HCAi Department of Health Care Access and Information
2020 West El Camino Avenue, Suite 800
Sacramento, CA 95833
hcai.ca.gov

Health Care Affordability Board
March 25, 2025
Public Comment

The following table reflects written public comments that were sent to the Office of Health Care Affordability email inbox.

Date	Name	Written Comment
3/25/2025	Devra Dallman	Health Care costs are out of control in California. I've appreciated the work to delve into Monterey's hospital costs and I think the focus should start there immediately. Was there any follow up with the California AG to determine if price gouging was the underlying issue and does that break any laws that enable legal action to push the issue? I agree with comments made by Elizabeth and Ian, shifting costs to commercial entities when the Feds implement cost cuts to public programs is unacceptable. Defeats the initiative to lower the out of control health care costs. However, spending targets, while I can agree are untested in California, are **not untested in other states**. Spending targets have been implemented in other states (Connecticut, Delaware, Massachusetts, Oregon and Rhode Island). There is published literature that should be acknowledged and shared... Health Affairs: https://www.healthaffairs.org/content/forefront/6-29-angeles-piece
3/25/2025	Kati Bassler	1. Salinas Valley Federation of Teachers would like to thank David Carlile for his service and leadership. 2. We continue to support the special sector target for high-cost hospitals. The comments that the Board is moving too fast are evidence that the two hospitals in Monterey County on the high-cost list want to continue their high cost practices. For the commercial insurance consumers of Monterey County this process is the only chance we have to

Date	Name	Written Comment
		contain costs, and it is not too fast. In fact, we needed help years ago. Thank you.
4/3/2025	Marshall Medical	See Attachment #1.
4/15/2025	Sutter Health	See Attachment #2.
4/16/2025	Edwin Okamura	Further to my letter I sent earlier, I'm reaching out to share my concerns regarding the proposed hospital spending cap and request clarification through the question outlined below. I hope OHCA will address this publicly at the April 22 Health Care Affordability Board Meeting. Thanks you. "Given that NorthBay Health has committed $250 million to close the primary care gap in our region over the next six years and plans to bring the first health care clinic to Rio Vista in more than a decade, how does OHCA plan to fill that investment void if hospital spending is artificially capped and this critical expansion plan is halted?
4/16/2025	Kari Rader	The implications of OHCA's proposed cost restrictions on hospitals are deeply troubling. I'm submitting the following question and ask that it be addressed at the April 22 meeting to ensure transparency and accountability. When critical service lines are reduced or eliminated due to funding constraints imposed by OHCA's cap, what is the state's plan to ensure continuity of care for elderly patients—including transportation, capacity, and funding—for those forced to seek care elsewhere?
4/16/2025	Liz Aptekar	See Attachment #3.
4/17/2025	Health Plan of San Joaquin	See Attachment #4.
4/17/2025	Sharp Healthcare	See Attachment #5. Sharp HealthCare ("Sharp") is deeply concerned about Item #4 on the April 22 meeting agenda for the Health Care Affordability Board to "Vote to Establish Hospital Sector Target."

Date	Name	Written Comment
		These hospital sector targets will impact patients and communities across California. The Health Care Affordability Board should take additional time to review, analyze and respond to the public comments received to ensure the data and methodology are accurate and appropriate and to assess the impact on patient access to care, prior to adoption. While OHCA is not required to provide summary and response to public comments, taking time to consider the more than 500 pages of public comments received would demonstrate the Board's commitment to a more transparent process. On behalf of the patients and communities we serve, **Sharp urges the Board to take additional time for analysis and discussion on hospital sector targets to ensure that patient access to care is protected and alternative payment models are promoted rather than undermined.**
4/17/2025	Valley Children's Healthcare	See Attachment #6.
4/17/2025	Mayor Sue Zwahlen	See Attachment #7.
4/17/2025	Solano Economic Development Corporation	See Attachment #8. Please find attached a letter regarding NorthBay Health and the proposed hospital spending cap. I would greatly appreciate if OCHA could respond to the question below at its April 22 meeting. *Given NorthBay Health's role as a major regional employer and its $250 million planned investment to eliminate care deserts in Solano County and the City of Winters, how will OHCA mitigate the economic harm—including job losses, stalled development, and reduced access to care—that would result from enforcing a spending cap that fails to account for inflation and rising healthcare costs in underserved communities?*
4/17/2025	Health Access California	See Attachment #9.
4/17/2025	Celina Perez	As a concerned community member, I am submitting the following question regarding the proposed hospital spending cap and designation of "high cost" hospitals. I respectfully urge OHCA to address this at the upcoming April 22 Health Care Affordability Board Meeting.

Date	Name	Written Comment
		If OHCA moves forward with limiting these critical resources for California residents, how will the Office address the lack of accessible, high-quality care for Solano County veterans that may results from service line closures, especially at a time when the federal government is considering making significant cuts to such services?
4/17/2025	Fairfield-Suisun Chamber of Commerce	See Attachment #10.
4/17/2025	Joy Cohan	As the Executive Director of Meals on Wheels in Yolo County, serving some of the most vulnerable residents in the community, I have a question about the proposed spending cap on hospitals: *What steps will the Office of Health Care Affordability take to ensure that hospitals which serve high proportions of underserved communities, including NorthBay Health, are not punished for ensuring vulnerable communities receive the care they need? This is especially important in Winters (the location of MOW Yolo's institutional meal production facility to serve seniors in Winters and throughout Yolo County), where there is no full-service hospital and a deficit of doctors vs. residents, particularly impacting the senior population.*
4/17/2025	Members of California Legislature	See Attachment #11.

MARSHALL

April 10, 2025

Kim Johnson
Chair, Office of Health Care Affordability Board
Office of Health Care Affordability
2020 W El Camino Ave., Suite 1200
Sacramento, CA 95833

Subject: **Marshall Opposes Proposed Hospital Sector Spending Target Recommendations**
(Submitted via email to OHCA@HCAI.ca.gov and Megan Brubaker)

Dear Chair Johnson:

Thank you for the opportunity to provide input for your April 22, 2025, Board meeting. We share OHCA's stated beliefs "…that all Californians receive health care that is accessible, affordable, equitable, high-quality, and universal." However, we remain deeply concerned that the data upon which you're relying to determine hospital sector-specific spending growth targets *will actually harm patient access*. Without clarity around how OHCA's targets would be measured or enforced, we believe the proposed action is premature and the speed of adoption will lead to errors and misidentified targets.

Marshall is an independent, nonprofit small healthcare system serving El Dorado County. We serve one of the oldest patient populations in California, with a current population of residents aged 45 and older representing 41% of the total population. In our primary service area, we are seeing significant growth in the over-50 population. Our payor mix is roughly 60% Medicare and 20% Medi-Cal – government payors who reimburse us $0.70 on the dollar of the actual cost of care. **We lose approximately $50 million each year** taking care of those patients, and we turn no one away due to insurance. This population requires robust care management and typically has a more complex disease and co-morbidity status to manage.

