

CALIFORNIA healthfacts

THE BUSINESS OF HEALTHCARE IN CALIFORNIA

healthleaders

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CEDARS-SINAI, HUNTINGTON HOSPITAL, FINALIZE AFFILIATION

BY JOHN COMMINS, HEALTHLEADERS

Pasadena-based [Huntington Hospital](#) and Cedars-Sinai Health System announced that they have cleared all regulatory hurdles and [finalized their previously announced affiliation](#).

Under the plan, the 619-bed Huntington Hospital will maintain local governance—with its own employees, board of directors and medical staff. In addition, Huntington’s fundraising and volunteer program will remain under local control.

Cedars-Sinai will provide additional resources, expertise, and management. The Los Angeles-based health system has also committed to improving IT, expanding ambulatory services, and bolstering physician recruiting and development.

The affiliation was [first announced in March 2020](#), but anticompetitive concerns were raised by the California Attorney General’s Office, prompting Huntington and Cedars-Sinai to [file a lawsuit against the AG in March 2021](#), claiming that state regulators slapped burdensome and unprecedented conditions on their proposed affiliation.

At issue was the so-called “competitive impact” conditions attached to the affiliation by the AG’s office that state regulators said would ensure that the consolidation does not raise prices for consumers in the affected service areas.

Cedars-Sinai officials told CAHF that the suit had been resolved, but they did not elaborate.

Lori J. Morgan, MD, CEO of Huntington, said the safety-net hospital chose to move forward with Cedars-Sinai because it “has demonstrated a commitment to build on the strengths of its affiliates to advance clinical quality, provide outstanding patient care and engage with the communities it serves.”

“Huntington will be both a strong contributor to this world-renowned, nonprofit system and enjoy the benefits of joining a larger, regional organization to preserve our legacy of compassionate, community-based care well into the future,” Morgan said.

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IN BRIEF

BLUE SHIELD STOPS OVERSEEING CALIFORNIA'S VACCINE PROGRAM

- As public health officials continue their push to vaccinate millions of hard-to-reach Californians against COVID-19, they are doing so largely without the help of [Blue Shield of California](#), the company whose oversight Gov. Gavin Newsom said was essential to improving the state's slow distribution of doses earlier this year. The company's reduced role announced last month closes a controversial chapter in the state's ongoing efforts to combat COVID-19, one that began with questions about the Newsom administration's handling of who should be first in line when supplies were limited and culminated in the governor's surprising decision to put the insurance giant in charge. *(Los Angeles Times)*

ANOTHER STEP TOWARD COVID VACCINE PASSPORTS?

- California took [another step toward a vaccine passport](#) with a new rule that requires more than a ticket for indoor events of 1,000 people or more: You'll have to show proof that you are fully vaccinated or have tested negative for COVID-19 within 72 hours to get in the door. The Golden State's vaccine verification for concerts, conventions and sporting events, which begins next month, is the first for a state in the U.S., expanding on an earlier state order for events with a minimum of 5,000 people. And it mirrors a growing list of similar vaccine requirements — in public and

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DIGNITY HEALTH, ANTHEM BLUE CROSS MEND FENCES, SIGN MULTI-YEAR CONTRACT

BY JOHN COMMINS, HEALTHLEADERS

Dignity Health and Anthem Blue Cross have signed a four-year contract that provides Anthem's beneficiaries in-network access at Dignity.

The new contract — which is retroactive to July 15, when the old contract expired, and expires on April 30, 2025 — ends [a month-long public spat](#) between the San Francisco-based provider and Indianapolis-based Anthem.

In posts on its website, Dignity called Anthem the "nation's largest for-profit insurance company," and noted that it recorded \$1.7 billion in profits in Q1, which went to shareholders and was "not reinvested in patient care or expanded access. The expired contract meant that more than 1 million consumers had limited — if any — access to its venues in more than 30 communities which Dignity said "forced them to travel great distances to receive the care — especially specialized care like oncology services, neonatal ICUs, pediatric care, burn centers, accredited stroke centers and more."

The health system urged its customers to "take action" and "call Anthem at the number on the back of your insurance card and urge them to work with Dignity Health doctors and hospitals on a new agreement."

In return, [Anthem called Dignity](#) "one of the more expensive health systems in California. We cannot, and will not, agree to excessive rate increases that will make care at Dignity even less affordable for those we serve."

All that appears to be water under the bridge for the two organizations, both of whom declared victory.

"We are pleased to continue working with Dignity. While we understand this wasn't easy for consumers, it was necessary for us to stand firm as part of our efforts to help slow the sharp rise in healthcare costs," Anthem Regional Vice President John Pickett said. "Our members remained our number one priority as we worked hard and in good faith to find common ground and reach an agreement with Dignity that helps protect affordability."

Robert Quinn, MD, CEO of Dignity Health Medical Foundation called the new contract "a win for our patients."

"From the beginning, our goal in working with Anthem has always been about ensuring we can continue to meet the needs of our patients today and in the future," he said. "This agreement ensures we can continue to provide value-driven care for Anthem members."



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IN BRIEF

private workplaces and imposed by individual cities and counties — as the state battles another surge of infections from the highly contagious delta variant. (*Bay Area News Group*)

UCSF FRESNO RESIDENTS, HOSPITAL PHYSICIANS FORM UNION.

