California

California continues to be a national leader in healthcare price and transparency initiatives.

For the latest 2017-2018 legislative term, the California legislature considered 5,617 bills and resolutions that coalesced around four themes. Specifically, California has made great strides in the last legislative term to limit out of pocket expenses, explore single payer system once again, strengthen merger review authority of health care entities with exception to those regarding emergency services, increase transparency in health care costs, and affirm medical loss ratios (read more in 2017-2018 Term Recap Part 1 and Part 2 on The Source Blog).

In previous legislative terms, California legislation sought to provide additional processes and structures to improve healthcare price transparency and, in effect, lower costs. In September 2016, Governor Brown signed a bill that requires health insurers to notify their policyholders when regulators think their price hikes are too high (SB 908), and a bill that protects patients from out-of-network provider “surprise bills” (AB 72). Other proposed legislation sought to reduce healthcare costs by requiring insurance carriers to provide a minimum value of 60%; and by clarifying family and individual family member cost sharing.

Overall, California remains an active participant in the initiative to reduce healthcare costs and improve price transparency. California’s legislation and regulation aligns with similarly active and progressive states by focusing on pharmaceutical costs and stakeholder transparency measures. With a new governor, the new 2019-2020 legislative cycle may bring about more bills that disrupt, regulate, or contain health care markets and prices.