

September 29, 2010

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New Consumer Protections in Health Reform Take Effect

September 23rd marked six months since President Obama signed the Patient Protection and Affordable Care Act into law and initiated the implementation of many significant patient protections and other elements. Below is a summary of the September 23rd changes, reflecting major victories for consumers.

- Children can stay on their parent's insurance policy until their 26th birthday.
- Children under 19 with pre-existing conditions cannot be denied coverage.
- Insurance companies are prohibited from canceling policies if a beneficiary gets sick.
- New insurance plans are required to cover preventive services without a share of cost.
- Insurance companies cannot set lifetime limits or "unreasonable" annual limits on the amount of medical care they cover under existing policies.
- Insurance companies cannot charge more for out-of-network emergency care.
- Consumers can choose their primary care provider from any available physician in their network and no longer need a referral to see a pediatrician or OB/GYN.
- New private health plans must provide an effective appeals process for beneficiaries disputing plan actions.

Community Health Councils has provided input on many of the above health reform regulations and you can too. The next major federal opportunity for public comment relates to the implementation of the health insurance exchange. Comments on the proposed rules must be submitted by October 4th, 2010. For more information, visit <http://www.healthcare.gov/center/regulations/index.html>.

California Healthcare Reform Legislation

Even as we celebrate the first six months of health reform, Governor Schwarzenegger has yet to sign important measures that will help California implement healthcare reform immediately. These include:

- **AB 1602 (Perez) Creating a New Exchange:** Specifies the operations of the California Health Benefit Exchange, an independent state agency tasked with providing information on health benefit products and with negotiating the best prices and values for consumers.
- **SB 900 (Alquist/Steinberg) Running a New Exchange:** Establishes governance of the Exchange by a five-member board appointed by the Governor and Legislature. The Board would serve the public interest of the individuals and small businesses seeking healthcare coverage through the Exchange.
- **AB 542 (Feuer) No Pay for Never Events:** Creates a process for ending Medi-Cal payments for never events (events that should never happen, such as surgery on the wrong body part) and requires insurers to stop paying for never events.
- **AB 1600 (Beall) Requiring Mental Health Parity:** Requires most health plans to provide coverage for the diagnoses and treatment of mental illness.
- **AB 1825 (De La Torre) Ensuring Maternity Care:** Phases-in a requirement that all health plans cover maternity services.
- **AB 2042 (Feuer) Prohibiting Mid-Year Rate Hikes:** Requires insurers and HMOs to limit changes or increases in premiums, cost sharing or benefits to once a year.
- **AB 2244 (Feuer) Access & Affordability for Children with Pre-Existing Conditions:** Requires guaranteed issue, eliminates all pre-existing condition exclusions, and limits premium

increases based on health status, phasing in a modified community rating for children under age 19 in the individual market.

- *AB 2345 (De La Torre) Covering Preventive Services:* Requires insurers to eliminate cost sharing for some preventive services such as pap smears, mammograms, other cancer screenings, and immunizations.
- *AB 2470 (De La Torre) Regulating Rescissions & Medical Underwriting:* Sets standards for rescission, the insurance industry's practice of terminating coverage as if the coverage had never been issued.
- *AB 2540 (De La Torre) Post-Claims Underwriting:* Enacts a fine for rescinding, canceling, or limiting a policy or certificate due to the insurer's failure to complete medical underwriting before issuing the policy or certificate or after a claim has been filed.
- *SB 56 (Alquist) Facilitating Public Health Insurance Options:* Authorizes county-organized health plans and other health benefits programs to form joint ventures in order to create integrated networks of public health plans that pool risk and share networks, subject to the requirements of the Knox-Keene Act.
- *SB 890 (Alquist/Steinberg) Transitioning to a More Transparent & Standardized Market:* Standardizes and simplifies the individual insurance market so that consumers can understand their coverage choices, compare actuarial values, and have the security that coverage does not have lifetime or annual caps.
- *SB 1088 (Price) Allowing Young Adults to Stay on Their Parents' Coverage:* Obliges group health, dental, and vision plans to allow dependent children to continue on their parents' coverage through age 26.
- *SB 1163 (Leno) Providing Transparency on Rates:* Requires 60 days public notice of rate hikes and requires health plans to provide information about their rate methodology to the public.

Whereas the Governor has expressed his intent to sign a number of these bills into law, several continue to face strong opposition from the insurance industry and other lobbyists. Those of particular concern include the bills that would set up the state Health Insurance Exchange (AB 1602 and SB 900); SB 890 that creates a more transparent and standardized market; and SB 1163 that requires greater transparency on rate hikes.

The Governor has until September 30th to sign or veto the bills. All partners are encouraged to contact the Governor and tell how important it is to sign these measures to help California prepare for health reform.