Reducing our services to adhere to an average 1.7% revenue growth cap – which is the only way for us to reach this proposed goal – runs counter to our mission of taking care of our communities and enhancing services. We cannot grow needed services, improve access to primary care, nor meet the growing and changing health demands of our patients under this oppressive and unrealistic cap.

Further, we believe OHCA's proposed methodologies are inherently and deeply flawed. First, the methodology does not consider payor mix. We admit **less than two** commercially insured patients per day on average to our hospital. **We lose money on over 75% of our patients.** In addition, we frequently must do battle with some of the nation's largest payors to be reimbursed for care provided to their Medicare Advantage plans. *Essentially, the OHCA methodologies proposed punish smaller hospitals for caring for our community's most fragile patients.* Second, the years of 2018-2022 considered within the recommended methodology contain at least three years of financial impact from a global pandemic. The OHCA Board would be well-served by deferring their methodology adoption for a few months until the 2023 data can be included, which buys time to review and refine your methodology and will better reflect the "new normal" of delivering healthcare services in the post-pandemic era.

Additionally, local costs are not considered in OHCA's calculations. As you can see from the chart below, El Dorado County is a high-cost region, driving expenses that are beyond our control:

Location	CBSA	Medicare Wage Index
El Dorado County	**Sacramento – Roseville – Folsom, CA**	**1.6231**
Orange County	Anaheim – Santa Ana – Irvine, CA	1.2433
Nevada County	Rural foothills, CA	1.2602
Los Angeles County	Los Angeles, Long Beach, Glendale, CA	1.2969
San Joaquin County	Stockton, Lodi, CA	1.5628

Source: CMS Medicare Wage Index 2025 via Ambulatory Surgery Center Association (ASCA)

Finally, another flaw in the proposed methodology is ignoring the costs of outpatient care. **We lose approximately $25 million each year providing access to primary and specialty care in our clinics**. Marshall does not absorb these losses under a separate entity; these expenses are rolled into our single Taxpayer Identification Number.

In summary, by failing to account for our financial losses on Medicare and Medi-Cal patients, ignoring our payor mix, and carving out ambulatory care, it is not possible that the current proposed methodology accurately reflects your desired goal of identifying true high-cost hospitals. We urge you to take the time needed to ensure your methodology is accurate and meaningful.

Sincerely,

Siri Nelson, President and CEO

cc: Members of the Health Care Affordability Board:
David M. Carlisle, MD, PhD
Dr. Sandra Hernández
Dr. Richard Kronick
Ian Lewis
Elizabeth Mitchell
Donald B. Moulds, Ph.D.
Dr. Richard Pan
Elizabeth Landsberg, Director, Department of Health Care Access and Information
Vishaal Pegany, Deputy Director, Office of Health Care Affordability
Darci Delgado, Assistant Secretary, California Health and Human Services Agency
Richard Figueroa, Deputy Cabinet Secretary, Office of Governor Gavin Newsom
Senator Marie Alvarado-Gil
Assemblyman Joe Patterson

Sutter Health

State Government Affairs

2200 River Plaza Dr.
Sacramento, CA 95833

April 18, 2025

Kim Johnson
Chair, Health Care Affordability Board
2020 W El Camino Ave.
Sacramento, CA 95833

Subject: **Concerns Regarding the Creation of Hospital Sector Spending Targets**
(*Submitted via Email to OHCA@HCAI.ca.gov*)

Dear Chair Johnson,

We appreciate the Office of Health Care Affordability's (OHCA) efforts to improve the sustainability and accountability of California's health care system. However, we are deeply concerned about the proposed imposition of a statewide spending target of 3.5%, sliding down to 3% by 2027, on the hospital sector without adequate consideration of their structural and demographic challenges. The enactment of such spending targets without adequate consideration of the challenges faced by hospitals, particularly non-profit health systems, will have serious consequences for healthcare accessibility, affordability, capital improvements, and the ability to expand services to meet the growing needs of our population.

Sutter Health

Sutter Health is a not-for-profit, integrated health delivery system based in Sacramento and we serve 3.5 million patients each year. Our integrated health system offers a connected care model that delivers treatment when, where and how people need it. Sutter Health operates 28 acute care facilities and over 300 clinics, ambulatory surgery centers and urgent care centers, primarily in Northern California.

Sutter Health regularly earns national recognition for the safe, high-quality and equitable care we provide to our diverse communities and the culture we create for our people. Seven Sutter hospitals have been named among America's Best Hospitals, with four placing in the top 50 in America for overall clinical quality. Four Sutter hospitals ranked among the top five in California in one or more clinical specialties or procedures. Seven Sutter hospitals earned Patient Safety Excellence awards. Further, seven Sutter hospitals are among America's 100 Best Hospitals for different clinical specialties or procedures.

Our award-winning medical care isn't possible without the staff who deliver it. The Sutter system employs over 57,000 people. This includes over 14,000 physicians and advanced practice clinicians and 15,000 nurses. Furthermore, Sutter continues to add more

physicians, care teams, and care sites in order to increase our ability to provide high-quality care for more patients. By growing our workforce, we're able to help more people.

Care and Facility Expansion Concerns

The California population is growing, and with that growth, the demand for healthcare services is expanding. To keep pace with this demand, health systems must have the financial capacity to expand services and build new facilities, particularly in regions experiencing rapid population growth. Imposing spending targets that limit our health system's financial investment capacity will directly undermine our ability to grow and adapt to the needs of the population. This would hinder efforts to increase access to care, especially in areas where there is already a shortage of healthcare providers.

Sutter Health has invested $7.6 billion over 10 years to further expand lifesaving technology and new facilities. Specifically, we will invest $800 million to build 25 new ambulatory care centers. Additionally, Sutter plans to open 27 urgent care sites, and 22 ambulatory surgery centers. We also plan to develop one million square feet across two Santa Clara campuses less than a mile apart in the health system's latest initiative to create a regional healthcare destination, expand access and bring connected, comprehensive care closer to home. Furthermore, Sutter will construct a flagship campus in the City of Emeryville featuring a regional destination ambulatory care complex and a new medical center with an initial capacity of up to 200 beds and room for future expansion. The plan prioritizes recruiting primary care and specialty physicians, reducing barriers for patients when scheduling appointments and obtaining referrals for care, and investing in programs and partnerships to strengthen the healthcare workforce.

Clearly, Sutter Health has been actively working to expand services and improve facilities to meet the evolving needs of the communities that we serve. Sutter continues to expand services and facilities throughout the Central Valley, Bay Area, North State and Central Coast. These expansion efforts are not only focused on urban areas but are also taking place in rural and remote areas that are typically ignored by the healthcare sector. Expanding our access to care requires significant capital investment and spending targets would delay or even halt these critical improvements.

