



2020 West El Camino Avenue, Suite 800  
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hcai.ca.gov



## **NOTIFICATION OF PROPOSED EMERGENCY REGULATORY ACTION WORKSHOP HEALTH CARE SECTOR DEFINITION: HOSPITAL SECTOR**

**To All Interested Parties:**

**NOTICE IS HEREBY GIVEN** that the Department of Health Care Access and Information (HCAI or Department), Office of Health Care Affordability (OHCA or Office) is proposing to take the actions described in the Informative Digest / Policy Statement Overview below, after considering comments, objections, and recommendations regarding the proposed action.

### **PUBLIC WORKSHOP**

The Office has scheduled a public workshop on this proposed action to receive comments, both oral and written. The workshop will be both virtual and physical; short breaks may be taken, as appropriate.

**Monday, March 3, 2025, starting at 10 a.m.**

#### Physical Location:

2020 West El Camino Avenue, Suite 900 (Sierra Conference Room), Sacramento CA

Free parking is available around the building. Please do not park in reserved spaces.

Individuals with disabilities may request an accommodation or modification to observe or participate in the meeting from the Contact listed below. Providing your request at least five (5) business days before the meeting will help ensure availability of the requested accommodation.

Phone (Audio Only):

- Dial +1 (916) 535-0978 (United States – Sacramento, California)
- Enter Phone Conference ID: 705 576 575#

Online via Microsoft TEAMS:

Join on your computer or mobile app - Click [here](#) to join the meeting or copy and paste the following link into your browser:

[Click here to join the meeting](#)

- Meeting ID: 266 733 251 543
- Passcode: sn98Y7D4

For best results, please use Google Chrome or Microsoft Edge browsers to join the meeting. Should technical difficulties arise during the workshop, verbal comments from those at the physical location will still be accepted.

Members of the public are NOT required to identify themselves or provide other information to participate in this meeting. If Microsoft Teams requires a name, you may enter “Anonymous.” You may also input fictitious information for other requested information if required to attend the meeting (e.g., anonymous@anonymous.com).

**WRITTEN COMMENT PERIOD**

Written comments relevant to the proposed regulatory action may be submitted, either brought to the above-mentioned workshop or sent by mail or e-mail to the address listed under Contact in this Notice, to be received by the Office by 5:00 p.m. on March 6, 2025, in order to be considered.

**INFORMATIVE DIGEST / POLICY STATEMENT OVERVIEW**

The California Health Care Quality and Affordability Act (Act) became effective as an urgency statute June 30, 2022. It added Chapter 2.6 (commencing with Section 127500) to Part 2 of Division 107 of the Health and Safety Code. Pursuant to Health and Safety Code section 127501, subdivisions (c)(1) through (c)(4), OHCA within the Department shall:

- (1) Increase cost transparency through public reporting of per capita total health care spending and factors contributing to health care cost growth.
- (2) Support the board, through data collection and analysis and recommendations, to establish a statewide health care cost target for per capita total health care spending.

- (3) Support the board, through data collection and analysis and recommendations, to establish specific health care cost targets by health care sector, including fully integrated delivery systems, geographic regions, and individual health care entities, as appropriate.
- (4) Collect and analyze data from existing and emerging public and private data sources that allow the office to track spending, set cost targets, approve performance improvement plans, monitor impacts on health care workforce stability, and carry out all other functions of the office.

After receiving input, including recommendations, from the Office, Advisory Committee, and public comment, the Health Care Affordability Board (Board) shall establish the definitions of health care sectors, which may include geographic regions and individual health care entities, as appropriate. (Health & Saf. Code §§ 127501.11, subd. (a)(2), see 127502, subds. (b)(1) [noting the Board shall define health care sectors and the office shall promulgate regulations accordingly.], also (l)(2)(A) [noting the Board shall define initial health care sectors and sectors may be further defined over time.])

Between August 2024 and January 2025, the Board held meetings to discuss, among other items, defining health care sectors pursuant to their statutory obligation, including a hospital health care sector. Based on input received from the Office, Advisory Committee, and public comment, the Board discussed different approaches to defining the sector. Considering hospitals are distributed across urban and rural areas and range from large medical centers to community-based hospitals, the Board considered various methodologies. For example, focusing on high-cost hospitals, high-growth hospitals, or a combination of both. Consideration was given to hospital categories, including, general acute hospitals, critical access hospitals, psychiatric hospitals, academic medical centers, psychiatric health facilities, and specialty hospitals.

In January 2025, the Board voted to define a hospital health care sector as the term “hospital” is used in Health and Safety Code section 1250 *et seq.*. OHCA intends to adopt and promulgate a regulation that conforms to the Board’s action. (Health & Saf. Code, § 127501, subds. (c)(16) [empowering OHCA to adopt and promulgate regulations for the purpose of carrying out the laws relating to the Act.] OHCA intends to adopt the proposed regulation as an emergency regulation. (Health & Saf. Code, § 127501.2, subd. (a) [empowering OHCA with emergency rulemaking authority.])

This proposed emergency rulemaking defines a hospital health care sector, pursuant to the Board’s vote. Specifically, the sector consists of the following hospitals: general acute care hospital, as used in Health and Safety Code section 1250, subdivision (a), acute psychiatric hospital, as used in Health and Safety Code section 1250, subdivision (b), special hospital, as used in Health and Safety Code section 1250, subdivision (f), chemical dependency recovery hospital, as used in Health and Safety Code section 1250.3, subdivision (a)(1), and psychiatric health facility, as used in Health and Safety Code section 1250.2, subdivision (a)(1).

Furthermore, the proposed emergency rulemaking establishes the framework for identifying future health care sectors. Each sector will be set at the first subdivision level, such as, (a) Hospital Sector, (b) [Second Named] Sector, (c) [Third Named] Sector, and so forth.

Any interested person may present relevant statements, orally or in writing, at the above-mentioned workshop or may submit written comment as detailed above.

## **CONTACT**

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## **TEXT OF PROPOSAL**

Copies of the exact language of the proposed regulations may be obtained at <https://hcai.ca.gov/ohca>, at the workshop, or upon request from the Office at the address above.