

Office of Health Care Affordability News

October 2024

OHCA Board Meets in Monterey County

In August the Health Care Affordability Board met in Monterey County to hear directly from consumers about how high health care costs affect them. It was the Board's first meeting outside Sacramento, underscoring the uniqueness of the affordability crisis in the Monterey region.

More than 100 people attended the meeting and dozens testified about how they avoid medical care, drive to other counties for needed care, forgo other basic necessities, and rack up medical debt or risk bankruptcy because of the high health care costs in their county.

The Board heard from the Office, Covered California, CalPERS and an economic expert about statewide and regional health care costs and how Monterey County is an outlier in terms of high costs. And Board members discussed options for addressing these costs through OHCA conducting a study to investigate whether the high cost of health care services in the region is related to market consolidation, market power, or the presence of a market failure. At the October Board meeting, HCAI Director Elizabeth Landsberg announced that OHCA is moving forward with an Investigative Study of Hospital Market Competition in Monterey County.

Another option for addressing high costs is setting sector-specific spending targets that could include geographic regions or even individual health care entities.



Primary Care Investment Benchmark

At its October meeting, the Board approved OHCA's recommended benchmarks for primary care investment. The primary care investment benchmarks are intended to address historic underinvestment by shifting greater health care resources toward primary care, and to promote improved outcomes.

The Board approved two related benchmarks for increasing primary care investment:

- 1) Annual improvement benchmark: 0.5 percentage points to 1 percentage point per year increase in primary care spending as a percent of total medical expense for each payer for performance years 2025 through 2033; and
- 2) Statewide investment benchmark: 15 percent of total medical expense allocated to primary care for all payers by performance year 2034.

The annual improvement benchmark applies to each payer by line of business and product type, resulting in four market segments for public reporting: commercial HMO/POS, commercial PPO/EPO, Medicare Advantage, and Medi-Cal. The statewide investment benchmark will be measured across payers, lines of business, and product types.

OHCA's primary care spending measurement definition, methodology, and recommended investment benchmark, along with supporting data collection processes, were informed by months of discussion with its Investment and Payment Workgroup and additional stakeholder feedback, including from sibling state departments. Additional refinements to OHCA's recommendations were made based on feedback from the Health Care Affordability Advisory Committee, Health Care Affordability Board, and public comments.

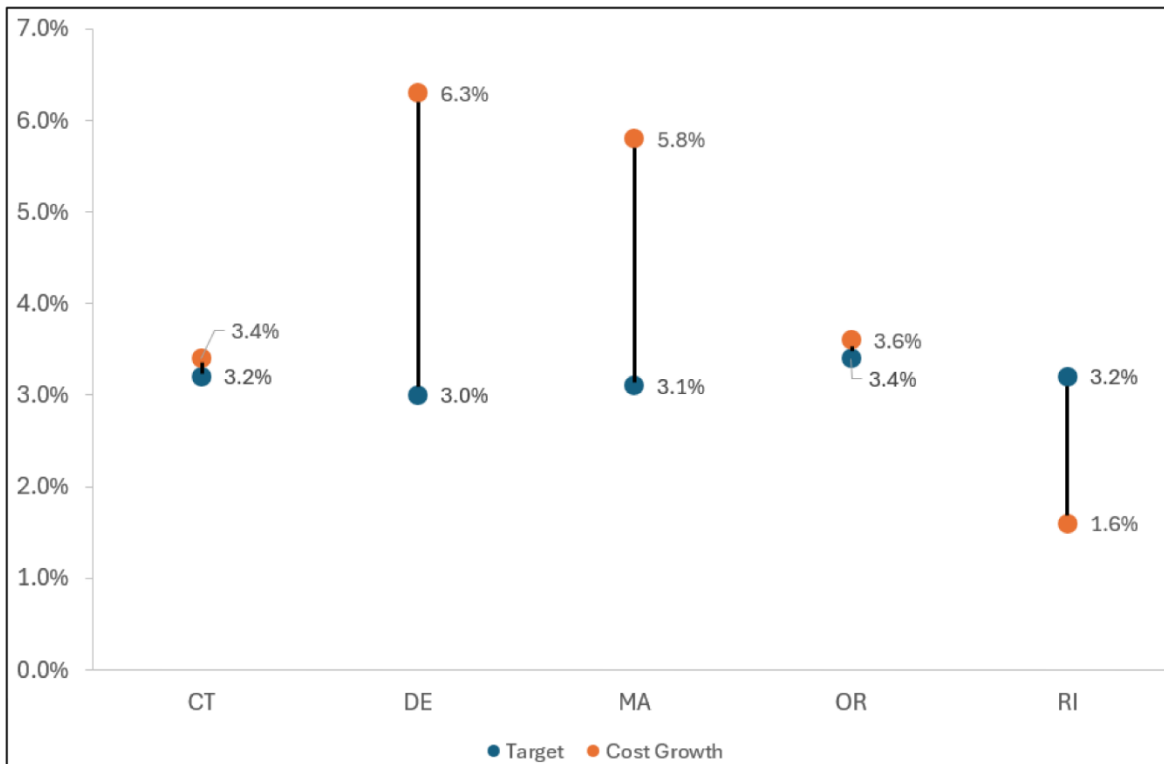
For more information on OHCA's primary care spending measurement definition, methodology, and investment benchmark, see [here](#).

