

## PROPOSITION 29

### ***What kind of measure is it?***

Initiative Statute

### ***What is the subject?***

Regulation of kidney dialysis clinics.

### ***What is the background?***

About 80,000 patients in California receive dialysis services from 650 Chronic Dialysis Clinics (CDCs). CDCs are licensed by the California Department of Public Health using federal standards. To serve more patients, CDCs often operate 6 days a week for extended hours.

Two for-profit companies – DaVita Inc. from Colorado and Fresenius Medical Care from Germany – operate almost three quarters of the CDCs in California. The remaining CDCs are operated by a variety of non-profit and for-profit entities.

Most patients on dialysis are covered by Medicare and/or Medi-Cal, which pay a fixed rate for CDC services. About 10% of CDC patients are covered by group and individual health insurance plans, which often pay multiple times the amount for dialysis treatment than the amounts paid by government programs because their rates are negotiated with each insurance company.

### ***What is the proposal?***

Proposition 29 would require that:

- A licensed physician, nurse practitioner or physician assistant, in each case with at least 6 months of experience in kidney care, must be on-site at all times when dialysis is being performed. Telehealth may be used for up to one year if no such person is available on-site.
- Clinics report the name of any physician with more than a 5% interest in the clinic.
- Clinics not discriminate among patients based on their source of payment.
- Clinics report information about dialysis-related infections among their patients.
- Clinics obtain permission from the state to close or reduce hours.

There have been two previous similar initiatives – one in 2018 and the other in 2020. They had some similarities. The difference is that Prop 29 has reporting requirements regarding clinic ownership and it also requires more on-site personnel. Both previous initiatives were backed by the SEIU/UHWW and both lost by substantial margins.

### ***What are the fiscal implications?***

There are fiscal implications for both the clinics and governments if this should pass. The clinics would probably have to pay hundreds of thousands of dollars more annually for staff salaries. State and local governments might have to pay tens of millions of dollars more annually if clinics close and patients must go to more expensive facilities such as emergency rooms, or if clinics negotiate higher reimbursement rates.

### ***Who are the supporters and what do they say?***

Supporters include a dialysis patient care technician, the president of the Baptist Ministers Conference of LA, and a dialysis patient. They say:

- Requiring a physician, nurse practitioner or physician assistant to be present during a dangerous procedure like dialysis is common sense and a matter of patient safety.
- Dialysis clinics may use telehealth for up to a year if the required healthcare workers are not available.
- The big corporations operating dialysis clinics can easily make the required staffing changes and still profit hundreds of millions of dollars a year.

As of June 30, 2022, supporters have raised \$7M, almost all from the SIEU/UHWW.

### ***Who are the opponents and what do they say?***

Opponents include the Executive Director of the American Nurses Association of California, a dialysis patient, and the president of the California Medical Association. They say:

- Dialysis is administered by specially trained technicians and every dialysis patient is under the care of their own kidney doctor, making administrative oversight unnecessary.
- Prop 29 would worsen our health care worker shortage, taking thousands of these individuals from hospitals where they're needed and placing them in administrative jobs.
- The unnecessary requirement for on-site administrators who do not provide patient care would cost hundreds of millions every year, forcing clinics to reduce hours or close.

As of June 30, 2022, about \$36M has been raised in opposition from Fresenius and Davita.

### ***What is the question?***

Should dialysis clinics be required to have additional administrative staff on site at all times and be required to report clinic ownership information to the patient and the state.

A YES vote means you want these changes

A NO vote means you do not want these changes.