Potential Accessibility Harms

Just in 2023, Sutter has invested $822 million in the community through charity care, unreimbursed Medi-Cal services and community health programs. Some of our rural facilities treat a patient demographic that is over 95% government funded. In that same vein, dwindling access to health care is a nationwide issue with a big impact on California. It's estimated that 8 million people in California live in an area with a shortage of primary care providers. To help address this critical issue and make it easier for patients to access care, we are expanding our Graduate Medical Education (GME) programs and other training

to increase clinical talent pathways and meet future demand. These programs, combined with other ongoing clinical training programs and academic partnerships, help us deliver innovative, equitable and culturally competent care.

In 2023, Sutter hired more than 700 new physicians and clinicians. In 2024, we have hired 1,014 physicians and anticipate another 953 hires in 2025. We're also expanding our GME programs, with the goal of training 1,000 Resident and Fellow physicians by 2030. Additionally, Sutter Health has a 10-year partnership with Charles R. Drew University of Medicine and Science, one of only four Historically Black Medical Schools in America. We will fund 25 full scholarships and launch an incubator lab to accelerate health equity solutions. Sutter has also launched NextGen Scholars to provide educational opportunities and career pathways in healthcare for 5,000 high school students by 2030.

These initiatives require substantial, ongoing investments. The proposed hospital sector spending targets threaten to stall these essential workforce development efforts, ultimately reducing patient access and clinical capacity.

Accessibility - Critical Service Lines Will Be Threatened

OHCA's proposed spending targets for California hospitals could restrict our ability to meet the growing demands for health care services, particularly in underserved areas. As a non-profit health system, we already face financial pressures due to extremely high labor costs, inflationary impacts on supplies, rising pharmaceutical prices, low reimbursement rates, and an increasing volume of patients with complex medical needs. Limiting our ability to invest in staffing, medical services, and facilities would result in longer wait times for patients and reduced access to critical care. This would disproportionately affect vulnerable populations, including low-income individuals, seniors, and those with chronic conditions who rely on us for quality care.

Labor & Delivery Sutter Health has expanded and stabilized our award-winning Labor & Delivery services while other health systems have cutback or withdrawn completely from this service line. 16 Sutter Hospitals deliver over 26,000 babies each year and provide compassionate children's healthcare. We also operate seven Neonatal Intensive Care Units where we offer top quality critical care for our littlest patients from highly trained neonatal specialists. In total, Sutter employs over 400 L&D Care Team Members including obstetricians, nurses and midwives.

Cancer Treatment Cancer Services are another critical service line that would be impacted by OHCA's proposed spending targets. This particular specialty requires the utilization of expensive drugs and treatment modalities and those costs are outside of our control. Sutter Health treats more than 17,000 cancer patients annually. We operate over 28 cancer centers, on top of our 60 plus imaging locations, and employ more than 250

Sutter Health

Cancer Specialists who cover every cancer specialty from breast cancer to bone marrow transplants.

Orthopedic Services Sutter Health performs more than 61,500 orthopedic procedures each year across our hospitals and surgery centers. We have 43 Sutter Surgical locations that provide the latest advances in orthopedic surgical technology, which is carried out by our 350 orthopedic doctors. Two Sutter Hospitals are in the top 10% nationwide for outpatient joint replacement.

Medical Equipment Upgrades and Technological Advancements Could be Jeopardized

Maintaining up to date medical equipment – such as expensive diagnostic imaging machines – is absolutely essential for providing high quality patient care. Surgical tools and devices, electronic medical record systems and software, and patient monitoring systems require a continuous investment.

In 2023, Sutter Health invested $350 million in upgraded and new clinical technology equipment that helps enhance patient care, leading to the best possible patient outcomes. We also invested over $82 million in 2023 in research and clinical trials to pioneer healthcare breakthroughs. We have strategically invested in digital health, Artificial Intelligence as well as our Innovation Center to drive improved patient access, patient care and clinician support.

Additionally, the safety and well-being of our hospital staff is paramount. We have invested heavily in security and installed over 8,000 security cameras across our facilities in addition to implementing automated weapons detection systems. We saw tremendous results from our efforts to prioritize workplace safety last year. Throughout 2024, we installed weapons screening at many of our hospitals and scanned more than 5.5 million people. As a result, we prevented nearly 50 firearms, more than 1,700 knives and thousands of other prohibited items from entering our care sites.

Our ongoing upgrades are part of a $45 million, multiyear commitment to help ensure our healthcare environments remain safe, welcoming places to provide and receive care. Throughout 2025, we will be installing weapons screening at all our acute care hospitals. Canine officers will join our Department of Protective Services team at some sites to serve as a calming presence and help defuse conflicts and tense situations. We'll launch a unified ID badge system for all employees and physicians this year, too.

Investing in both patient-centric and security focused equipment requires significant capital. We are concerned that OHCA's spending target would limit our ability to replace and upgrade this equipment and jeopardize patient outcomes as well as staff well-being.

Sutter Health

Federal Uncertainty

Potential Medicaid cuts are looming at the Federal level and that could drastically impact California's health care programs. Over 14 million Californians are covered by Medi-Cal which is propped up by $118 billion in federal funding. The cuts currently under consideration could remove tens of billions of dollars in federal funding from California's health care system, which the state could not backfill given its own budget situation.

Additionally, health systems are impacted by ever-increasing pharmaceutical pricing as well as inflationary pressures that apply to a variety of medical supplies. These cost drivers are further impacted by potential tariffs and manufacturing issues. Compounding federal funding threats and increasing prices of day-to-day supplies with low spending targets could impact access for patients.

In light of these national uncertainties, it is especially risky to implement hospital sector spending targets at the state level, which could compound existing fiscal challenges and threaten health system stability.

Conclusion

While Sutter Health understands and shares California's goal to reduce consumer health care costs, we believe that the proposed spending targets could have unintended consequences that impact patient care, access, and necessary health system growth. As a non-profit health system, Sutter is dedicated to serving our communities which requires strategic investments in infrastructure, equipment, staffing, and service lines. Sutter Health urges OHCA to reconsider the expedited hospital sector spending targets and work with stakeholders to develop a more flexible approach that ensures continued access that meets patients when and where they need it.

