

FACTS ABOUT STATEWIDE NO-BID MEDI-CAL CONTRACT



LHPC
Local Health Plans of California

AB 2724 would codify a multi-year, statewide managed care contract for Kaiser Permanente

Not all new Kaiser Medi-Cal enrollees will get to see Kaiser doctors

Kaiser contracts with safety net clinics means that Kaiser's Medi-Cal enrollees won't have the same access to Kaiser doctors as their commercial enrollees.

Kaiser contracts with safety net providers will reduce access for existing Medi-Cal managed care enrollees and would destabilize the well-balanced safety net.

Direct Kaiser contract does nothing to improve affordability

Total state payments at the county level would be the same, resulting in zero savings. Also, plans are already required to provide necessary covered services to Medi-Cal enrollees regardless of payment levels.

Nearly all plans retain no more than 2% of the rate to support the local plan oversight. The percentages referenced by DHCS are not for administration, rather are to support services not offered by Kaiser (e.g. eating disorder services, long-term care).

No greater transparency and accountability under this structure

Unlike local plans, privatized Kaiser does not conduct business in the open. The 2024 Medi-Cal contract includes considerably more transparency and accountability for all plans.

DHCS' direct oversight of Kaiser does not offer greater accountability. The bill gives the state broad authority to make changes or expand Kaiser's contract without any notice or public review of changes or their impact to the Medi-Cal delivery system.

Enrollment exclusions create inequity by leaving out vulnerable populations

Kaiser's strict eligibility rules are, by definition, exclusionary. This means that they largely won't enroll people experiencing homelessness, undocumented individuals, people coming out of incarceration or others who haven't had the luxury of recent Kaiser coverage.

If Kaiser's enrollment exclusions result in an unintended financial bonus due to serving a disparate share of healthier members, it may cause a ripple effect of plans competing for healthy members.

Undermines local care delivery by public plans

This contract would undermine 40 years of public plan models, which were created to encourage local collaboration to meet the unique needs of different California communities.