



California
LABOR
Federation



California School
Employees Association



California
Nurses
Association



**UNITE
HERE!**



SHEET METAL | AIR | RAIL | TRANSPORTATION
SMART
Local Union No. 104



*A Union of Educators &
Classified Professionals*



April 23, 2024

Mark Ghaly, M.D. Health Care Affordability Board Chair

Elizabeth Landsberg, Director, Department of Health Care Access and Information

Vishaal Pegany, Deputy Director, Office of Health Care Affordability

By Email: ohca@hcai.ca.gov

RE: Staff Recommendation Regarding Statewide Health Spending Target

Dear Chair Dr. Ghaly and Members of the Board,

We, the undersigned organizations collectively, support the staff's initial recommendation to implement a 3 percent annual increase upper limit and to prioritize median income as a key metric.

The exorbitant rates charged by hospitals in our area, as well as similar counties across the state of California, ranging from 500% to 1500% or more of Medicare levels, significantly hinder our efforts to maintain manageable costs for participants and employers in Monterey County. Even after negotiations that lead to a 50% reduction in billed charges, both we and our members would still face paying well over 200% above Medicare levels.

In response to common claims made by hospital finance executives, we offer the following perspectives:

- High-Cost Area: While recognizing the higher costs in our area and similar counties across California, we cannot justify prices three or four times the actual cost.
- Underpayment from MediCal and Medicare: Paying at least 140% of Medicare should cover costs and provide a reasonable margin.
- Greed From Big Insurance Companies: Unlike commercial insurers, our nonprofit and self-insured plans do not seek excessive profits.
- High Operating Cost: We are willing to pay 140% of Medicare, a reasonable amount to cover costs and provide a margin.
- Level of Care: Quality of care does not always correlate with higher costs.
- Median Income Tied to Cost: Affordability is directly linked to income, making it the most relevant metric for setting thresholds.

In conclusion, we firmly believe that the staff's proposed target level is a crucial step towards addressing affordability, not only in Monterey County but across similar counties in California as well. Any concerns about hospitals limiting services cannot outweigh the urgent need to address the soaring healthcare costs faced by working families. The proposed target level is an essential and commendable initiative in combating the affordability crisis statewide.

In Solidarity,

California Labor Federation, AFL-CIO
California Conference Board of the Amalgamated
Transit Union
California Conference of Machinists
California Federation of Teachers
California Nurses Association
California School Employees Association
California State Legislative Board of Sheet Metal,
Air, Rail and Transportation Workers –
Transportation Division
California Teamsters Public Affairs Council
Engineers and Scientists of California, IFPTE

Northern California Carpenters Regional Council
Robert F Kennedy Farmworkers Medical
Plan/Juan De La Cruz Farmworkers Pension Plan
Service Employees International Union, Local 521
Teamsters Local 856
UNITE HERE
United Food & Commercial Workers Western
States Council
Utility Workers Union of America