- More than 300 UCSF Fresno interns, residents and fellow physicians have [officially unionized](#). The California Public Employment Relations Board recognized the union and certified the Committee of Interns and Residents/SEIU to represent the 327 resident and fellow physicians at UCSF Fresno. Community Regional Medical Center is the primary hospital where the UCSF Fresno residents and fellow physicians work. (*Fresno Bee*)

BUENA PARK CAREGIVER ARRESTED AFTER ALLEGEDLY SHOCKING PATIENTS

- Timothy Jay Tovera, 39, a caregiver at a Buena Park facility was arrested after allegedly admitting that he [used a stun gun to shock three patients](#) with intellectual disabilities at the Steadfast Residential Care Facility. Another employee at Steadfast shared two videos in which Tovera could be seen using a stun gun on patients who were refusing to comply with his instructions. In the footage, a bright arc of electricity passes between the two prongs of the weapon just before the suspect presses it against the patients' skin, and they visibly react in pain. (*East Bay Times*)

SAN JOAQUIN GENERAL HOSPITAL, DIGNITY HEALTH, PURSUE AFFILIATION

BY JOHN COMMINS, HEALTHLEADERS

San Joaquin General Hospital and Dignity Health have signed a [letter of intent](#) to pursue along-term affiliation at the county's safety-net hospital.

Tom Patti, chairman of the San Joaquin County Board of Supervisors, said the partnership "will allow San Joaquin General Hospital to remain viable as a provider of cost-effective quality health care."

"Due to the pandemic and a variety of other fiscal considerations, SJGH will require access to clinical, operational, educational and financial assistance that could only be provided by entering into an agreement with an established, successful health care system," Patti said. "We believe this affiliation will be significantly beneficial to all parties, but especially to patients and staff at SJGH by providing a more financially-secure hospital setting which offers more sustainable care over the long term."

The county and the health system will now build a working plan for the partnership, which they hope to launch within the next nine months.

The LOI provides the negotiation components of an eventual definitive agreement and management services agreement intended to achieve the following outcomes:

- Sustain SJGH as a vital health care provider in the community and improve the financial strength and integrity of both organizations;
- Shared expectations around, and continuous improvement in quality, patient experience, and operational efficiency;
- Expanded access to care through joint planning to enhance quality, access, clinical services, and graduate medical education; and
- Clear financial alignment and governance, ensuring that both parties (County and Dignity Health) have a vested interest in ensuring the partnership's operating and financial success.

Donald Wiley, president and CEO of Dignity Health St. Joseph's Medical Center, called the agreement "the alignment of two exceptional organizations with mutual missions of serving vulnerable populations while maintaining and enhancing access to care and improving the health of the communities we serve."

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EVENTS

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[AAOS Annual Conference.](#)

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OCTOBER 1-3

[6th Annual Emergency & Urgent Care Medicine for the Primary Care Provider Conference](#)

Omni San Diego Hotel. Presented by Continuing Education Company. Our Primary Care CME Conference Series is designed to update primary care clinicians in rapidly changing therapeutic areas.

OCTOBER 11-13

[CAHP Annual Conference.](#)

Manchester Grand Hyatt, San Diego. Join healthcare professionals to learn how health plans in California are dealing with changes, implementing laws and regulations, and planning for the future.

DECEMBER 1-3

[CAPH/SNI 2021 Annual Conference](#)

Meritage Resort and Spa in Napa, CA. At this time, we are planning an in-person conference, but will reconsider (if needed) based on state guidance and safety concerns.

MEDI-CAL COLLECTS \$2.3M SHARE OF \$75M BRISTOL MYERS SQUIBB SETTLEMENT

BY JOHN COMMINS, HEALTHLEADERS

Medi-Cal and other California Medicaid programs will get \$2.3 million of the \$75 million settlement that drug maker Bristol Myers Squibb reached with state and federal prosecutors, California Attorney General Rob Bonta said.

The settlement stems from a whistleblower lawsuit that alleged that BMS overcharged states for its drugs by lowering the rebate it must periodically pay to ensure that states pay competitive prices under the federal [Medicaid Drug Rebate Program](#) law.

Of the \$75 million, \$41.3 million will go to the federal government and \$33.6 million goes to the states. California will collect \$2,356,842.71, Bonta said.

"Using falsification and deception to underpay drug rebate payments to Medi-Cal undermines Medi-Cal's ability to look after the millions of Californians who rely on the program for their essential, even life-saving medications," Bonta said. "We will continue to step in when corporations make decisions that compromise the interests, health, and wellbeing of our state's residents."

The Medicaid Drug Rebate Program requires drug makers to rebate state Medicaid programs. Rebates, based on a calculation of the average price drug wholesalers paid the BMS for each drug that quarter. The greater the Average Manufacturer's Price, the bigger the rebate the manufacturer pays.

Prosecutors alleged that BMS falsely treated wholesalers' fees for services such as restocking, inventory management, and distribution as "discounts," deducting them from their reported AMP, which ultimately resulted in BMS lowering their rebates and, in effect, overcharging state Medicaid programs.

BMS emailed a statement to CAHF saying it was "pleased to resolve this matter involving an interpretation of complex government regulations, relating to practices that Bristol Myers Squibb revised years ago."

"Bristol Myers Squibb acted responsibly and in good faith in interpreting these regulations, and we deny that any wrongdoing occurred in this matter. We continue to comply with applicable laws, regulations and standards for Medicaid reimbursement, as we continue to work actively to improve access to care, advocate for policies that promote health equity, and help underserved patients access and afford the medicines they need," the statement read.



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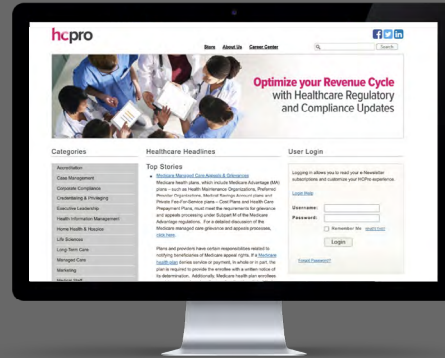
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