400; discuss the tax proposals in ACA 11; and consider other issues, including a review of legal barriers relevant to the implementation, feasibility, and sustainability of CalCare (the name given to the single payer proposal). You can access the report via this link to the LAO website: <a href="#">Cooley-Cunningham-CalCare-031722.pdf</a></p> <p>The letter begins with an overview of CalCare, its intended financing mechanisms and a summary of key provisions of AB 1400 and ACA 11. The report then provides an analysis estimating the cost to state government of CalCare. In this section, they develop estimates for both low-cost and high-cost scenarios, making note of key assumptions under each of the scenarios. The CalCare is estimated to cost between \$494 billion and \$552 billion.</p> <p>Next, they provide an estimate of funding available for CalCare, including an estimate of funding that could be redirected from existing health care programs combined with new tax revenues authorized by ACA 11. They conclude that between \$239 billion and \$260 billion in existing public funding for health care potentially could be redirected to CalCare. They further estimate the new taxes proposed in ACA 11 probably would raise between \$120 billion and \$164 billion under current economic conditions.</p> <p>Their analysis then combines the total cost estimate for implementation along with available funding – including redirected funding – and they determine the estimate funding shortfall is between \$70 billion and \$193 billion.</p> <p>The report also covers several key legislative considerations, reflecting a number of major trade-offs, uncertainties, and challenges introduced by CalCare. They also note the tight timeline for delivering the memo and urge legislators consider this report and its findings preliminary. They also note that this would be a significant change in our delivery system, and therefore not all impacts are readily identifiable.</p> <p>It is unclear how much activity this report will garner. While AB 1400 (Kalra) is dead for the year, the interest in a single payer health care system will continue.</p>
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