California State Budget

Last week the Big Five — the Governor, Assembly speaker and minority leader, the Senate president and minority leader — met in Los Angeles to reach a framework for agreement on the 2010-11 state budget. Early reports indicate that the budget:

- includes a \$7.5 billion reduction in spending
- relies on substantial funds from the federal government, though the funds have yet to be guaranteed
- depends on a \$1.4 billion assessment by the LAO
- receives \$1.2 billion through the sale of state buildings.

Governor Schwarzenegger has said he will not sign a budget plan unless it adjusts costs related to public pensions and places controls on other state spending. Lawmakers have said it is unlikely that the new budget plan would broadly increase taxes, though they expect that funding could be reduced for a number of government services.

Community Health Councils will continue to monitor and provide updates on the state budget. Partners are encouraged to contact their local representatives and the Governor and tell them to finalize a state budget that protects the health of California.

National Restaurant Menu Labeling

The Patient Protection and Affordable Health Care Act signed by President Obama in March requires restaurants and food vendors with 20 or more locations to post calories on menus, menu boards and food display tags. Additional written nutrient information on fat, saturated fat, carbohydrates, sodium, protein and fiber content is to be available upon request. Calorie posting requirements will also apply to vending machines managed by companies that operate at least 20 machines.

The new National Restaurant Menu Labeling legislation supersedes and replaces California's and other state and local laws with a uniform standard. The new law will help ensure that consumers nationwide have the information necessary to make healthy choices regarding foods consumed outside the home.

Monitoring Growth of Fast Food Restaurants in South Los Angeles

An amendment to existing general plans to control the growth of unhealthy fast food restaurants in the South Los Angeles region will come before the Los Angeles City Planning Commission on October 14th. The amendment replaces the fast food interim control ordinance that recently expired. The amendment establishes a permanent review process for new standalone fast food restaurants and requires new restaurants to meet certain findings before they are approved for development. Among these requirements are that the new restaurant not result in the concentration of fast food restaurants within 750 feet of the location; that it does not have a drive-through window; and that the number of driveways is minimized and located on side streets where feasible. Community members will have an opportunity to comment on the amendment at the October 14th Planning Commission hearing. For more information or to attend the hearing, contact Tanishia Wright, Community Liaison, at Tanishia@chc-inc.org.

Restructuring LA County DHS

In response to the Health Management Associates (HMA) assessment and evaluation of LA County's Department of Health Services (DHS) Office of Managed Care, the LA County CEO recently released a status report on their plans for restructuring managed care services within LADHS. The report includes the guiding principles for the potential transfer of the County's Community Health Plan to LA Care and a short-term workplan on the restructuring of the County's ambulatory and managed care services.

Community Health Councils (CHC) submitted a letter in response to this status report and testified at the September 20th LA County Board of Supervisors meeting in general support of the DHS restructuring contingent, as well as highlighting proper consumer protections and capacity development. For more information, contact Annie Park, Policy Director, at Annie@chc-inc.org.

Update on Charles Drew University

Six California-based institutions specializing in health, hospital, university and nonprofit health recently announced the formation of a new collaboration effort to guide and restructure Charles Drew University of Medicine and Science (CDU) towards a new, resurgent and financially viable future. The Collaboration was formed to reinvigorate a significant health research and medical education resource in South Los Angeles that has experienced late financial difficulty. With the support and cooperation of the Board of Trustees at CDU, these leaders have committed to develop new governance, reorganize the Board of Trustees, and develop a new management team at CDU. The new CDU Board of Trustees is expected to include:

- *Chair* – M. Roy Wilson, MD, MS, *Chancellor Emeritus*, University of Colorado Denver
- *Vice Chair* – Cornelius Hopper, MD, *Vice President for Health Affairs*, Emeritus, University of California
- Eric Bing, MD, PhD, MBA, *Endowed Professor of Global Health and HIV*, Charles R. Drew University of Medicine and Science
- Diana M. Bontá, RN, DrPH, *Vice President*, Public Affairs for Kaiser Permanente Southern California
- Patrick T. Dowling, MD, MPH, *Associate Director Professor*, UCLA and Chair, UCLA Dept. of Family Medicine
- Andrew B. Leeka, MBA, MPH, *President and COO*, Good Samaritan Hospital
- James Lott, MBA, *Executive Vice President*, Hospital Association of Southern California
- Marvin O'Quinn, MPH, *Executive Vice President and COO*, Catholic Healthcare West
- Thomas M. Priselac, MPH, *President and CEO*, Cedars-Sinai Health System
- Carmen A. Puliafito, MD, *Dean*, Keck School of Medicine of USC
- Eugene Washington, MD, *Vice Chancellor*, UCLA Health Sciences and *Dean*, David Geffen School of Medicine at UCLA.

**FOR MORE INFORMATION ... CONTACT
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