Thank you for your consideration,

Preston Young
Senior Director, State Government Affairs
Sutter Health

cc: Members of the Health Care Affordability Board:
David M. Carlisle, MD, PhD
Dr. Sandra Hernández

Sutter Health

Dr. Richard Kronick
Ian Lewis
Elizabeth Mitchell
Donald B. Moulds, Ph.D.
Dr. Richard Pan
Elizabeth Landsberg, Director, Department of Health Care Access and Information
Vishaal Pegany, Deputy Director, Office of Health Care Affordability
Darci Delgado, Assistant Secretary, California Health and Human Services Agency
Richard Figueroa, Deputy Cabinet Secretary, Office of Governor Gavin Newsom

CITY OF FAIRFIELD
Founded 1856 - Incorporated December 12, 1903

MAYOR'S OFFICE

April 16, 2025

Office of Health Care Affordability
1215 K Street, Suite 700
Sacramento, CA 95814
ohca@hcai.ca.gov

Sent via email

Subject: Office of Health Care Affordability (OHCA) Spending Limit Proposal

Dear OHCA Board Members,

My name is Catherine Moy, and I am the Mayor of the City of Fairfield. I am writing today to express my strong opposition to OHCA's proposed 3.5% hospital spending cap and the inclusion of NorthBay Health on the list of "high cost" hospitals. This target and the listing of NorthBay as a "high cost" organization ignore the value they provide to patients as the best and most reliable source of health care in Solano County.

For over 65 years, NorthBay Health has solidified itself as the undisputed county hospital for Solano County and the surrounding communities. Despite being award-winning and recognized nationally for its exceptional and high-quality care, NorthBay has maintained its focus on serving a wide range of patients right here in the North Bay, over 75% of whom are on Medi-Cal or Medicare.

NorthBay serves a critical mission in Solano County, providing key services like trauma care and preventative primary care. Preventative services like behavioral health and primary health care help reduce the cost of the overall healthcare system and are essential to our communities.

The OHCA's hospital sector spending target of 3.5% will devastate NorthBay operationally and financially but also put in jeopardy the health of our community, particularly for under-represented and under-resourced patients. If the proposed cuts are implemented, NorthBay may be forced to cut critical services including their trauma care, labor and delivery, and behavioral

health services, or delay their plans to open several much-needed primary and urgent care clinics throughout the region.

I strongly encourage you to reconsider your recommendation and to refrain from taking any actions that will hinder NorthBay's ability to provide these essential services and ultimately harm the health of Solano County.

Thank you,

Catherine Moy

CATHERINE MOY
Mayor

CM/kb

cc: Senator Cabaldon
Assemblymember Wilson

Health Plan of San Joaquin
Mountain Valley Health Plan

7751 S. Manthey Rd | French Camp, CA 95231
1-888-936-PLAN (7526) TTY 711
www.hps-mvhpj.org

April 17, 2025

Kim Johnson
Health Care Affordability Board, Chair
2020 West El Camino Ave.
Sacramento, CA 95833

Re: Impact of DMC's "High-Cost" Hospital Designation by OHCA

Dear Ms. Johnson,

Health Plan of San Joaquin | Mountain Valley Health Plan (Health Plan), a local Medi-Cal managed care plan serving over 410,000 members across San Joaquin, Stanislaus, El Dorado, and Alpine Counties, requests that the Office of Health Care Affordability (OHCA) reevaluate the impact of its classification of Doctors Medical Center (DMC), Modesto as a "high-cost" hospital. This designation would impose stringent spending reduction targets on DMC and could lead to service reductions that place significant strain on our region's Medi-Cal delivery system.

DMC is a vital provider partner to Health Plan and a cornerstone of the Central Valley's healthcare safety net. As Health Plan's largest hospital provider in Stanislaus County, DMC serves a patient population that is predominantly uninsured or dependent on Medi-Cal or Medicare for coverage. The operation of a major regional safety net hospital demands sustained, long-term investments in infrastructure, workforce, service lines, and clinical capacity.

We are concerned that OHCA's proposed high-cost hospital designation could destabilize DMC by forcing it to make short-term financial decisions that compromise its long-term strategic investments in the safety net. These decisions risk jeopardizing the availability and quality of care for the most vulnerable residents in Health Plan's service area.

Health Plan respectfully asks the Board to consider the additional information we have provided to redetermine the classification of DMC as a high-cost hospital, given the potential impacts on the Central Valley's already fragile safety net healthcare system. While Health Plan supports the goal of advancing healthcare affordability, we strongly encourage OHCA to implement its statewide targets in close partnership with safety net hospitals and their community stakeholders, including Medi-Cal managed care plans. Doing so will help ensure that affordability efforts do not come at the expense of healthcare access, quality, or equity, particularly for Medi-Cal members.

Thank you for considering our request. I invite you to contact me at your convenience should you have any questions or require additional information.

Sincerely,

Lizeth Granados
Chief Executive Officer
Health Plan of San Joaquin
Mountain Valley HealthPlan

Attachment #5

SHARP

April 17, 2025

Kim Johnson
Chair, Health Care Affordability Board
2020 W El Camino Ave., Ste. 1200
Sacramento, CA 95833
(Submitted via email to OHCA@HCAI.ca.gov)

SUBJECT: Delay Action on OHCA's Proposed Hospital Sector Target to Support Access to Care

Dear Chair Johnson,

Sharp HealthCare ("Sharp") is deeply concerned about Item #4 on the April 22 meeting agenda for the Health Care Affordability Board to "Vote to Establish Hospital Sector Target."[1]

These hospital sector targets will impact patients and communities across California. **The Health Care Affordability Board should take additional time to review, analyze and respond to the public comments received to ensure the data and methodology are accurate and appropriate and to assess the impact on patient access to care, prior to adoption.**

April 11 was the deadline for public comments on the Hospital Sector Target recommendation[2] and the comments received by OHCA – more than 500 pages in total – were posted on the Office of Health Care Affordability website[3] on April 15. While OHCA is not required to provide summary and response to public comments due to its emergency rulemaking authority, taking time to consider the public comments received would demonstrate the Board's commitment to a more transparent process.

In addition, the April Board meeting agenda has the action item to finalize the hospital sector targets (Item #4), scheduled to take place before the presentation of and discussion on the public comments received –"Follow up on Hospital Sector Target Methodology and Values, including Summary of Public Comment" (Item #5b).[4] Ostensibly, this means the Board will finalize the proposal prior to a public Board review and discussion of the comments received.

In our comment letter on OHCA's proposed hospital sector methodology (*attached here*), Sharp provided feedback and direct recommendations regarding methodology, impact analysis and implementation timeline, that have yet to be addressed. In the letter, Sharp specifically urges OCHA to:

1. Modify the Commercial to Medicare Price to Cost Ratio formula to use only Medicare Fee-for-Service in the denominator for calculating the relative price measurement, to better align with the legislative directive for OHCA to support the "shift from payments based on fee-for-service to alternative payment models that provide financial incentive for equitable high-quality and cost-efficient care,"[5] and

[1] April 2025 OHCA Board Meeting Agenda.pdf
[2] Notice of Publication and Public Meeting- Proposed Sector Target
[3] Office of Health Care Affordability (OHCA) - HCAI
[4] April 2025 OHCA Board Meeting Agenda.pdf
[5] California Code, HSC 127504.

