

2018 Year-in-Review:

Protecting Our Progress Through Policy and at the Ballot Box, While Winning Oversight on Mergers, Insurers, and Prescription Drug Prices, & Advancing the Goal of Universal Coverage

Major Accomplishments:

- After Two Years of Actions to #Fight4OurHealth, Californians Flipped the Seats of Seven Representatives Who Voted to Take Away Coverage and Consumer Protections from their Constituents
- California Policymakers Took Action to Shield Consumers from the Trump Administration's Sabotage of our Health System with Legislation to Ban Junk "Short-Term" Plans
- New Health Industry Oversight Led to Conditions on Several Proposed Health Mergers, and 2019 will see California's Authority on Health Plan Mergers Strengthened
- #Care4AllCA Campaign of Community and Consumer Groups Creates Momentum and a Mandate to Win #Health4All, a More Accountable and Affordable Health System, and Move Closer to Universal Coverage in 2019

Despite the ongoing attempts to undermine our health care system by the Trump Administration, California took significant measures to protect our progress on coverage expansions and consumer protections, and take steps forward toward a more universal, accountable and affordable health system. California passed new patient protections like banning short-term junk insurance, preserving a cap on prescription drug co-pays, and instituting stronger state oversight over health plan mergers. These efforts were part of the new Care4All California campaign which laid out a path to win universal health coverage, without the need for federal approvals—a path supported in the Assembly budget proposal and in concept by Governor-elect Newsom on the campaign trail. Progress at the state level in 2019 is more likely thanks to the changed federal landscape following the 2018 midterm elections. Building off of two years of grassroots organizing and messaging around the federal threats to health care, voters prioritized the issue and made 2018 the largest wave election in over 40 years, flipping 40 Congressional districts, including seven in California where the former Representative voted to repeal the ACA to the detriment of their constituents.

The Health Care Election

Health care was the major issue impacting the 2018 election, and in turn, the results will have significant impacts on health care in 2019 and beyond. Over 40% of voters ranked health care as the issue that determined their vote. Over half the campaign ads across the country had a health care message. Across the nation, and especially in California, voters remembered the Congressional vote to repeal the Affordable Care Act (ACA) and cut and cap Medicaid. The grassroots #Fight4OurHealth efforts over the last two



years, which included over 200 events, rallies, town halls, vigils, press conferences, and other actions, had a lasting influence beyond helping to prevent full out repeal. While Health Access does not endorse candidates, we were proud to contribute to the conversation about the California impacts of the Congressional proposals, and the importance of voting in general. In 2018 we:

- Held ongoing #Fight4OurHealth coalition phone calls with several dozen organizations to update them on federal developments, engaging them in counter-efforts against the ongoing sabotage of our health system.
- Distributed up-to-date information and refreshed fact sheets about the negative impacts of the American Health Care Act and other continued threats.
- Undertook issue advocacy, including op-eds, local events, and press conference calls with partners, responding to Trump Administration attacks on our health system, Covered California's rate announcement, and the beginning of open enrollment.
- Sponsored 150 billboards and added additional amplification with paid social media on a "Vote Like Your Health Depends On It" message to get out the vote (GOTV).

The change of leadership in the U.S. House of Representatives to Speaker Nancy Pelosi, and relegating another California Representative in Kevin McCarthy to Minority Leader, squashes the threat of a legislative repeal of the ACA in the next two years. (A repeal of the ACA by litigation is pending, with California Attorney General Xavier Becerra leading the opposition in the courts.)

California voters also elected a new Governor and a partially new Legislature, who mostly ran and won on health care issues, creating a mandate and momentum for action at the state level.

Protecting Californians from Trump Administration Sabotage

California took actions to hold consumers harmless from the Trump Administration's assault on our health care system in 2018. While the Administration changed regulations to endanger consumer protections, threaten coverage, and increase insurer profits – California intervened to block all of them:

- With **SB 910** (Hernandez) California became the first state in the nation to outright ban the sale of short-term junk insurance plans that do not cover pre-existing conditions, essential health benefits, or abide by other ACA consumer protections.
- **SB 1375** (Hernandez) limits the sale of Association Health Plans which can also skirt ACA patient protections.
- **SB 1108** (Hernandez) ensures that California won't agree to eligibility restrictions to health coverage, like the counterproductive work requirements in Medicaid that the Trump Administration have promoted.
- **AB 2499** (Arambula) ensures health plans spend at least 80% of premium dollars on health care, instead of administrative costs and profit. The Trump Administration proposed lowering the standard to 70%.