Spotlight on Data

The exhibit shown below is from a Health Affairs article in August 2024 which analyzed spending data from Connecticut, Delaware, Massachusetts, Oregon, and Rhode Island. It was found that in states with spending targets, spending growth moderated in 2022 compared to 2021, but still exceeded their respective targets.

For 2022, these states set their spending targets between 3.0 percent and 3.4 percent. Rhode Island was the only state to meet its spending growth target of 3.2 percent; it had the lowest rate of spending growth at 1.6 percent. Oregon's 2022 spending grew 3.6 percent, only slightly exceeding its 3.4 percent target. Connecticut also slightly exceeded its 3.2 percent target with spending growth at 3.4 percent. Meanwhile, Delaware and Massachusetts significantly exceeded their targets with 2022 spending growth of 6.3 percent and 5.8 percent, respectively.

Exhibit 1: State spending growth and spending growth targets, 2022



Data Source: Mar, Angeles. (August 2024). *In States with Health Care Spending Targets, Spending Growth Moderated In 2022 But Still Exceeded Targets*. Health Affairs.

<https://www.healthaffairs.org/content/forefront/states-health-care-spending-targets-spending-growth-moderated-2022-but-still-exceeded>

What's Next

OHCA is in the process of updating its THCE Data Collection regulations and Data Submission Guide for the next data submission due in September 2025. Changes to the data submission requirements are based on lessons learned, feedback received from payers, and new areas of OHCA measurement including alternative payment models and primary care spending. Drafts of the updated regulations and data submission guide are expected to be released for comment in December 2024.

OHCA in the News

[State health board addresses high hospital rates in Monterey County](#), KSBW- TV -- The Office of Health Care Affordability will hold its monthly meeting in Seaside Wednesday to address high hospital rates in Monterey County. Union member and hospitality worker Vicky Silva wants people to take notice. She is battling cancer, and the medical bills are piling up. "To be honest with you, I

don't even open the envelopes anymore. I get the bills; I just throw them away because I know that I'm never ever going to be able to pay for them," said Silva.

[California OHCA meets in Seaside, eyes rising cost of health care here](#), Monterey Herald -- The first meeting of the Office of Health Care Affordability to be held outside of Sacramento will be held in Seaside and is to focus partly on the rising costs of health care in three hospitals that serve the Monterey and Salinas areas.

[The Office of Health Care Affordability looking into the challenges of expensive healthcare in Monterey County](#), KION News 46 -- Many families and essential workers here on the Central Coast think healthcare is way too expensive in Monterey County. The Office of Health Care Affordability held a meeting Wednesday morning in Seaside to address health care challenges. Covered California said the Santa Cruz and the Monterey County areas have averaged higher rate increases than any other regions throughout the state between 2015 to 2025.

[State regulators address high hospital costs in Monterey County](#), KSBW 8 -- State regulators visited Monterey County on Wednesday to address high hospital costs, hearing from residents and health care providers at the Embassy Suites in Seaside. Speaker after speaker took to the podium to tell members of the State Office of Health Care Affordability that they are desperate. Often forced to choose between paying medical bills and paying rent or buying food.

[High health care costs in Monterey, Salinas area hospitals examined by state office](#), Monterey Herald -- Amid impassioned pleas from local workers for help with the ever-growing weight of health care-related costs, the state's Office of Health Care Affordability Board took in presentations that mostly focused on Community Hospital of the Monterey Peninsula, Salinas Valley Health and Natividad hospital, at its meeting on Wednesday.

Upcoming Health Care Affordability Board meetings

- [November 20, 2024, 10 a.m.](#)