2. Postpone adoption of hospital sector targets until analyses on hospital cost efficiencies and the impacts of federal budget cuts have been completed to understand the impacts on patients.

Sharp is proud to be a leader in providing high-quality care at low costs to patients and remains committed to achieving these shared goals. Finalizing OHCA's proposal regarding high-cost hospitals as currently written will undermine that success and inhibit the effective implementation of alternative payment models that OHCA was created to promote.[6]

On behalf of the patients and communities we serve, Sharp urges the Board to take additional time for analysis and discussion on hospital sector targets to ensure that patient access to care is protected and alternative payment models are promoted rather than undermined.

Sincerely,

Chris Howard
President & CEO
Sharp HealthCare

Attachment – "Sharp Comments re: OHCA Hospital Sector Spending Targets," submitted to the Office of Health Care Affordability on April 11

cc: Members of the Health Care Affordability Board
Elizabeth Landsberg, Director of Department of Healthcare Access and Information
Vishaal Pegany, Deputy Director, Office of Health Care Affordability
Darci Delgado, Assistant Secretary, California Health and Human Services Agency
State Senator Catherine Blakespear
State Senator Brian Jones
State Senator Steve Padilla
State Senator Akilah Weber Pierson, MD
Assemblymember David Alvarez
Assemblymember Tasha Boerner
Assemblymember Carl DeMaio
Assemblymember Darshana Patel, PhD
Assemblymember LaShae Sharp-Collins, PhD
Assemblymember Chris Ward

[6] California Code, HSC 127504.

Attachment #6

Valley Children's HEALTHCARE

9300 Valley Children's Place
Madera, CA 93636

(559) 353-3000
valleychildrens.org

April 17, 2025

Kim Johnson
Chair, Health Care Affordability Board
2020 W El Camino Ave.
Sacramento, CA 95833

Subject: **Valley Children's Healthcare Opposes Proposed Hospital Sector Spending Target Recommendations**
(Submitted via email to OHCA@HCAI.ca.gov)

Dear Chair Johnson:

I am writing to share Valley Children's Healthcare's significant concern regarding the Office of Health Care Affordability's (OHCA's) statewide target of 3.5% (moving down to 3% by 2029) and also its consideration of an even lower target for "high-cost" hospitals. These targets do not even cover inflationary increases for critical supplies and pharmaceuticals that, when combined with the current economic uncertainty at the state and federal level, puts in jeopardy Valley Children's ability to continue our mission of providing high-quality patient care.

Before defining one or more hospital sectors, all stakeholders would benefit from a comprehensive analysis of spending across various segments of the health care industry, identification of areas in which spending growth is high, and a meaningful assessment of spending drivers to determine whether differences in spending are appropriate. Absent that analysis, it is impossible to understand how this proposal would meet OHCA's statutory requirement to maintain access to high-quality care and "minimize fragmentation and potential cost shifting and encourage cooperation in meeting statewide and geographic region targets."

About Valley Children' Healthcare

Valley Children's is Central California's only high-quality, comprehensive healthcare network dedicated to children, from before birth to young adulthood, as well as to high-risk pregnant women. Valley Children's plays a vital role in meeting the healthcare needs of some of our region's sickest and most medically vulnerable residents.

Valley Children's network is anchored by Valley Children's Hospital, a 358-bed stand-alone children's hospital that includes 28 regional neonatal intensive care unit beds. Valley Children's offers highly specialized medical and surgical services through an integrated network that includes 31 specialty care centers and 7 primary care practices, plus maternal-fetal medicine/women's health services.

Valley Children's serves a largely rural and low-income region with as many as 30 percent of children living in our service area living in poverty, and significant portions of the region are classified as health professional shortage areas by the federal government. Regarding the patients we care for, approximately 80% are an ethnicity other than Caucasian, close to 20% live in households with a language preference other than English, and 75% are enrolled in Medi-Cal.

Access to Care

Valley Children's struggles daily to recruit the physicians it needs to care for the children who rely on our programs and services. As of February 2025, Valley Children's had a total of 43.92 FTE vacant pediatric physician positions that we were trying to fill including 35.16 FTE pediatric subspecialty physicians. Of our 31 pediatric subspecialty centers, only 13 are fully staffed. Some of our organization's greatest physician needs include pediatric anesthesiology, pediatric critical care, pediatric emergency medicine, pediatric genetics, and pediatric urology. With respect to registered nurses, we have a current vacancy rate of over seven percent with 27 open RN positions that we are earnestly trying to fill.

Attracting the physicians and other staff that we need to meet current and future demand requires the investment of considerable financial resources. OHCA's proposed spending growth target for hospitals will limit Valley Children's ability to expand recruitment and retention efforts and will directly compromise access to care for those children and families who depend on our services.

Costs

Valley Children's continues to work hard to make sure that it is operating as efficiently as possible and is making the highest and best use of its resources. Ongoing efforts include fully leveraging our group purchasing arrangements to manage our medication and supply inventories, regularly evaluating what services and functions we insource versus those we outsource and making the highest and best use of technology. More recently, we have taken a closer look at our staffing models to help reduce turnover and vacancies and have developed new tools and are making better use of benchmarking data for measuring and managing productivity.

Despite these efforts, our costs continue to increase at an alarming rate. In the last three years, Valley Children's cost per adjusted patient day has increased by 20%. Many of the factors that impact this increase are out of our control such as:

- California's mandated minimum wage increase for health care workers
- Pharmacy high-cost drugs and drug shortages
- Supplies and implants
- Health insurance plan administrative policies that result in additional hospital resources to manage

The other reality with respect to our cost increases is related to the types of children that we treat and the scale and scope of services that we offer as a specialty provider. We care for very medically complex children whose treatment and care require significant investment of time, resources, and clinical expertise.

OHCA's proposed spending growth target for hospitals will significantly impact Valley Children's ability to absorb these cost increases and will result in our organization having to make very difficult decisions regarding programs and services.

Reimbursement

As mentioned above, 75% of the children we treat at Valley Children's are covered by Medi-Cal, a payor that does not fully cover our costs. We have limited options for making up that shortfall. We are currently operating at breakeven, and our commercial insurers do not offer negotiated increases that cover cost trends to care for our patients. If commercial insurers further limit reimbursement increases due to OHCA's spending targets, Valley Children's reimbursement shortfall will become unsustainable.

Given the challenges and realities described above, Valley Children's urges the OHCA Board to take additional time for analysis and discussion before finalizing hospital sector targets. We remain deeply committed to achieving our shared goals of affordable, high-quality care — and we ask that OHCA proceed with a keen eye toward ensuring care is not diminished in the pursuit of lower costs.