Addressing Prescription Drug Prices

In 2017, California passed SB 17, landmark legislation to bring transparency to prescription drug price hikes. This year, Governor Brown signed two additional bills to address the issue:

- **SB 1021** (Wiener) keeps pharmaceuticals affordable by maintaining a \$250 co-pay cap for costly life-saving medications, and puts other consumer protections in place.
- Pharmacy benefit managers (PBMs) help negotiate with pharmaceutical companies for discounts, but with little oversight. **AB 315** (Wood) requires PBMs to register and provide data to the Department of Managed Health Care to help consumers & purchasers benefit from the savings PBMs negotiate.

Increasing Oversight on Insurers and Mergers

With California health insurance already highly consolidated, five insurers now control 90% of the market. Additional mergers are likely to result in fewer choices and higher prices for the millions of California consumers enrolled in private coverage. State oversight over health insurers will get stronger under **AB 595 (Wood)**, signed this year, which strengthens regulatory authority to ensure that these mergers put the public interest over profit margins.

Even before AB 595 went into effect, California regulators placed consumer-friendly conditions on a number of key mega-mergers this year in response to health advocate and community input. The Aetna-CVS and Cigna-Express Scripts mergers both were approved with conditions imposed by the Department of Managed Health Care (DMHC), to ensure compliance with consumer protections, improved quality ratings, public health investments, and more. Similarly, the major hospital merger of Dignity-CHI was approved by the Attorney General with conditions, including maintaining key services, charity care, and other requirements.

Laying Out the Path to #Care4AllCA: Next Steps for #Health4All and More

The bills cited above were supported by Care4All California, a new proactive campaign committed to universal health coverage, as well as improving our health system. The Care4All California coalition is made up of over 60 consumer, community, labor, progressive, and health care organizations, seeking to win an aspirational agenda but that is achievable without significant federal approval, toward the goals of:

- Securing and expanding coverage, while increasing access and affordability for all Californians
- Advancing quality care and more equitable health outcomes
- Addressing the overall cost of health care, and holding the health care industry accountable

Since the implementation of the ACA, California has seen the largest drop of the uninsured rate of all 50 states, going from nearly 20% uninsured to 7%. The Care4All California agenda would take further steps to universal coverage through modest investments in Medi-Cal and Covered California. The Assembly agreed



in concept, including in their proposed budget a \$1 billion “down payment” to universal coverage which included investments to increase affordability assistance in Covered California and the individual market, which got bipartisan support.

The Assembly budget proposal, as well as a proposal from the Senate, also included #Health4All investments to extend Medi-Cal to some income-eligible Californians regardless of immigration status. Building on a five-year campaign and a successful expansion to cover undocumented children, the Assembly sought to expand Medi-Cal to cover undocumented young adults up to age 26 (AB 2965, Arambula) while the Senate has a complementary proposal to cover undocumented seniors age 65 and over (SB 974, Lara). Both the Assembly and Senate budget also included the proposal to end the “senior-penalty” increasing affordability and access for low-income elders and people with disabilities.

While Governor Brown’s final budget did not include any of these new investments toward universal health care—whether expanding Medi-Cal for income-eligible Californians regardless of age, disability, or immigration status, or increasing Covered California subsidies—Governor-elect Newsom embraced many of these concepts on the campaign trail, as did many state legislators.

Advocates also hope to revisit other parts of the Care4All California agenda addressing cost, quality, and equity in our health care system. While not enacted yet, key bills were debated and advanced in 2018 to:

- Improve outcomes and equity in Medi-Cal managed care through greater oversight and accountability,
- Limit anti-competitive contract provisions that large hospital chains use to inflate prices, and
- Create a health care cost, quality, and equity commission to set reasonable base amount hospitals, doctors, and other providers of health care can collect from payers.

Partly responding to this new conversation on universal coverage, the 2018 Budget did fund a new Council on Health Care Delivery Systems, to study the feasibility of a new public health insurance option and to look at what it would take to make broader changes toward a universal, unified financing system. Another budget item funded an “all-payer” database on health care costs.

Overall 2018 Year in Review

While there were successes and setbacks in the state legislature, California showed it would both protect the progress made under the ACA, and take steps forward, with advocates and lawmakers laying out a realistic, actionable plan for getting California to universal coverage, while also improving health equity and holding the health industry accountable for costs and quality. With a mandate from voters and the election of a new Governor who has promised to take bold action on health care, our state can lead the nation in 2019 in creating a more inclusive, affordable, and accessible health care system for all Californians.