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April 18, 2018

The Honorable Assemblymember Wood  
Chair, Assembly Health Committee  
State Capitol, Room 6005  
Sacramento, CA 95814

**Re: AB 3087 (Kalra): California Health Care Cost, Quality, and Equity Commission.  
AAP-CA Position: Oppose**

Dear Assemblymember Wood,

On behalf of The American Academy of Pediatrics, California (AAP-CA), representing over 5,000 California pediatricians, we appreciate Assemblymember Kalra's commitment to supporting access to health care for all Californians. However, we have significant concerns that this well-intended approach to reform will actually result in a weaker health care system in our state, particularly for the most vulnerable populations. As such, AAP-CA OPPOSES AB 3087, as introduced.

Under your leadership, the California Assembly recently held a series of hearings through the Select Committee on Health Care Delivery Systems and Universal Coverage, which resulted in the commission of report by the University of California, San Francisco titled, "A Path to Universal Coverage and Unified Health Care Financing in California." Two of the policy recommendations from that report were to: 1) increase Medi-Cal provider rates to increase access in the system; and 2) develop a comprehensive strategy to ensure a robust physician workforce. AB 3087 does neither, and instead takes a fragmented approach, aiming to decrease provider rates. Moreover, it would go against the documented need to streamline and make more efficient our health care system by adding a significant new administrative burden to those who provide care.

U.S. physicians experience extremely high administrative costs; one study finds one third of healthcare spending can be attributed to these activities. AB 3087 would make physicians spend more time on administrative tasks, leaving even less time to care for patients. The time and resources needed to document the necessary price increases for thousands of medical procedures to appeal the base rate will place an enormous bureaucratic burden on physicians. AB 3087 does nothing to address the existing inefficiencies within our system that drive health care spending growth, nor does it provide any incentives to improve health care access and quality.

AB 3087 limits what premium rates health insurance companies charge individuals, but it specially excludes out of pocket costs, such as patient deductibles and copayments, from these rates. This means there is nothing to prohibit plans from requiring patients to pay the increasing out-of-pocket costs that would undoubtedly result from fixing the base charges for services.

The most problematic potential outcome of AB 3087 is that physicians will be burdened by California's high-cost-of-living and the higher bureaucratic nature of this bill, and decide to practice out of state. Similar reasoning would lead to doctors in residency choosing to locate outside of California for their careers. In sum, we agree, wholeheartedly with the assessment of the California Medical Association that, "California residents now face among the highest state taxes, cost of living, housing prices, and for physicians, the highest cost to run a physician practice. AB 3087 proposes to lower commercial physician rates through new bureaucratic commission that prohibits physicians from serving on and having any real input as to how these rates are set. Physicians are not a public utility and should not be treated as such. It is not hyperbole to say that, if enacted, AB 3087 would drive physicians out of the state and deplete the physician workforce we need to ensure access to quality medical services."

California pediatricians, respectfully, request your NO vote on AB 3087.

Thank you for your public service and your leadership.

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized initial 'Y' followed by 'FUKUDA' in smaller letters.

Yasuko Fukuda, M.D., Fellow of the American Academy of Pediatrics  
Vice Chair, District IX of the American Academy of Pediatrics  
Executive Board, American Academy of Pediatrics, California

cc: The Honorable Assemblymember Kalra  
The Honorable Members of the Assembly Health Committee