Sincerely,

Todd A. Suntrapak
President and Chief Executive Officer

cc: Members of the Health Care Affordability Board:
David M. Carlisle, MD, PhD
Dr. Sandra Hernández
Dr. Richard Kronick
Ian Lewis
Elizabeth Mitchell
Donald B. Moulds, Ph.D.
Dr. Richard Pan
Elizabeth Landsberg, Director, Department of Health Care Access and Information
Vishaal Pegany, Deputy Director, Office of Health Care Affordability
Darci Delgado, Assistant Secretary, California Health and Human Services Agency

Richard Figueroa, Deputy Cabinet Secretary, Office of Governor Gavin Newsom
State Senator Marie Alvarado-Gil
State Senator Anna Caballero
State Senator Shannon Grove
State Senator Melissa Hurtado
Assembly Member Juan Alanis
Assembly Member Joaquin Arambula
Assembly Member Jasmeet Bains
Assembly Member Stan Ellis
Assembly Member Heath Flora
Assembly Member Alexandra Macedo
Assembly Member Esmeralda Soria
Assembly Member David Tangipa

Sue Zwahlen, Mayor
City of Modesto
1010 Tenth Street, Suite 6200
Modesto, CA 95354
szwahlen@modestogov.com

April 17, 2025

Megan Brubaker
Office of Health Care Affordability
2020 W El Camino Ave., Suite 1200
Sacramento, CA 95833

Dear Ms. Brubaker:

I am writing today to urge the Office of Health Care Affordability (OHCA) to support and protect safety net hospitals like our Doctors Medical Center (DMC) in Modesto, which provides access to care for tens of thousands of Medi-Cal and underserved patients across the greater Central Valley region.

As a registered nurse of 50 years and retiree of the DMC emergency room, I have firsthand experience caring for our residents. I have seen the impactful care that is given and how important it is to our community. DMC provides a high-level of care for a wide range of ailments, including trauma, substance use disorder, the most acutely ill, and numerous transfers from other centers who cannot provide the level of care required.

It is my understanding that the OHCA Board, as part of its mission to begin to lower the cost of California healthcare, will soon consider adopting additional, lower annual hospital spending targets. DMC and ten other hospitals (out of over 400 in the state) will be labeled as “high cost” hospitals, subjecting DMC to annual spending growth targets of less than 2% per year.

I urge the OHCA Board to consider community impact resulting from lower annual hospital spending targets for DMC or any other safety net hospital. I was informed by DMC that lowering the spending targets to less than 2% a year will result in diminished access to services, reduced staffing, and hinder their ability to invest in vital services that our residents depend on to survive.

Thank you for considering my views on this urgent matter and for protecting a unique, regional healthcare safety net for all Central Valley residents.

Sincerely,

Sue Zwahlen
Mayor
City of Modesto

Attachment #8

SOLANO
ECONOMIC DEVELOPMENT CORPORATION
We're In The Business Of Prosperity

April 16, 2025

Dear OCHA Board Members,

NorthBay Health is one of the largest employers in Solano County, with over 3,000 employees, and plays a pivotal role in the county's economy, contributing 5% to Solano County's overall economic output. As a key provider of essential healthcare services across the region, NorthBay Health serves communities, including underserved areas, where it is often the sole healthcare provider. The Solano Economic Development Corporation (Solano EDC) is a proud partner of NorthBay Health and fully understands the critical value of its services to the community.

NorthBay Health is on a mission to deliver vital services such as trauma care, primary care, and preventative health services. These services not only reduce the overall cost of healthcare but also promote long-term health outcomes for Solano County residents. Behavioral health services, in particular, help to prevent unnecessary hospitalizations and support mental well-being across the region.

Solano County is one of the most diverse counties in California, and NorthBay Health's ability to serve everyone—regardless of insurance type—is a major asset. More than three in four of NorthBay's patients rely on Medicare or Medi-Cal for their healthcare coverage, demonstrating the system's commitment to treating all individuals, regardless of income. This wide-reaching impact makes NorthBay Health an irreplaceable resource in the region.

However, the proposed 3.5% one-size-fits-all spending cap poses a significant risk. If this cap is implemented, it could result in staff reductions, longer wait times, and the elimination of essential services, including trauma care, preventative services, mental health support, and primary care. All of these services are not only crucial for the health of the community but also help reduce overall healthcare costs. If the cap stays in place, the economic growth and increased coverage on which our community depends will be at serious risk.

As one of the largest employers in the region, NorthBay Health's economic contributions extend far beyond healthcare services. The Solano Economic Development Corporation recognizes that access to quality healthcare is foundational to workforce stability and economic resilience. If the proposed cap moves forward, it could jeopardize hundreds of jobs at NorthBay Health, destabilizing the local economy and impacting the livelihoods of countless families.

Furthermore, NorthBay Health is currently investing a quarter-billion dollars to expand its services, ensuring no Solano County resident lives in a "care desert." However, the proposed spending cap directly threatens these investments and could set a dangerous precedent that could lead to hospital closures, reduced healthcare access, and worsened health outcomes for Solano County residents. At a time when the federal government is considering significant reductions in healthcare funding, it is vital to protect the healthcare system in Solano County. The current proposal, with its one-size-fits-all approach, does not consider the unique needs of our county or the diverse population we serve. We urge you not to move forward with any proposal that would harm Solano County's residents, particularly when access to quality healthcare is already at risk.

Thank you for your consideration,

Chris Rico
President and CEO
Solano County Economic Development Corporation

Cc:
Senator Christopher Cabaldon
Assemblymember Cecilia Aguiar-Curry
Assemblymember Lori Wilson

HEALTH ACCESS CALIFORNIA

BOARD OF DIRECTORS
Mayra Alvarez
The Children's Partnership
Ramon Castellblanch
California Alliance for Retired Americans
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Asian and Pacific Islander American Health Forum
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California Immigrant Policy Center
Lori Easterling
California Teachers Association
Jenn Engstrom
California Public Interest Research Group
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National Multiple Sclerosis Society
Jeff Frietas
California Federation of Teachers
Lorena Gonzalez Fletcher
California Labor Federation
Alia Griffing
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Maribel Nunez
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Service Employees International Union State Council
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Americans for Democratic Action
Juan Rubalcava
Alliance of Californians for Community Empowerment
Andrea San Miguel
Planned Parenthood Affiliates of California
Kiran Savage-Sangwan
California Pan-Ethnic Health Network
Rhonda Smith
California Black Health Network
Nicole Thibeau, PharmD
Los Angeles LGBT Center
Joseph Tomás Mckellar
PICO California
Sonya Young
California Black Women's Health Project

Amanda McAllister-Wallner
Interim Executive Director

Organizations listed for identification purposes

April 17, 2025

Kim Johnson, Chair
Health Care Affordability Board
Secretary, California Health and Human Services Agency

Elizabeth Landsberg, Director
Department of Health Care Access and Information

Vishaal Pegany, Deputy Director
Office of Health Care Affordability
Department of Health Care Access and Information

2020 W. El Camino Ave., Ste. 1200
Sacramento, CA

Re: Health Care Affordability Board Meeting April 22, 2025

Dear Ms. Johnson, Ms. Landsberg, and Mr. Pegany,

Health Access California, the statewide health care consumer advocacy coalition committed to equitable, quality, affordable care for all Californians, offers comments in preparation for the April 22, 2025 meeting of the Health Care Affordability Board. Specifically:

- We support lower cost targets for very high-cost hospitals that by their own data cost twice as much as the average California hospital.
- Consumer affordability is at the heart of the mission of the Board, the Office, and the Department: we look forward to the baseline report including measures of consumer affordability and lack of access to care due to lack of affordability.
- We also offer comments on equity and quality measures and the behavioral health benchmark as well as the baseline report.

