Caution: A Couple of Current Attempts At Containing Healthcare Costs That Could Be Counterproductive!

The most recent California Medical Association Board of Trustees meeting was almost completely focused on an extensive process that resulted in endorsement of Gavin Newsom for the next governor of California. While the CMA does not often endorse candidates for office, it was felt that the choice of the next governor in California could be crucial for shaping the healthcare landscape, and that Gavin Newsom had the depth of knowledge in healthcare and the experience of working with the CMA that would make him the ideal candidate. The board did, however, still get updates and take positions on many other items even if much of it was done on the consent calendar (the e-book was still over 500 pages long -- just the legislative summary with short paragraphs about the bills was 194 pages long by itself). From these many issues, two stood out as particularly important.

AB 3087 would allow the state to set prices for specific services and procedures provided by hospitals and other health care providers. It would establish a state appointed nine person board to set prices for facilities and providers across the state. CMA has lobbied extensively against this bill but it did get out of committee at the end of April. This bill does not address the underlying causes in the rise of healthcare costs. Physician charges are only one small piece of the puzzle – for example through Medicare over the past decade physician costs have been relatively frozen while practice costs have gone up by about 22%. Healthcare costs are increasing due to multiple factors including rising pharmaceutical costs, and increasing profit taking by insurance. Access to care for patients across the state would be at risk if California were to pass this bill as large numbers of physicians have stated they would retire early or leave the state if this bill were to become law.

The Board also voted to oppose the "Fair Pricing for Dialysis Act" ballot initiative. The initiative would limit amounts outpatient kidney dialysis clinics may charge for patient care and impose penalties for excessive charges. It would cap charges at an amount equal to 115 percent of the sum of all direct patient care services costs and all health care quality improvement costs incurred by clinics. There are different problematic issues with this bill, including again the legislation of costs for medical care, but one of the more interesting aspects to this particular initiative is that it could actually work to drive up charges for patient care – the way to increase the amount of money that can be made in profits and administration with this kind of payment structure is to increase the medical charges. This model, then, could create an incentive for companies to charge private payers even higher prices for dialysis treatment. At a recent county medical society dinner with our legislators, when asked what one thing he would change about our legislative system, one legislator responded, "I'd get rid of the ballot initiatives". This was a social dinner situation, but I'm not entirely sure that he was joking as there are many problems inherent in this way of making laws.

These are just a couple of the many issues being followed by CMA on your behalf (our board meeting e-book was more than 500 pages long; just the list of bills with paragraph summaries was 194 pages). Please feel free to contact me with any ideas or concerns you may have with regards to the practice of psychiatry.

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