Part I. Very High-Cost Hospitals

Health Access supports the proposal to impose cost growth targets that are half the statewide cost growth target on very high-cost hospitals, hospitals that cost twice as much as the average California hospital and about four times as much as Medicare pays for the same care at the same hospitals and that have had excessively high costs for three out of the last five years, based on financial data submitted to the Department by all hospitals.

1127 11th Street, Suite 925, Sacramento, CA 95814 | (916) 497-0923 health-access.org

On behalf of consumers who are now avoiding needed emergency care as well as skipping and delaying doctor visits, lab tests, and prescriptions, we urge the Board to act promptly, consistent with the statute. Hospital spending is the largest single element of commercial premiums, amounting to about 40% of the premium. It's where the money is and the source of too many rate increases for consumers and other purchasers.

We note that one of the two measures includes outpatient hospital care as well as inpatient care. Both measures use hospital financial data that hospitals have submitted to HCAI for decades. This is data that was originally reported for the purposes of cost containment.

Health Access supports the ability of OHCA to consider health systems or hospital systems as well as individual hospitals and physician organizations: this is why we are sponsoring AB 1415 (Bonta) to add health systems to the law. We note that a number of hospitals, particularly those under consideration as high-cost hospitals, have pointed to the importance of considering the role of individual hospitals as part of hospital or health systems. Also, others have pointed to the role of United Health Care and Optum in California.

Part II. Initial Public Report: Baseline Report:
Consumer Affordability and Overview of OHCA's Work

The law requires the Office to prepare and publish its first annual report concerning health care spending trends and underlying factors by June 1 of this year. We encourage the staff and Board to include in this initial report not only the statutorily required reporting on health care expenditures, but also a focus on consumer affordability as well as an overview of the work that the Office and the Board have engaged in to date.

Consumer affordability, or the lack of it, should be at the heart of this report and the annual reports to come because it is the lack of consumer affordability that led the Governor and the Legislature to create the Office of Health Care Affordability. The Board took a critical first step by basing the cost growth targets on median family income. We encourage the use of multiple measures of consumer affordability. These measures should include not only premium but also share of premium, deductibles, actuarial value and other measures of cost sharing[1] as well as the impacts of high costs on the ability of consumers to afford care and obtain coverage. Most California consumers rely on private coverage purchased by employers for their workers and dependents. Far too many California families are priced out of employer coverage either because of the share of

[1] In our thinking on consumer affordability, we have found https://laborcenter.berkeley.edu/wp-content/uploads/2024/02/Measuring-Consumer-Affordability_revisedFeb82024.pdf which includes original and California-specific analysis of consumer affordability to be a useful baseline. That's why we keep citing it.

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premium or cost sharing, particularly deductibles. We know from our work at Covered California that high deductibles deter enrollment even when premiums are scaled to income.

An overview of the work that the Office and the Board have engaged in to date will provide a solid foundation for reporting to the Legislature and stakeholders in the future. The Office and the Board have moved toward a better functioning health system with lower costs, improved outcomes and greater health equity. Building on the foundation of near-universal coverage that California has achieved in recent years, a lot has been done, and more is in progress. Adoption of a primary care benchmark, a framework for reporting on workforce stability, work on equity and quality measures, progress on the behavioral health benchmark, and the beginning of cost and market impact reviews to track transactions all add up to a considerable body of work. Taken together, these efforts complement the cost growth target work by assuring that lower costs come not at the expense of quality or equity.

III. Equity and Quality Measures

Health Access provided separate comments on equity and quality measures. Here we take note of several specifics:

First, the law requires that the Office and the Board rely on recognized measures and to consider the work of other state agencies, both purchasers and regulators, in setting measures. We are pleased that in the future, these measures will include health acquired infections which are expensive, often inequitable, and usually preventable. No one goes to the hospital or the doctor to get sicker: consumers want to get better, not worse.

Second, the law requires annual updating of these measures. The requirement for annual updating should be balanced with the need for time for results to appear and encourage a more vigorous look every five years or so. The paucity of currently available behavioral health measures appropriate to a commercially insured population makes regular review of recognized measures particularly important.

Third, the law rightly emphasizes the importance of measuring disparities. We were disappointed to discover that the Office of Patient Advocate does not measure disparities and hope that this can be corrected. We also recognize that the current federal administration will not facilitate the collection of such measures and data but encourage California to continue to recognize both our own diversity and factors such as housing insecurity, food instability, and caregiving as having measurable impacts on health status. It

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is hard to manage your diabetes when you are living on the street or even couch-surfing. It is difficult to exercise regularly if you have caregiving responsibilities.

IV. Behavioral Health Benchmark

Health Access has participated in the Investment and Payment Workgroup since its inception several years ago. Determining a behavioral health benchmark is the most challenging assignment this group has taken on yet.

When OHCA set a primary care benchmark, the staff and participants had a clear vision of where we were going, informed by a broad array of existing work, including a substantial body of research on the importance of primary care both in this country and internationally as well as the efforts of other states to move toward a primary care benchmark. Where we should go is clear: a well-functioning health care system is anchored in primary care and limits use of specialists to highly specialized care. Getting there has been a challenge, but the goal is clear.

The discussion on a behavioral health benchmark has been enriched but complicated by those who provide care in the current broken system, in which far too many consumers obtain care only when incarcerated or in a hospital emergency room. Our guiding principles with respect to behavioral health have been the same as our guiding principles for physical health:

- People should get preventive care and early intervention rather than being expected to go to the emergency room or worse yet, be incarcerated to obtain care.
- Consumers should obtain medically necessary care in-network as a covered benefit. Because of the long history of prejudice and discrimination against those with behavioral health conditions and misallocation of resources for that care, additional consumer protections are needed to ensure timely access to necessary care for behavioral health. California has enacted numerous consumer protections aimed at achieving this, but we are not yet meeting this standard as we do for physical health.
- It is not just about spending more but spending more appropriately. Some say there is a workforce shortage of behavioral health providers. Others say there are plenty of them, but those providers are out of network, providing care to the top 20% or 30% of the income scale while other consumers go without care. Jails and hospitals are expensive places to provide care: when that's what people need, that's what they should get. But for many, appropriate care can be provided in other settings and by other providers.

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The concept of "TME" and "THCE" are particularly inapt for behavioral health because this subset of expenditures, called "total medical expenditures", does not capture either out of network spending or spending by government programs such as county behavioral health.

Health Access has supported the general direction of the proposed behavioral health benchmark. We do not support simply spending more.

Conclusion

We urge the Health Care Affordability Board to act promptly to impose lower spending targets for those hospitals that are twice as expensive as the average California hospital. This is already sending an important signal to the entire health care industry that this Board, and the Office, take seriously the need to improve access by beginning to address the crisis of the lack of affordability for consumers and other purchasers.

The baseline report due in June 2025 should include measures of consumer affordability as well as an overview of the work to date including a primary care benchmark, equity and quality measures, a behavioral health benchmark, and monitoring of transactions in the market. These are in addition to reporting on health care expenditures and provide a framework for future reports.

On equity and quality measures, the law specifies the task before the Office: use recognized measures, update annually, and stratify by key demographics to the maximum extent feasible for current measures. We are pleased that health-acquired infections will be considered in the future since reducing HAIs is a classic example of achieving the triple aim of lower costs, improved health and reduced disparities.

Sincerely,

Beth Capell, Ph.D.

Amanda McAllister-Wallner

CC: The Health Care Affordability Board members
Richard Figueroa, Deputy Cabinet Secretary, Office of the Governor, Attn.: Paula Villescaz

1127 11th Street | Suite 925 | Sacramento, CA 95814

Robert Rivas, Speaker, California Assembly, Attn.: Rosielyn Pulmano
Mike McGuire, President Pro Tempore, California State Senate, Attn.: Marjorie Swartz
Assemblymember Mia Bonta, Chair, Assembly Health Committee, Attn.: Lisa Murawski
Senator Caroline Menjivar, Chair, Senate Health Committee, Attn.: Teri Boughton
Brendan McCarthy, Deputy Secretary, Attn.: Darci Delgado
Dr. Akilah Weber Pierson, Chair Senate Budget Subcommittee 3 on Health and Human Services, attn.: Scott Ogus
Dawn Addiss, Chair, Assembly Budget Subcommittee 1 on Health, attn.: Patrick Le

1127 11th Street | Suite 925 | Sacramento, CA 95814

Attachment #10

Fairfield-Suisun California
CHAMBER OF COMMERCE

Dear California's Office of Health Care Affordability (OHCA),

I write today on behalf of the Fairfield-Suisun Chamber of Commerce in opposition to the inclusion of NorthBay Health on a list of 11 alleged "high cost" hospitals and the proposed 3.5% hospital spending cap. These proposals are misguided and will negatively impact the health and well-being of Solano County residents.

NorthBay Health is the top hospital in Solano County and is one of just 17 hospitals in the entire country that has been awarded the Magnet with Distinction. OCHA's recommended 3.5% spending cap is well below current inflation rates and does not consider rising costs of staffing, medication and supplies. As such, it will likely lead to a reduction of NorthBay's award-winning services, including key preventative services like behavioral health and primary care that help reduce the overall costs of the health care system. It will also lead to an increase of wait times and an increase in adverse health outcomes for Solano County residents. This is simply unacceptable.

NorthBay Health is one of the largest employers in the region and the imposition of a 3.5% spending cap will likely lead to significant layoffs. Additionally, this proposed cap will put in jeopardy NorthBay Health's plans to invest $250 million to expand its services in the region. This is much-needed for Solano County and we strongly oppose any and all action that will put this investment at-risk.

How will OHCA account for the economic ripple effects of its proposed hospital spending cap—particularly in Solano County, where health systems like NorthBay Health serve as major employers, workforce training hubs, and essential contributors to regional economic growth?

Considering that the federal government will potentially soon make significant cuts to healthcare spending, we are strongly opposed to OCHA's proposed cost-cutting measures.

Instead, we encourage OCHA to recognize the serious unintended consequences this will lead to and work to bolster the health care needs of Solano County Residents.

Best,

Fairfield-Suisun Chamber of Commerce

Attachment #11

California Legislature

April 10, 2025

Kim Johnson
Chair, Health Care Affordability Board
2020 West El Camino Ave.
Sacramento, CA 95833

RE: Impact of Spending Targets on Safety Net Providers in the Central Valley

Dear Chair Johnson:

We are writing to express our concern that the Office of Healthcare Affordability (OHCA) is not adequately acknowledging – and protecting – those providers in the Central Valley who care for underserved Californians, specifically those who treat high volumes of uninsured, Medi-Cal, and Medicare patients (and therefore fewer commercial patients).

Several hospitals in the Central Valley, like Doctors Medical Center in Modesto, not only provide a disproportionate share of care to Medi-Cal, and other underserved patients but also serve as a critical care center for an entire underserved region. OHCA should exercise caution to avoid taking actions that would destabilize these hospitals and risk further exacerbating the limited access these communities have to life saving care.

With one-third of Californians now enrolled in Medi-Cal, with much higher percentages in the Central Valley , avoiding measures that negatively impact such safety net providers should be a fundamental OHCA policy priority. This also comports directly with OHCA's mission to preserve access, enhance quality, promote equity and ensure a sufficient and adequately trained workforce to care for all Californians

The fragile nature of our healthcare safety net is real and access to care cannot be jeopardized as OHCA moves forward. In its last session, the Legislature passed emergency legislation to stabilize many such providers by establishing the Distressed Hospital Loan Fund program. Now, a renewed sense of urgency is needed due to the current, significant challenges facing the Medi-Cal program, which requires several

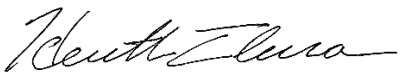
billion dollars in additional funding to offset program costs through the end of FY2024-25 alone.

Access to care for Medi-Cal and uninsured residents is already challenging in the Central Valley and going forward, we assume that OHCA will conduct such impact analyses and assessments prior to adopting additional policies impacting safety net providers.

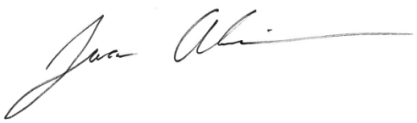
Across our and many other legislative districts, these physicians, clinics, hospitals and others who care for larger volumes of uninsured typically work closely together to sustain a fragile ecosystem of care for our most vulnerable residents. With these providers (and the patient they serve) in mind, OHCA should ensure that the agency must first do no harm.

Thank you for considering our view carefully on these critical issues. If you have any questions, please do not hesitate to reach out to us.

Sincerely,



Assemblyman Heath Flora, 9th Assembly District



Assemblyman Juan Alanis, 22nd Assembly District

Assemblywoman Rhodesia Ransom, 13th Assembly District

Senator Maria Alvarado-Gill, 4th SenateDistrict